

The background of the entire page is a repeating pattern of various laboratory glassware, including beakers, flasks, and test tubes, each containing a different colored liquid (blue, orange, pink, green).

pinkfrogs  
cosmetics

1979 - 2019

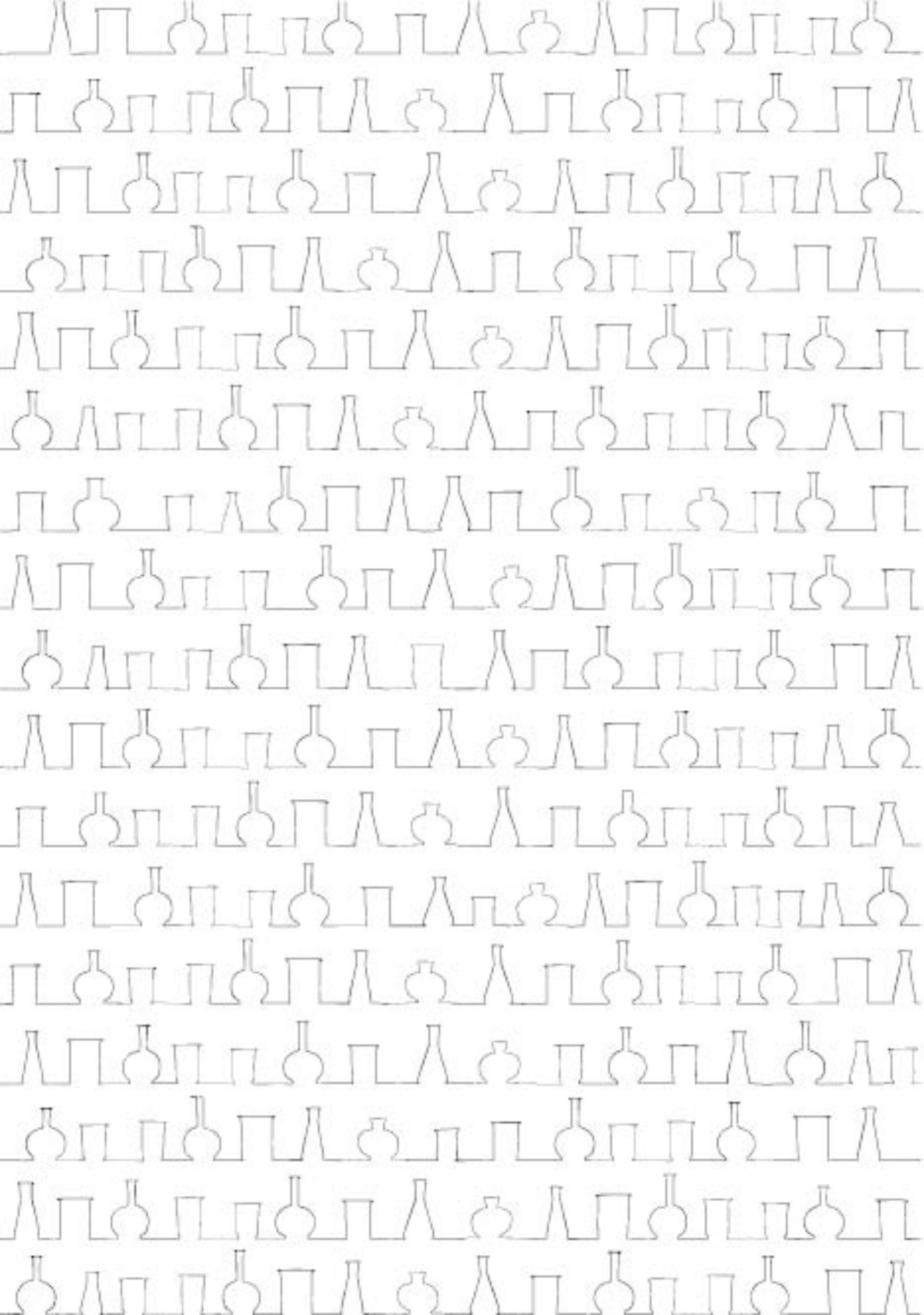
40

*anniversary*

**SUSTAINABILITY REPORT**

**2018**





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



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*One year ago, I was beginning something absolutely unconventional for a company of this size, writing a letter to introduce the first Sustainability Report compliant to the Global Reporting Initiative (GRI) guidelines, the most accredited international reporting standard on economic, environmental and social sustainability.*

*Today, on the 40th anniversary of our company, with emotion and pride I write this letter after the new Report has been certified according to the GRI standard by Certiquality, putting us in history as the first Italian cosmetic enterprise to publish a certified Sustainability Report.*

*I still remember the moment in which I thought that Sustainability could have become part of my company and the principal driver in the business model I wanted to pursue. It was exactly ten years ago, when the most important and tough world economic crisis fell on our lives changing them forever. In those days of confusion, when everyone tried to fix that as they could, it was common to hear economists say that in every crisis live two entities: risk and opportunity.*

*On that day I decided that the opportunity of my professional life was to invest as much as possible to reach as soon as possible an ambitious goal in Sustainability. Obviously, at the time I could not imagine a certified Report, but I surely knew that I should have done the difference because, sooner or later, the world would have looked with attention to the Sustainable enterprises and I wanted that, when the moment would have come, my company could have been in the front row.*

*Today the moment may be come, but not only thanks to the crazy intuition in the frenzy of survival during the 2009 crisis, this milestone has its foundation in 40 years of hard work spent in the factory day after day, of the almost one hundred people that have alternated in the different roles.*

*How far we have come, if we think of the first 300 square metres plant my parents bought just outside Milan, when the countryside clearly separated the city from the hinterland. What a long way we still must do in a world where the everyday challenge is to create a better future for the generations to come.*

*Hence why I feel I want to dedicate our next 10 years to the future generations, those for which we should never forget to preserve and to make the world they will find a better place.*

Best wishes,

Matteo Locatelli  
CEO

A handwritten signature in dark ink, appearing to read 'Locatelli Matteo', written in a cursive style.

# Highlights

**40**

years of activity



**96**  
clients

**2**

headquarters



+ **44%**  
m<sup>2</sup> in 2018



**42**

employees



of **7**  
nationalities

+ **40%**  
employee growth in  
the last 4 years



**6**  
Mil € turnover in 2018

+ **14%**  
compared to  
2017



1979 2018



13

Mil pieces produced  
in 2018

53

of which  
Million samplings for  
alcoholic perfumery

400

formulas handled in  
2018



34

the formulas created  
in the R&D Lab at Pink  
Frogs

12

of which  
bought by the clients  
and distributed on the  
market

5

Participation in 2018  
to exhibitions

of which 3  
were international



2

"Best Skincare Formula"  
Awards won



Cosmopack Awards  
Bologna

Cosmopack Awards  
Asia, Hong Kong



# Commintment in the Global Goals

At the UN Summit on sustainable development, held in New York on the 25th of September 2015, more than 150 leaders coming from all over the world gathered to contribute to the global development, promote the human well-being and protect the environment. On this occasion, the Agenda 2030 for the sustainable development was approved. It is represented by 17 goals, the Sustainable Development Goals (SDGs), which aim at ending poverty, fighting against inequality and contributing to the social and economic development. The SDGs have universal validity, and every country must give a contribution to reach the goals, based on their capabilities. In 2018 Pink Frogs decided to define precise goals related to specific SDGs and the specific action undertaken to contribute to the achievement of the global goals will be described in this Report and the symbols of the reference SDGs will be reported in the various sections.



1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 3.\* Ensure healthy lives and promote well-being for all at all ages
- 4.\* Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 5.\* Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all





7.  
Ensure access to affordable, reliable,  
sustainable and modern energy for all
- 8.\*  
Promote sustained, inclusive and sustainable  
economic growth, full and productive  
employment and decent work for all
- 9.\*  
Build resilient infrastructure, promote  
inclusive and sustainable industrialization  
and foster innovation
- 10.\*  
Reduce inequality within and  
among countries
11.  
Make cities and human settlements  
inclusive, safe, resilient and sustainable
- 12.\*  
Ensure sustainable consumption and  
production patterns
- 13.\*  
Take urgent action to combat climate  
change and its impacts
- 14.\*  
Conserve and sustainably use the  
oceans, seas and marine resources for  
sustainable development
- 15.\*  
Protect, restore and promote sustainable use of terrestrial  
ecosystems, sustainably manage forests, combat desertification,  
and halt and reverse land degradation and halt biodiversity loss
16.  
Promote peaceful and inclusive societies for sustainable deve-  
lopment, provide access to justice for all and build effective,  
accountable and inclusive institutions at all levels
- 17.\*  
Strengthen the means of implementation  
and revitalize the global partnership for  
sustainable development

7 AFFORDABLE AND  
CLEAN ENERGY



8 DECENT WORK AND  
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



10 REDUCED  
INEQUALITIES



11 SUSTAINABLE  
CITIES AND  
COMMUNITIES



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION



14 LIFE  
BELOW WATER



15 LIFE  
ON LAND



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



17 PARTNERSHIPS  
FOR THE GOALS





## COMPANY FRAMEWORK



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# ***Company***

FRAMEWORK

## 1.1 Timeline

In 1939 Mario Locatelli founds the "Ditta Individuale Imperiale Mario Locatelli", devoted to the production of hair products.

In 1946 a small wholesale store for hairdressers is opened and different brands are sold.

His wife Maria opens a School for Hairdressers in 1956: it will be the first institute in Milan to achieve the recognition of the Lombardy Region and it gains importance at the international level; in the following years the Academy for Professional Makeup is added.

Pink Frogs obtains also the certification ISO 22716, on the application of the GMP in the cosmetic sector.

The third generation takes over, bringing the company to a turning point. With Dr. Matteo Locatelli, the current CEO, the sales conquer the international markets, a division for R&D is created and the production constantly increases.

In the 70s, it is the son Roberto who takes over the family society, expanding it and adding the third-party production to the Locatelli products: it is the beginning of the large-scale industrialization.

1979

1996

2009

1989

2000

2008

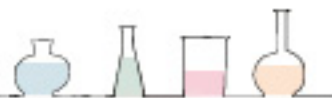
2010

To give a boost to the production, an internal renovation is done. In the following years, the production is quadrupled.

A new plant is bought in via Toscana, to expand the production area.

Pink Frogs presents its current logo, with a simple and modern design. Pink Frogs obtains its first ISO certification, ISO 9001, on the quality management.

The company is expanded and a new headquarter is opened in via Sardegna, where the administrative offices, the research laboratory and the packaging department are placed. The addition of a new research laboratory underlines the intention of Pink Frogs to invest more in the study and creation of innovative formulas.



A Sustainability Manager is hired, a person with a degree in Chemical Engineer and of Sustainable Processes, with experience in the Technical Scientific department of Federchimica.

As an evidence of its commitment in sustainability, Pink Frogs obtains the certification ISO 14001, a standard which fixes the requirements of an environmental management system.

Pink Frogs' website is born.

2012

2014

2017

2013

2016

A management engineer is hired, to start the analysis and the collection of the company's data.

The production is expanded with the purchase of the machine for the production of perfumery sampling.

The business opens the doors to the international market, with an increment of clients coming from other countries and with a growing participation to international events. The increase in production leads to the renovation and expansion of the company.

It's the 40th anniversary of Pink Frogs!



2019

2018

#### March

The first Sustainability Report of the company is published, strengthening the commitment to a sustainable development, started in the previous years.

#### June

Pink Frogs obtains a new certification, ISO 13485, which specifies the requirements for the quality system in the design and production of medical devices.

#### June

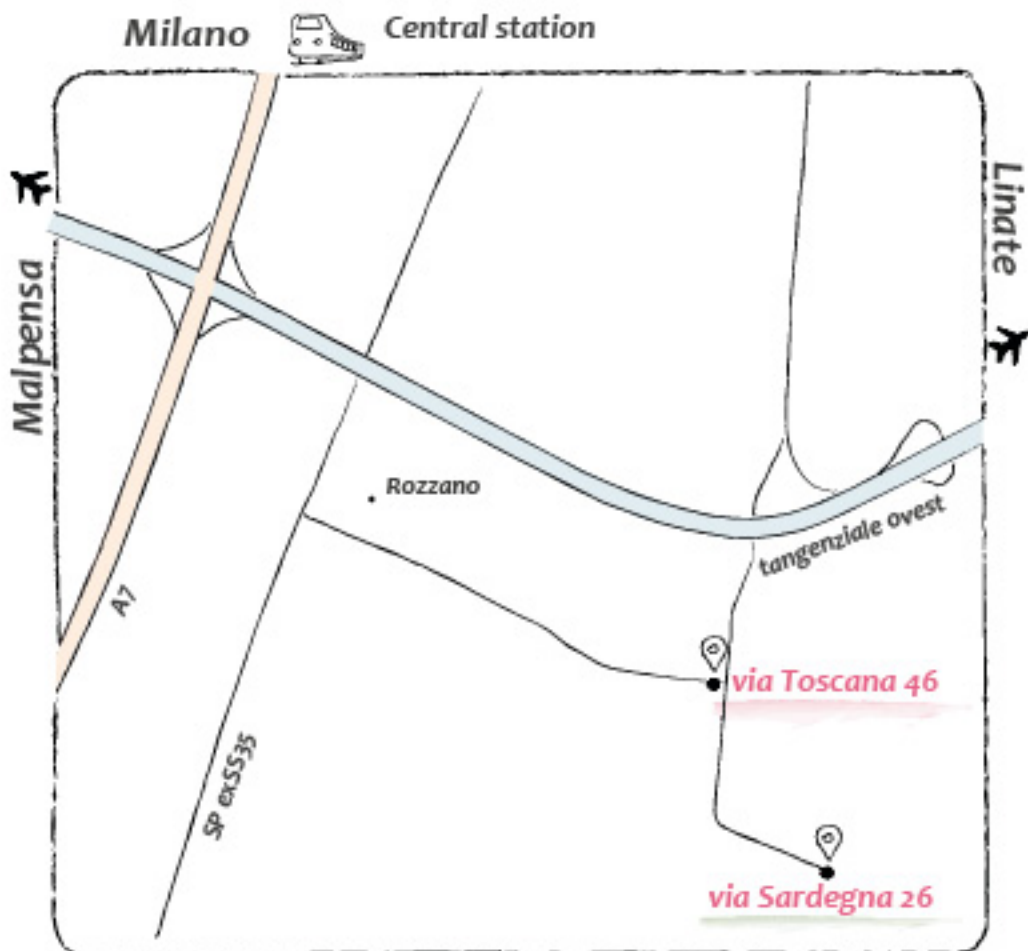
Matteo Locatelli is nominated vice-president of Cosmetica Italia, as a recognition of the path done, and the importance gained by Pink Frogs in the cosmetic field.



## 1.2 How to find us



Pink Frogs operates in two locations, both in the Milanese hinterland: the legal administrative headquarters are in Rozzano, in viale Toscana 46, while the operational headquarters are in Pieve Emanuele (Fizzonasco), in via Sardegna 26.



## 1.3 Sites description

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### Viale Toscana, 46

The site occupies ca. 1500 m<sup>2</sup>. The physical inputs are the raw materials and the output is the bulk stored into dedicated containers. Here are also the laboratories for development and microbiological quality control of bulk and raw materials, where all the physico-chemical and microbiological analysis are conducted, to guarantee the conformity and the safety of the products used. In 2018 a second support warehouse for chemical raw materials has been rented. In this plant operate 12 people.

#### Activities

##### Primary:

- production (preparation of the bulk and of the cosmetic solutions);
- raw materials warehouse;
- Weighting room.

##### Secondary:

- offices area for the coordination of the activities;
- quality and microbiological control;
- standard archive and traceability samples;
- development laboratory.

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### Viale Sardegna, 26

The site occupies an area of ca. 3500 m<sup>2</sup>. Inside this plant are located the warehouses for packaging, intermediate and final products, the area for the setting up of orders and shipping, all the filling and packaging activities and the management and administrative functions. The plant has two floors and an unused basement. In 2018 three warehouses have been rented, increasing the surface of packaging and finished products storage. In this plant operate 31 people.

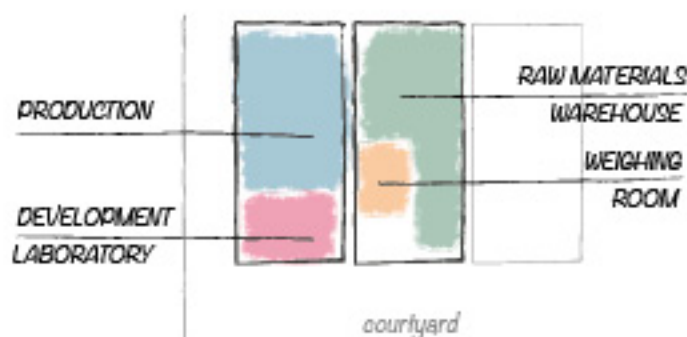
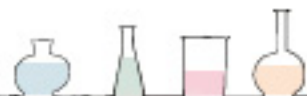
#### Activities

##### Primary:

- incoming packaging warehouse;
- Production (filling and packaging);
- final products warehouse, orders and shipping set up;
- washing area and maintenance of the units.

##### Secondary:

- administration, personnel, technical, planning, purchase, quality control offices;
- final products standard archive;
- research laboratory;
- direction.



Scheme 1: site in Viale Toscana



Scheme 2: site in Viale Sardegna

## 1.4 Governance

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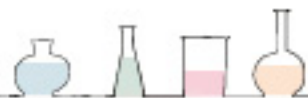
The governance structure adopted by Pink Frogs is traditional. Being a single-member company, there is a Management board chaired by the CEO Matteo Locatelli, who has executive and decision-making powers. The CEO has a vital role in the company, because he defines the global strategies to compete with success on the market, fixes the economic and organizational objectives and decides with the Management Board the actions that must be taken to reach them, he defines the politics of the investments and the vision and the mission of the company and makes them explicit and clear to all the staff.

The CEO and the Management Board are the central bodies of Pink Frogs' governance system, with functions of strategic direction of the company. The Board is composed of four women, nominated by the CEO based on their position in the company: The Quality, GMP (Good Manufacturing Practices) and Environment Manager, the Operations Manager, the HR Manager and the Sales Manager. The Board has guiding functions and meets once a month to share and discuss the critical concerns of the company, related to all the areas, like the production and the relationships with clients.

In the last year the marketing division has been significantly extended, with the aim of continuously improving the communication, both internal and, above all, external. Thanks to the introduction of the enterprise's social media, it is always easier to communicate the results achieved and share its values with its stakeholders.

Responsible for sustainability are the Quality, GMP and Environment Manager and the Sustainability Manager. Specifically, the first one oversees the ISO standards and must assure their respect, as well as the quality of the products and the prevention and reduction of the environmental impacts.

The second one coordinates the process of drafting the Sustainability Report, updates the Code of Ethics and of Conduct and promotes sustainable behaviours inside and outside the company, with initiatives for the employees and the students from high school and university.



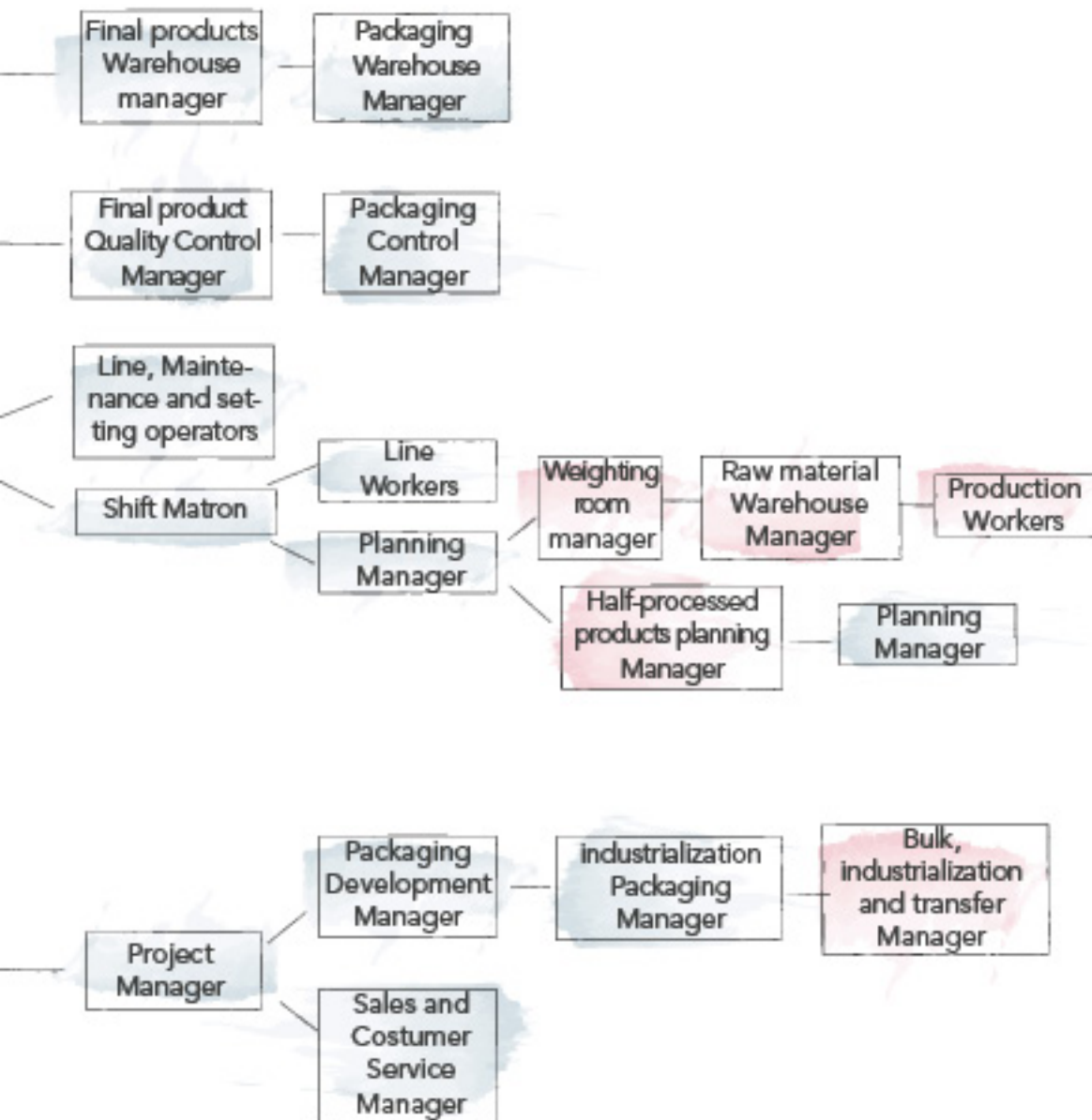
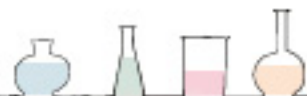
## **The Ethics Committee**

In 2018 the Ethics Committee was created; it reunites once a month to discuss the problems of the company. Among its tasks, the Committee has the responsibility to ensure the respect of the Code of Ethics, to give voice to the employees in front of the company management and to promote Pink Frogs' values among the staff. The Ethics Committee is composed by representatives of every employee category in the enterprise, to guarantee the representativeness. Every year the rotation of the Ethics Committee will be guaranteed, as an opportunity for all the employees to actively participate to the changes inside the company.

In 2018 the Ethics Committee has been an extremely useful instrument to bring to light the necessities and the needs of the employees. Thanks to the work of the Committee, it was possible to conduct an analysis on the working climate, carried out by an external person, responsible in Human Resources. She was able, through individual and group interviews, to promote the dialogue among different business functions and to understand which the necessary actions were to take to reach an internal harmony and to improve the satisfaction and the motivation of the employees.

# Organizational chart





Legend

external

Via Sardegna

Via Toscana

## 1.5 Ethics and Suppliers' conduct codes

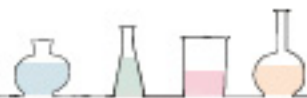
Since 2017, Pink Frogs shares with all its stakeholders its Code of Ethics, which defines the principles and the fundamental values of the company, which must be respected by all the interested parts involved in the operations.

In particular, the Code of Ethics applies to the whole staff, without distinctions: the workers, the office staff and all the employees and the managers have to respect it. The last ones are responsible to put its values into practice, fostering the adoption of the principles it entails as an essential element.

The Code is also binding for all the clients, the suppliers, the consultants and all the external collaborators and everyone who, in various ways and with different responsibilities, constitutes the organization Pink Frogs and realizes its purposes, directly and indirectly.

The respect of the Code is assured by the Ethics Committee, which meets monthly and interfaces with the Management Board to discuss about the necessary measures in case of non-conformity.





In 2018 Pink Frogs shared its Code of Conduct with all the suppliers, requiring its acceptance as a crucial element in the conduct of business. The suppliers have demonstrated to be attentive to the issue, around 40% of them answered positively, subscribing the Code and committing to the respect of the principles and the ethical values of the company. Pink Frogs keeps sharing its Code of Conduct, with the aim of increasing the response of the suppliers in the next years.

The values that Pink Frogs pursues in the conduct of the business and that asks all the suppliers to respect are: integrity in the business, quality, respect for the animals, refusal of forced and child labour, fight to discrimination, correct treatment on the workplace, freedom of association, health and safety, protection of the environment.

To underline the commitment to transparency and the will to spread and promote the adoption of the values written in the Codes, they are available on the website of the company <https://pinkfrogs.it/sostenibilita/> and accessible to all the stakeholders. Both are periodically revised.

## 1.6 The values



### Integrity

In Pink Frogs, correctness, loyalty and equity of behaviours inside and outside the organization represent a common way of feeling and acting by all the people at every business level. It is vital to Pink Frogs that all the people inside and outside the organization engage in the fight against corruption, which is categorically refused as a instrument to manage business.



### Innovation

To Pink Frogs, innovation is a fundamental principle, which allows to be distinguished among competitors and to give added value to its work. Thanks to its R&D laboratory, Pink Frogs can propose innovative formulas and satisfy and anticipate the requests of the cosmetic market.



### Competence

Competence is at the basis of Pink Frogs' reliability. The staff is constantly trained to guarantee elevated standards of service according to norms of quality, safety and respect of the environment.



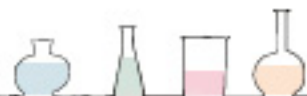
### Quality

The activities of Pink Frogs are scrupulously managed according to rules and measures of guarantee, monitor and quality control.



### Safety

The safety of the employees and workers is the necessary condition for a healthy working reality. For this reason, Pink Frogs adopts with constancy and commitment all the measures to prevent every possible risk and injury and implement a continuous policy of information and awareness for all the staff.



## Protection of diversity

Pink Frogs constantly commits to ensure an equal treatment to all its workers and collaborators: it protects them from every kind of discrimination, for reasons of nationality, race, religion, political and trade union affiliation, language, age, gender and sexual orientation. The selection of the personnel is motivated by criteria of merit and professionalism, refusing favouritisms and discriminations of every kind. Pink Frogs further engages in respecting, promoting and protecting diversity.



## Transparency

Pink Frogs commits to give the information relative to all the actions taken at every level of the company to all its interlocutors, in a clear, complete and prompt way. The aim is to respond to the expectations of information and knowledge of the economic, social and environmental impacts of the organization's activities. Furthermore, it communicates the actions undertaken and the goals reached through the Sustainability Report, published annually from 2018, and through its social networks and the company's website.



## Respect of the person

Pink Frogs supports the protection of human dignity and human rights, contrasting any detrimental and discriminatory behaviour, as well as any form of forced and child labour, according to the norms of the ILO (International Labour Organization) Conventions, both internally and along the whole supply chain.

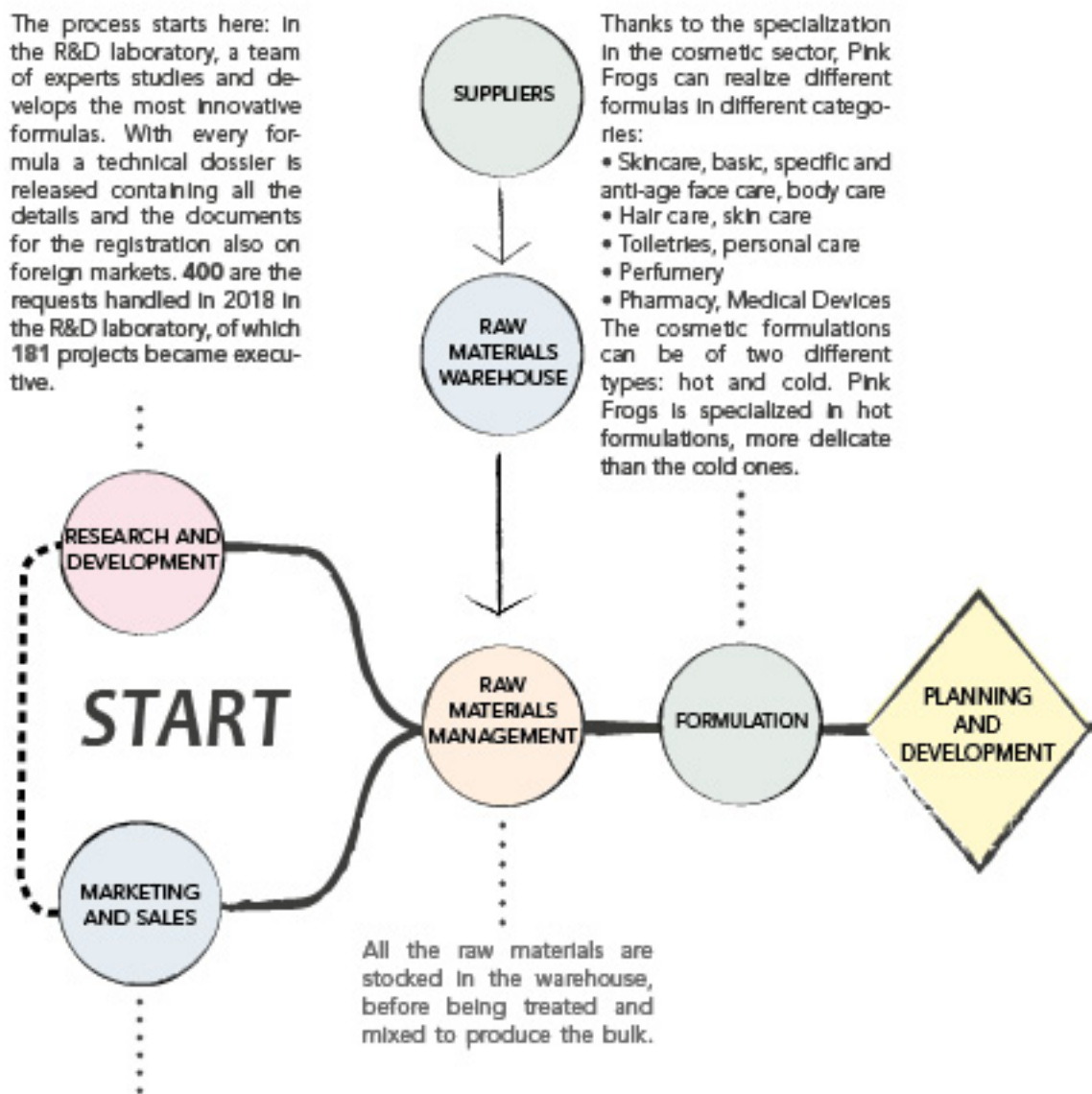


## Sustainability

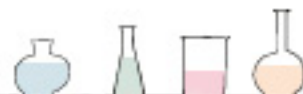
Since years, Pink Frogs has been constantly engaged in making its business more sustainable, concentrating both on the productive process and on the internal and external communication. Sustainability has become an essential, part of the corporate culture. Since 2018, Pink Frogs commits to support the Global Goals. All the actions undertaken in the path towards a more sustainable production are always communicated through the social networks, the website and the Sustainability Report.

## 1.7 Production Process

The process starts here: In the R&D laboratory, a team of experts studies and develops the most innovative formulas. With every formula a technical dossier is released containing all the details and the documents for the registration also on foreign markets. 400 are the requests handled in 2018 in the R&D laboratory, of which 181 projects became executive.



At the same time, the Marketing and the Sales Teams deal with the needs and the desires of the client and elaborate the best solutions to satisfy his/her requests and to design a product with all the characteristics necessary to have success. In the last few years Pink Frogs is expanding the "full service" production, with the aim to offer a complete, high-quality and integrated service. Thanks to the Marketing and the Sales teams, the clients are constantly increasing, and the presence on social networks, internet, and the participation to international fairs allowed Pink Frogs to strengthen its position on the international market.



DISTRIBUTION CHANNELS<sup>1</sup>

The final products are transferred in the second warehouse waiting for the collection by the clients.

The bulk thus produced is sent to the filling and packaging department, where it is transferred in different packaging based on the type of product.



#### GDO

786.757 pcs.

3%

#### Pharmacy

3.312.817 pcs.

27%

#### Perfumery

7.533.187 pcs.

29%

#### Professional Beauty care

562.109 pcs.

13%

#### Herbalist's shops

97.670 pcs.

1%

#### Hairdressers

1.028.812 pcs.

14%

#### Direct sale

1.032.291 pcs.

13%

1. The data represented are referred to the N° of pieces produced in the 2018 and to the percentage on the total import

## 1.8 Perfumery sampling

### Discover the best way to make people remember your scent

In 2018 Pink Frogs produced 5.438.990 samples, thanks to the new generation systems, which allow to obtain a product of the best quality.

In 2016 a new production area was developed, for the formulation, filling and packaging of perfumes samples. Thanks to this machinery, the samples are produced at an extraordinary rhythm:

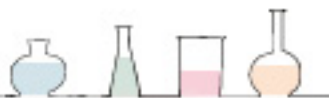
Pink Frogs proposed a sampling packaging service with an extraordinary timing:

**2**  
per second

**7.200**  
per hour

**100.000**  
per day





## BULK

Complete  
perfume  
manufacturing  
process



## VIAL

Different types  
of vials in pla-  
stic or glass



## CARDBOARD

Printable on  
fine and em-  
bossed paper



## FLOWPACK

Customizable  
from 10 to 20  
cardboards

**An advanced and completely automatic process from the  
bulk to the flowpack, Just in one step!**



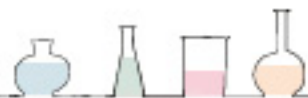
## 1.9 The products

Pink Frogs designs and realizes cosmetics with high standards of quality, safety and respect for the environment. The production is exclusively for third parties, for every distribution channel: GDO, pharmacy, perfumery, professional cosmetics, herbalist's shops, hairdressers and direct sale.



Scheme 3: N° of pieces produced in the 2018 and percentage on the total<sup>2</sup>

2. In the analysis developed the sampling production is not considered



Pink Frogs' production constantly increases. With respect to 2017, the number of pieces produced has increased by 11%, with a production up to 13 million pieces in 2018, of which 5,4 million samples.

Pink Frogs supports the clients in every phase of the realization of their products: from the pack research to the realization dynamics and to the launch of a product, guaranteeing a full service.

To keep up with the requests of the market, increasingly oriented towards natural and organic products, the company realizes natural products with ingredients, active principles and processes more and more sustainable.

All the cosmetics produced by Pink Frogs respect the Italian and European laws regarding the health and safety of the consumer, as well as the European legislation banning tests on animals.

Pink Frogs offers two different types of services to its clients: contract work and full service.

In the first case, Pink Frogs deals exclusively with production and filling/packaging, but the decisions regarding the composition of the bulk and the type of packaging used are taken by the client. In the case of full-service production, instead, it's Pink Frogs who proposes the formulation, the packaging and the best solutions for the realization of the final product.

Pink Frogs wants to expand more and more the full-service production, with a logic of partnership with the clients.

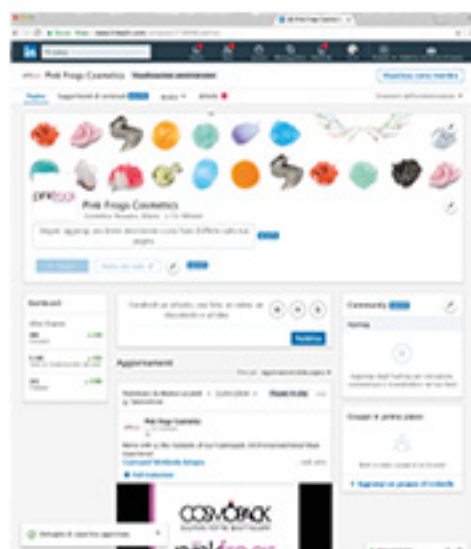
Through the website, the clients can directly view the marketing sheets with the characteristics, the active principles and the instructions on how to use the products developed by Pink Frogs. On the website are available tutorial videos in which it is shown how to apply the products, as well as technical explanations from experts on the properties of the products.

## 1.10 Pink Frogs goes social

In 2018 Pink Frogs decided to consolidate its online presence, to keep up to date and to offer a complete and quality service.

The new website was inaugurated. Along with being smarter and more social, the great news is the addition of a dedicated area on the new formulas. In the Research and Development section, as a matter of fact, it is possible to view all the information and the multimedia contents of the classical formulas and of the new launches. Thanks to the marketing sheets realized ad hoc for every product, it is easy and fast to find

the right product for every need. Besides, thanks to website, it is possible to stay updated on Pink Frogs' activities and news, including the participation to international events. The website is also used to share the values and the business culture with all the stakeholders, through the publication of the Code of Conduct of the Supplier and the Code of Ethics, as well as the Sustainability Report, all of them available to whomever may be interested in reading them.





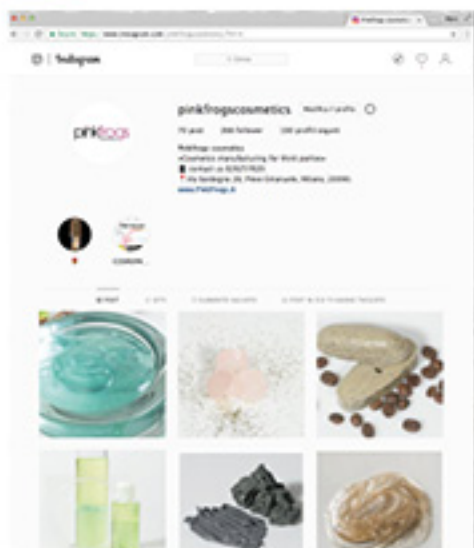
Furthermore, to create a direct contact with its stakeholders, Pink Frogs is always active on social networks, on LinkedIn, Facebook and Instagram, uploading in real time all the news and the updates on the events to which it participates.

In 2018 it was decided to increase the number of contents published, to allow everyone to remain updated on products, fairs, conferences and the everyday life at the company.

## Influencers

During **Cosmopack 2018**, Pink Frogs participated to the **Abc Cosmetics Conference**, by **Cosmetica Italia**. During the event the company met various influencers to whom it presented its products. The goal of this meeting was to convey the new products and formulas through the social networks.

In 2019, Pink Frogs is developing a project that will involve some influencers, with the aim of giving visibility to the new formulas proposed by Pink Frogs through the social networks.



## 1.11 Prizes and Awards

Thanks to the R&D laboratory, Pink Frogs can offer innovative formulas, which have gained recognition over the years by the market and the stakeholders through a series of awards.



Pictures: Cosmopack Awards 2018 - Bologna

### Cosmopak the wall

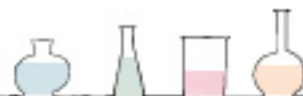
Pink Frogs receives the "Innovation & Inspiration Award" for the best innovative skincare formula in the Cosmopak The Wall Contest, a contest held during the Bologna Cosmoprof, one of the biggest fairs in the cosmetic and beauty sector.

2014

### Cosmetic Award

Pink Frogs is among the three finalists for the CosmeticAward by Cosmetica Italia in the category "small-medium enterprises", the only one to be a B2B company. This important recognition has been assigned to those enterprises that have distinguished themselves for the innovation in the communication and in the transformation dynamics towards their clients.

2015



2017

### **Cosmoprof Trends**

The face Detergent Stick launched by Pink Frogs at the Cosmopack 2017, the biggest international fair dedicated to the cosmetic supply chain in all its components (raw materials, machinery and automation, packaging, contract manufacturing and full service solutions), has been selected among the first 25 trend products by a very well-known international trend agency, Beautystreams.

2017

### **Cosmopack The Wall**

Pink Frogs, during the Cosmoprof, wins the Cosmopack The Wall Contest for the best skin-care formula, thanks to a great teamwork that made it possible to create a surprising and innovative product, the Sleeping Metallic Mask.

2018

### **Cosmopack Awards Asia, Hong Kong**

In 2018 Pink Frogs also obtains the victory as Best Skin Care Formula at the Cosmopack Awards Asia Hong Kong, thanks to its Enzymatic Whitening Bi-gel formula, the perfect combination for a glowing and uniform skin.

Furthermore, during the Cosmopack Asia, Pink Frogs participated with its innovative Skintonic serum to the Cosmopack Asia Hong Kong's Factory, a project that brings the entire supply chain of a cosmetic product live inside the fair.

2018

### **Cosmopack Awards**

In Bologna, during the Cosmopack The Wall, Pink Frogs wins the prize "Best Skin Formula" for its Warm & Cold Program, a highly innovative 2 in 1 program.

## 1.12 Associations and Organizations

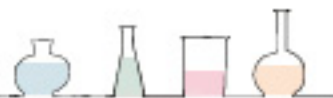
As part of the relations with the stakeholders, an important role is played by the organizations and trade associations. The participation to the initiatives of the associations enables Pink Frogs to be always updated on the evolution of the operative reference context, not only under the legislative and regulative profile, but also regarding the changes in needs and demands of the market in terms of sustainability.

### **Matteo Locatelli vice-president of Cosmetica Italia**

During the Assembly of the Associates held on 21st June 2018 in historical frame of Visconti Palace, Pink Frogs' CEO, Matteo Locatelli, was elected vice-president of Cosmetica Italia. Together with Benedetto Lavino (Bottega Verde) and François-Xavier Fenart (L'Oréal), he will assist the president Renato Ancorotti for the three-year period 2018 – 2021.



Picture: Cosmetica Italia Presidency team



**Federchimica**<sup>3</sup> is the Chemical Industry National Federation. Among its objectives, coordinate and protect the role of the chemical industry in Italy, promote the capacity of development and elaborate the economic, industrial, trade union course of action, as well as in terms of ecology and environment, development and innovation and energy politics. Pink Frogs adheres to Federchimica's voluntary programme Responsible Care. In 2015 it won the "Responsible Care Federchimica Award 2015", which rewards the excellences in the sustainable development in the chemical industry, thanks to its sustainable label<sup>4</sup>.



**Cosmetica Italia**<sup>5</sup>, born to support the development of the cosmetic enterprises in Italy, is now a structured association - the biggest in Europe - which offers services, representation and protection to the 500 associated enterprises.



Matteo Locatelli, Pink Frogs' CEO, is, since 2018, the vice-president of Cosmetica Italia. Pink Frogs is also a member of the Contract Manufacturers Production Group of Cosmetica Italia. Locatelli is also Counsellor for the sustainable development and in the last years he has been promoter of numerous events regarding sustainability in the contractors' group, supporting this cause and promoting it in the Italian contractors' world.

**Assolombarda**<sup>6</sup> is the association of the industrials in the provinces of Milan, Lodi and Monza e Brianza. Pink Frogs plays an active role in this association, which favours the development of the associated enterprises giving support, constant updates and occasions of training on the main topics and technical aspects.



From 2014 Pink Frogs joins the Italian Code for Responsible Payments promoted by Assolombarda, in collaboration with the Bocconi University in Milan and finalized to the respect of the deadlines of payment and to the diffusion of punctual and efficient practices of payment. The project aims at improving the reputation of the Italian enterprises on the national and international markets, strengthening their competitiveness.

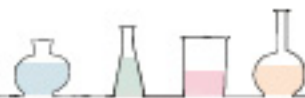
3. <https://www.federchimica.it/>,  
4. Vcdi 3.B. Progetti sostenibili,  
5. <http://www.assolombarda.it/>,  
6. <https://www.cosmeticaitalia.it/home/>

## 1.13 Pink Frogs' speeches



Pink Frogs believes that it is fundamental to share the goals achieved and the knowledge learned in its sustainability path with all the stakeholders. For this reason, it is important for Pink Frogs to participate to the initiatives and the meetings with the other enterprises of the sector, to give its testimony on corporate sustainability and on sustainable development.





## **COSMETICA ITALIA**

### **CORPORATE SUSTAINABILITY PROJECT**

On the occasion of Cosmetica Italia's talkshow during Cosmopack 2018, Pink Frogs' CEO, Matteo Locatelli, told the story of Pink Frogs with regards to sustainability and presented the first Sustainability Report of the company.

## **10, 100, 1000 CENTERS**

### **NATIONAL CONFERENCE ON URBAN SUBURBS**

Matteo Locatelli participated to Ten, one hundred, one thousand centres, the first National Conference on Urban Suburbs, organized by Bracco Foundation. The theme of the speech was the Shared Value and the Corporate Social Responsibility to promote the development of degraded urban areas.

## **IT'S NOT GROWN-UP STUFF**

### **CSR AS A STRATEGIC CHOICE**

Pink Frogs participated to the event in Assolombarda "It's not grown-up stuff", with the speech of Dr. Locatelli on the communication of the social commitment and the CSR as a strategic choice.

## **THE ENTERPRISES**

### **LEADERS IN THE SUSTAINABLE DEVELOPMENT**

Pink Frogs participated to the event in Assolombarda "The leader enterprises in the sustainable development", during which the 10 companies winners of the 16° Sodalitas Social Award were rewarded. Dr. Matteo Locatelli gave his testimony as an entrepreneur committed to the sustainable development.

## 1.14 Certifications



As part of the commitments made, the achievement and the maintenance of the certifications allows Pink Frogs to control and monitor the production processes, ensuring the achievement of quality and environmental objectives, in a logic of continuous improvement.

All the certifications are issued by the third-party institution Certiquality<sup>7</sup>.



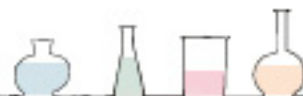
In the search for excellence for what regards the quality of its products and services, Pink Frogs has obtained the certification **ISO 9001:2015**, which defines the requirements for a quality management system.

Pink Frogs has obtained the certification **ISO 22716:2008**, the standard on the "Good Manufacturing Practices" in the cosmetic industry. The GMP are a set of rules which describe the methods, the machinery, the instruments and the management of the productions to ensure the appropriate quality standards. They regard both the production and the quality control.

To demonstrate the path towards a use of the resources more and more sustainable and the reduction of its environmental impacts, Pink Frogs is certified **ISO 14001:2015**, the standard which fixes the requirements for an environmental management system. In 2017 Pink Frogs, to respect the new requirements for the ISO certifications 9001:2015 and 14001:2015, conducted a detailed risk analysis, to evaluate and monitor the potential risks of the different activities inside the organization and in the relationships with its stakeholders, with the prevision of corrective actions in

case of high risk. The analysis is constantly updated, so that the Management Board can always be aware of the critical concerns found.

7. <http://www.certiquality.it>



In 2018, Pink Frogs has begun the path to obtain the certification **ISO 13485**, which defines the quality rules regarding the production of medical devices, to further specialize in the medical field, in addition to the cosmetic one. This new goal establishes Pink Frogs' expertise in the formulation of formulas dedicated to the pharmacy channel and the consequent will of enriching and diversifying the production.



This report, referred to year 2018, has been written in accordance to the **GRI standards**. Pink Frogs is the first Italian cosmetic enterprise to realize the Sustainability Report certified by a third-party institution.



For 2019, Pink Frogs' intention is to adopt the guidelines **UNI ISO 26000:2010** for the Corporate Social Responsibility. The aim of the standard is to help organizations contribute to the sustainable development, encourage to go further than the mere respect of the laws, promote a common knowledge in the social sustainability field and integrate other instruments and initiatives for social responsibility, but not to substitute them.

## Goal

## 1.15 Materiality Analysis

As part of the realization of its first Sustainability Report, Pink Frogs conducted a Materiality Analysis, as an in-depth analysis on the relevance of the implications and of the economic, social and environmental aspects of its activities, aimed not only at identifying what to communicate through the Report, but also and above all to reinforce its sustainability strategy and to improve its capacity of creating value over time.

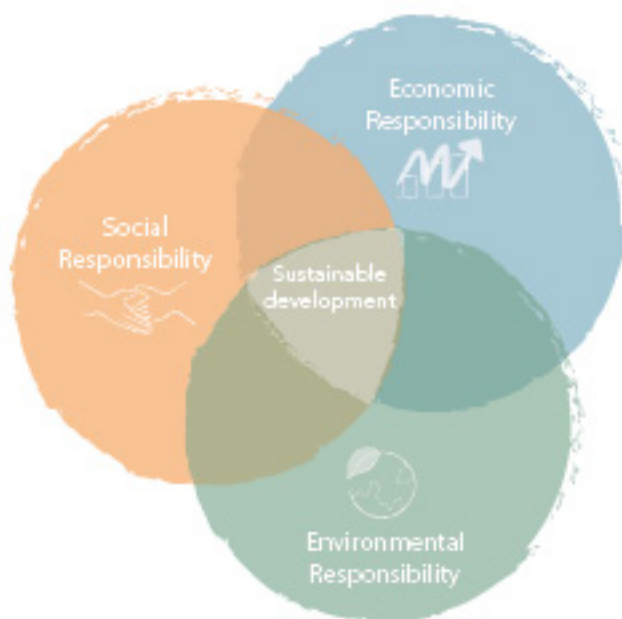
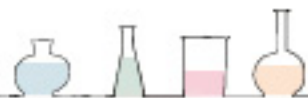
Following the GRI Standards, which collocate the Materiality among the key principles to define the Report's contents, the Analysis has been conducted on two levels, one internal and one external to the organisation:

### Internal level

At the internal level, a dedicated Working Group has been created, guided by the Direction, with the goal of examining the current positioning of the company with respect to the sustainability challenges posed by the operational context and the reference market. The activity of the Group has been focused, first of all, on the comprehension of the social, environmental and economic implications of its activities, read through the information and data required by the GRI through its Standards framework and contextualised with respect to its sector, the Cosmetics. For the purpose, in addition to GRI, specific reports and publications have been examined, like the Socio – Economic Development and Environmental Sustainability Report 2017 published by Cosmetics Europe<sup>8</sup>, the European category association for the cosmetics and personal care, which defines the contribution of the sector to the socioeconomic development of the EU and the main challenges it must face, especially under the environmental profile.

This analysis allowed, on the one hand, to trace back the initiatives and the environmental and social projects done until now by Pink Frogs to the various GRI Standards – giving a picture of the commitments made and the results achieved in the different contexts – on the other hand, to highlight the fields of activity in respect of which the corporate reflection, in terms of sustainability, was less developed, giving an important indication in terms of definition of the future objectives. In this regard, whilst today the company can boast a relative maturity in terms of environmental management certified according to the international standard ISO 14001 from 2014, it also has the necessity to strengthen and extend the awareness of the environmental implications of its business to a logic of supply chain and in a life cycle perspective of its activities.

8. <https://www.cosmetics-europe.eu/library/>



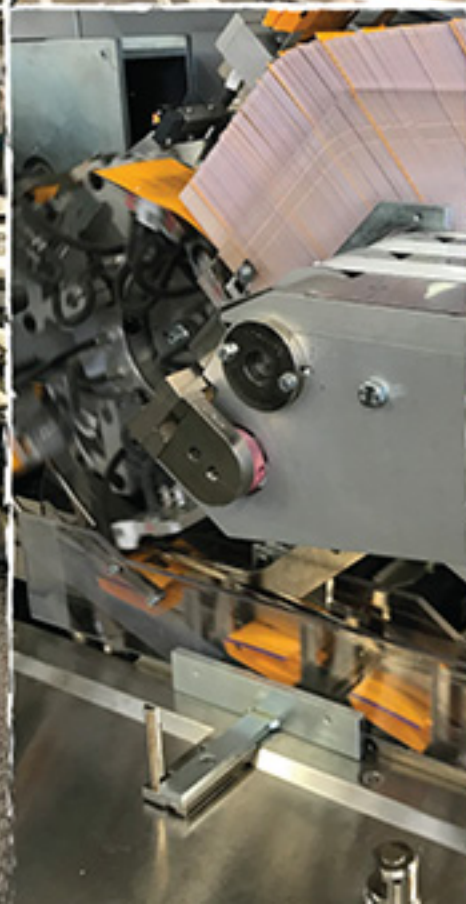
## External Level

At the external level, starting a path aimed at deepening the most relevant needs, expectations and topics, in terms of sustainability, felt by its stakeholders.

In this regard, the process was, first of all, to map all the interested parts, internal and external to the company. The stakeholder mapping, guided by criteria given by the AA1000 Stakeholder Engagement Standard (AA1000 SES)<sup>9</sup>, allowed to identify in the Clients and in the Suppliers the priority interlocutors regarding the developing an engagement process from the sustainability point of view. In its role of contract manufacturer, Pink Frogs can indeed play a key role in the promotion and diffusion on the market of products with better

characteristics in terms of environmental performances. Whilst, on the one hand, among its principal goals of its mission there is the one to respond to the expectations of the clients who produce for the final market, satisfying their requests and specific production needs, on the other hands, the capacity to offer and integrated service to the companies – from research and development, to the setting up of new formulas and products, to their realization, launch and commercialization – engages Pink Frogs towards the research of solutions more and more sustainable, to be proposed to its clients and to be realized in collaboration and partnership with its suppliers.

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





The awareness of this role on the market has guided the listening process of suppliers and clients, through the realization of a survey aimed at investigating the perception and the expectations of those stakeholders in the different areas of sustainability.

The survey was sent to 53 companies, of which 32 clients and 21 strategic suppliers of raw materials and packaging. 11 companies responded to the survey. The questionnaire was filled in, overall, by 9 companies, and accompanied by specific follow-up meetings with some of the respondent companies.

The commitment by Pink Frogs is to engage, in the next years, all the clients and suppliers, with the goal of organizing a roundtable and follow-up meetings, to have a broader and more complete vision of its supply chain for what regards sustainability.

Furthermore, in 2018 Pink Frogs shared the questionnaire also with the member of Cosmetica Italia who participated to the workshops and the projects on sustainability organized by the Association, proving to be precious “travelling companions” for Pink Frogs.

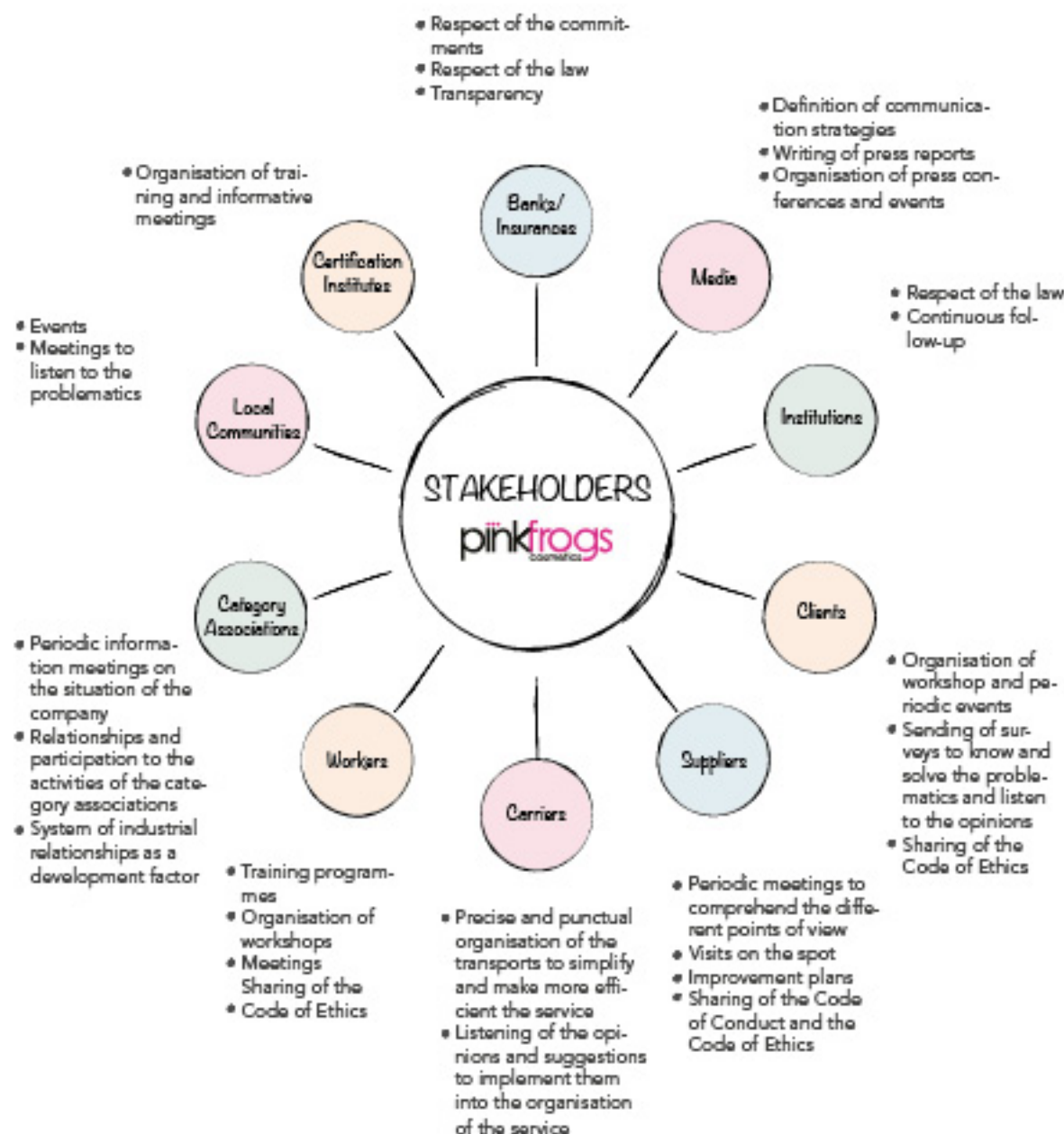
To have a bigger involvement, it was decided to distribute the survey among the employees members of the Ethical Committee, to have an additional point of view on Pink Frogs’ activities and on the approach to sustainability of the company.

The Analysis, however limited from the point of view of the number of subjects engaged, constitutes a first important starting point, on the basis of which strengthening and deepening the strategy and the sustainability approach. Through the survey, it was asked to clients and suppliers to define, among the proposed options:

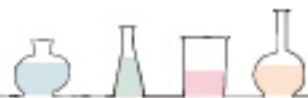
- The topics felt as priority in the different areas of sustainability;
- The aspects felt as priority in the relationship with Pink Frogs.

The analysis of the replies to the survey confirmed the strategic nature of the relationship with clients and suppliers as partners of Pink Frogs’ sustainable approach development.

# 1.15 Materiality Analysis



Scheme 4: Materiality analysis - 2018



Following the approach suggested by the GRI and commonly adopted in the sustainability reporting processes, the Materiality Matrix shows the principal results of the Analysis, identifying the material topics for the stakeholders and comparing them with the most significant ones for the company:

- **the capacity to maintain good economic results over time;**
- **the amount and continuity of the investments in technological innovation and in R&D;**
- **the protection of health and safety;**
- **the maintenance of certifications for the quality of the performances;**
- **the attitude towards the development of partnerships for environmental initiatives and projects;**
- **the adoption of environmental policies.**

The Clients appreciate the ability of Pink Frogs to satisfy their needs, proposing innovative formulas and quality products and they evaluate positively the company commitment to their involvement in initiatives to promote the sustainability culture in collaboration with the brands for whom it works.

Towards the Suppliers, there was the chance to strengthen the deepening and the dialogue on the sustainability topic. In addition to rewarding, when

evaluating, the suppliers who have the environmental and quality certifications, the company wants to increase the awareness of the social and environmental impacts along the whole supply chain.

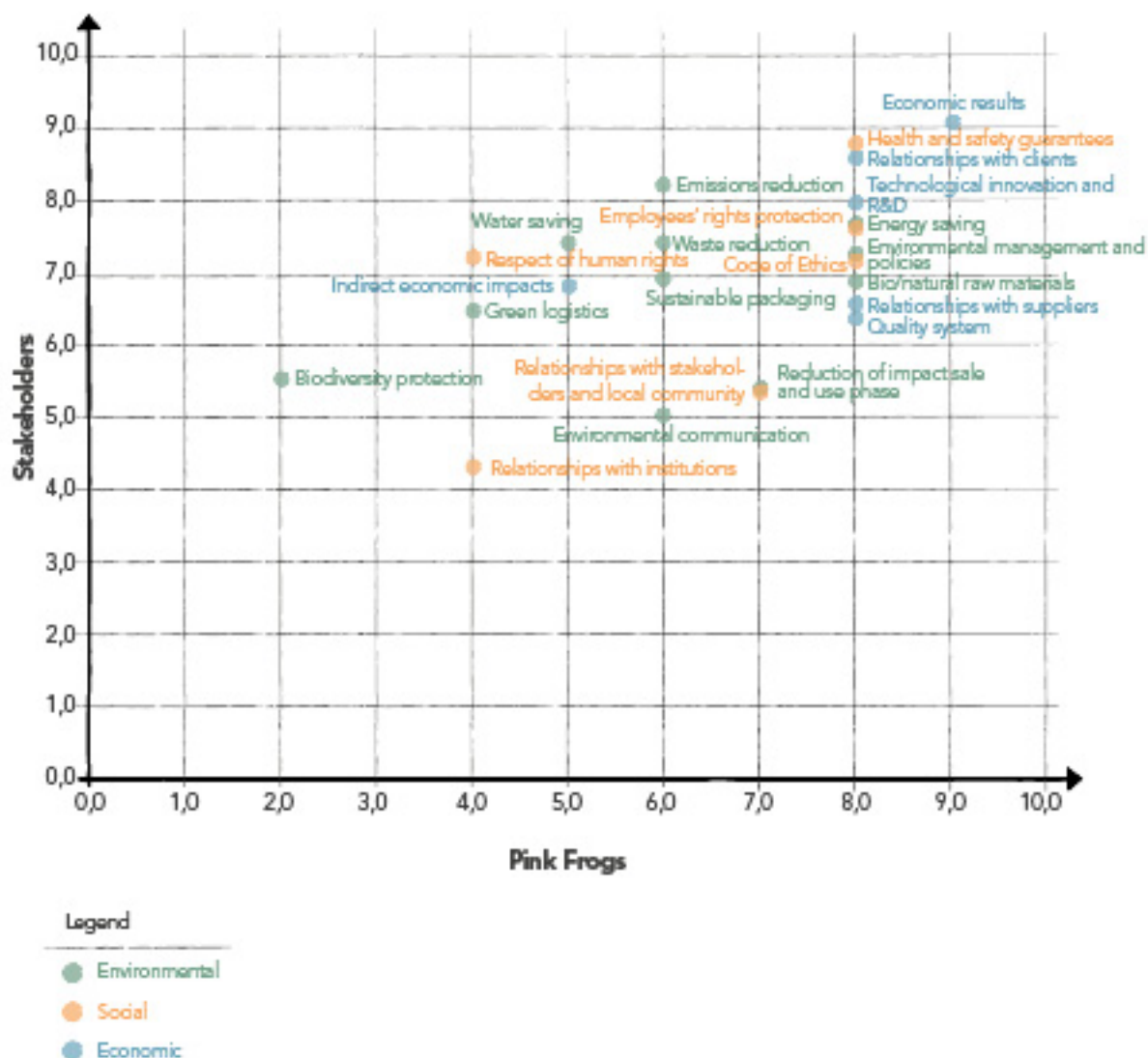
A first result achieved, in this path, was the drafting and distribution among all the suppliers of the Code of Conduct, through which to promote and to reinforce the respect of the corporate principles and values expressed in the Code of Ethics.

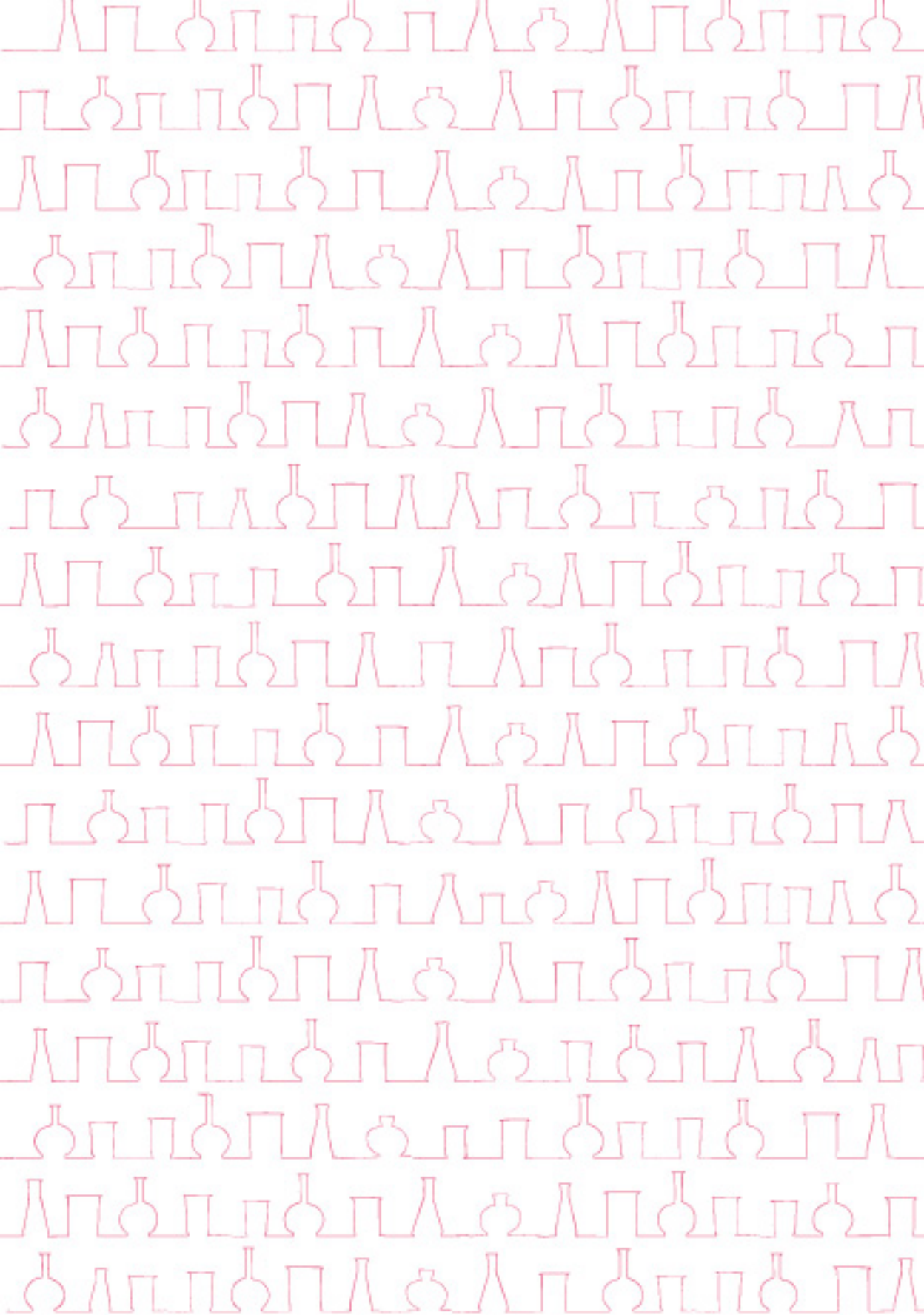
Other relevant topics are the capacity of the company to generate development through its economic performances, but also the attention to the health aspects and safety protection of the employees and along the supply chain. Pink Frogs' aim is to extend the consultation, in 2018, to a greater number of stakeholders, to have a set of data and information big enough to give a vast and articulated representation of the material topics through the Materiality Matrix and to adopt more effective and structured stakeholder engagement ways.

The strengthening of the stakeholder consultation process will allow to improve also the process of reporting, to make it more aligned with the needs of information of the interested parts.

# 1.15 Materiality Analysis

## Materiality Matrix









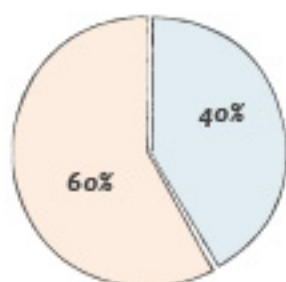
# *Social*

FRAMEWORK

## 2.1 Employees

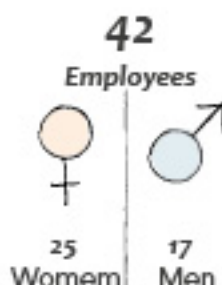


Pink Frogs' workforce in 2018 is composed of 42 employees, of which 60% women and 40% men, slightly below the average of the European cosmetic industry (61% women and 39% men)<sup>10</sup>, but in line with the increasing trend of the last years. For many years most of the employees have been women, while, considering the managers and the executives, the women represent the totality.



**Graph 1:** Workforce by gender (percentage on total) in 2018

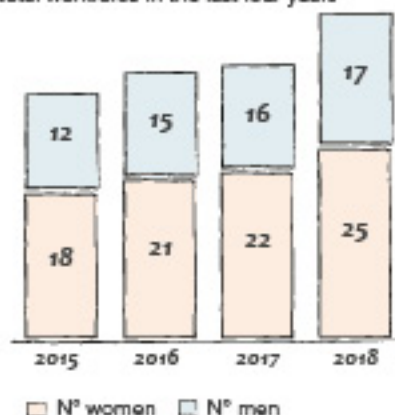
Women  
Men



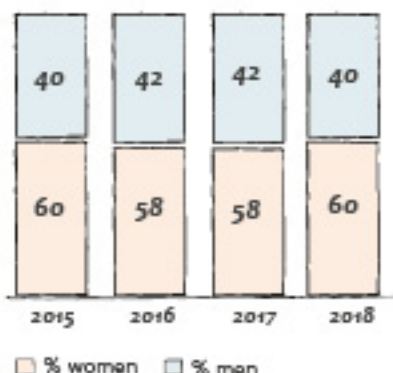
The number of employees has increased in the last four years, in line with the upward trend of production. The percentage of men and women has remained constant over the years, with female prevalence.

During 2018, 9 interns have been alternating, of which 2 have later been hired. The internships represent for Pink Frogs an added value, because they allow the company to give its contribution to the education and to the integration into the workplace of the young people, but also a way to identify new resources to add to the workforce.

**Graph 2:** Number of men and women on the total workforce in the last four years



**Graph 3:** Percentage of men and women on the total workforce in the last four years



10. Socio-Economic Contribution of the European Cosmetics Industry 2018



Pink Frogs always applies merit and professionalism criteria in the selection of its staff. It is important for Pink Frogs to offer stable positions, with the chance to grow inside the company. For this reason, the 100% of the employees is hired with a permanent contract, of which the 12% has a contract of apprenticeship, which aims at the growth and the training of the personnel inside the reality of Pink Frogs. All the employees work full-time.

Employees by type of contract and gender in 2018



Permanent contract:

17/17 25/25

Of which contract of apprenticeship:

3/17 2/25

Employees by type of contract and region in 2018



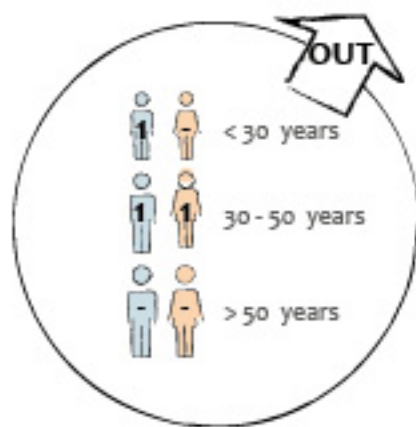
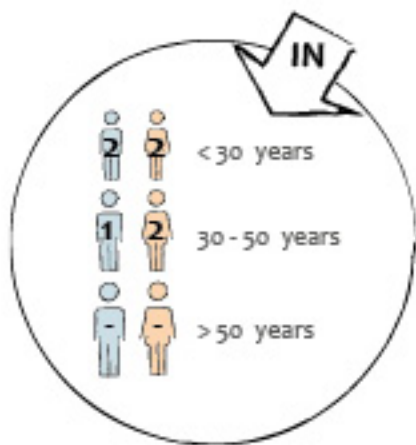
Permanent contract:

36/36 6/6

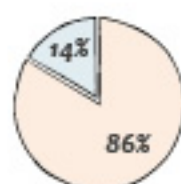
Of which contract of apprenticeship:

4/36 1/6

Entrance and exit turnover in 2018



## 2.1 Employees



**Graph 4:** Percentage of employees by region in 2018

□ Italy  
□ Rest of the world

Pink Frogs employs seasonal workers through a local cooperative, for the “end of line” processes (cartooning, packaging, etc.), for the cleaning service and other internal services (washing room, external warehouses). The monthly average of the workers who have alternated during 2018 is 30.

As for the employees, Pink Frogs makes sure, through the request of adequate documental evidences, that the workers have regular contracts and are remunerated according to the law.

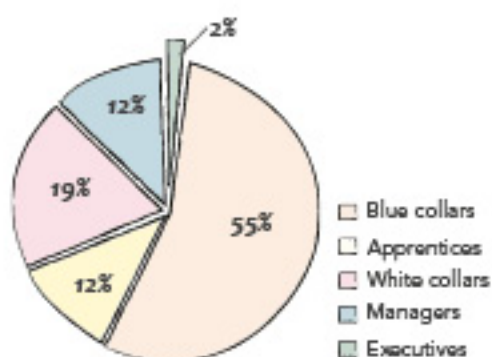




## 2.1 Employees

Pink Frogs' workforce is composed of 55% blue collars, 19% white collars, 12% apprentices, 12% managers and 2% executives.

**Graph 5:** Employees by function in 2018



Pink Frogs is a young and dynamic enterprise, up to date with the market trend. The employees under 30 represent the 17% of the total. The employees between 30 and 50 are the majority of Pink Frogs' workforce, with 55% of the total, while the ones above 50 correspond to 29%.

**Table 1:** Workforce by function and gender in 2018

	Women	%	Men	%
Blue collars	11	48	12	23
Apprentices	2	48	3	5
White collars	6	75	2	8
Managers	5	100	0	5
Executives	1	100	0	1
Total	25	60	17	40



**Grafico 6:** Percentage of employees by age group in 2018



All the employees in Pink Frogs are remunerated according to the Italian law, pursuant to the norms of the CCNL (Labour Collective National Contract) of the Chemical and Pharmaceutical Sector .

The remuneration policies are based on the employee's contractual level, determined by merit and competence requirements. Between female and male gender, with the same level, differences in the salary are non-existent.

The bonuses granted to the employees are based on the performance, both of the single person, and of the company in general.

Under the trade union profile, in Pink Frogs does not exist today a mechanism of structured trade union and the employees do not adhere to trade unions.

	Men	Women	Total	Return rate
2015	-	2	2	100%
2016	-	-	-	-
2017	1	-	1	100%
2018	-	-	-	-

**Table 2:** Number of parental leaves in the last four years

## 2.2 Safety



The safety and the health of its employees are a key topic for Pink Frogs. The employees must regularly participate to training courses on safety inside the company and du-

ring the year there are different evacuation tests. In 2018 the courses on safety amounted at 80 hours.

**Table 3:** Number of injuries in the last four years

	2015	2016	2017	2018
Mortal injuries	-	-	-	-
Injuries between 1 and 3 days	-	-	-	-
INAIL injuries ( >3 days )	-	2	2	1
Of which while travelling	-	2	-	-
Lost INAIL days for injuries on the workplace > 3 days	-	86	35	30
Total hours worked	50.929	55.254	62.729	69.959
Gravity Index <sup>12</sup>	-	1,56	0,56	0,43
Frequency Index <sup>13</sup>	-	36,2	31,8	14,3

12. Standard UNI 7249 2007 defines: Gravity Index =  $n^{\circ}$  of total injuries days  $\times 1.000 / n^{\circ}$  of hours worked

13. Standard UNI 7249 2007 defines: Frequency Index =  $n^{\circ}$  injuries  $\times 1.000.000 / n^{\circ}$  hours worked





The number of injuries has diminished in the last three years, always remaining very low. In 2018 just one injury happened, for a total of 30 INAIL lost days. After the incidents Pink Frogs always conducts an accurate analysis to improve the safety of the employees on the workplace, with the objective of diminishing

the injuries. The absenteeism rate in 2017 is 2,5%.

Responsible for the safety are the Prevention and Protection Service Manager, external, and the Responsible for the Safety on the job, internal to the company.



## 2.3 Training



Pink Frogs supports the education of its employees to make them grow and bring knowledge and new competences to the company.

**Table 4:** Number of training hours per capita by gender

	Total hours	Hours per capita
2015	454	13,4
2016	434	11,7
2017	1093	28,8
2018	310	6,9

**Table 5:** Number of training hours per capita by function and gender<sup>14</sup>

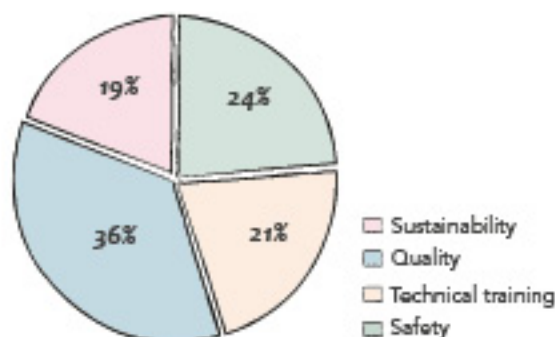
	Total hours	Number of employees	Total hours per capita
Executives	2	1	2
Managers	42	5	8,4
White collars	122	9	13,6
Blue collars	92	24	3,8
Apprentices	52	6	8,7
Women	224	26	8,6
Men	86	19	4,5

In 2018 the courses done were relative to: safety (24%), specific technical training (21%), quality (36%) and sustainability and environment (19%), for a total of 310 hours. The training courses involved different business levels and various functional areas, with the aim to allow the employees to specialize and be updated on their areas of competence.

<sup>14</sup> The total number of employees, 45, does not match with the previous data because it refers to the employees who received training during 2018 and not the number of employees at the end of 2018.



**Graph 7:** Fields of training on the total hours in 2018



In 2017 there is a peak in the total training hours due to an English course attended by many employees and a Master attended by the Sustainability Manager.

In 2017 Pink Frogs financially contributed to the participation of the Sustainability Manager to the Master in Environmental Risk Assessment and Management (in CINEAS). She could thus acquire further competences in her field.

For the drafting of the first Sustainability Report, Pink Frogs employed a student of the Master in Green Management, Energy and Corporate Social Responsibility at Bocconi university. She presented her final thesis on this project and contributed again to the writing of the Report in 2019, as an external collaborator.



## 2.4 Initiatives for the employees



To Pink Frogs it is fundamental that the employees are happy on the workplace and that they feel part of the corporate world and culture, not as simple “numbers” but as essential resources for the success of the company.

Therefore, Pink Frogs organizes activities to make the employees feel part of a community, in which they can find support, friendship and affection.

### Analysis of the working climate

In 2018 a detailed analysis was conducted to evaluate the working climate, with interviews with the employees, who had the opportunity to express their problems on the workplace, advice and proposals of improvement.

A human resources expert assisted the Sustainability Manager for a month, participating to the meetings of the Ethical Committee and of the Management Board. At the end of the observation period, she left a report to the CEO, with suggestions and improvement inputs.

Among the solutions proposed, a suggestion box at the disposal of all the employees was realized, giving them the chance to give their direct contribution to the improvement of the working climate.

Thanks to this analysis, it was possible for the company management to understand the needs of the employees and do the necessary modifications to improve the working climate.

### Ethical Committee

In 2018 the Ethical Committee reunited once a month to discuss the business problems and to suggest improvement actions to the Direction.

On a proposal of the Ethical Committee, in 2019 Pink Frogs is adopting the Fashim, the National Sanitary Assistance Fund for the worker of the chemical industry, which will allow the employees to have an extra assurance coverage for the reimbursement of the medical expenses.



To evaluate the activity of the Committee, a survey was distributed among the participants, to express the degree of satisfaction of the work done in 2018 and to give advice and suggestions for improvement for 2019. All the employees who participated to the Ethical Committee in 2018 expressed their satisfaction regarding the work done during the year and the results obtained and they were enthusiast of the initiative. The Ethical Committee has proved to be a valid instrument of communication inside the company and of continuous improvement.

### Visit to the Cosmoprof

In 2018 all the employees were invited to participate to the Cosmoprof Worldwide Bologna fair, to have a direct feedback of the world in which Pink Frogs operates and to have the chance of seeing the results of the commitment and hard work of everyone. For the occasion, a bus trip was organized to take all the employees to the fair.



The background of the entire page is a watercolor illustration of various leaves in shades of blue, teal, and green, with some leaves having lighter, almost white, centers. The leaves are scattered across the page, creating a dense, naturalistic pattern.

### Christmas party

Every year, before Christmas holidays, the company organizes a day dedicated to fun and teamworking, with group games and quality time all together, to wish happy holidays and to thank the employees of what has been done during the year.

### Gym

The company features a completely equipped gym to be used in the lunch break or after work, to release stress and tensions and keep fit free of charge, without having to go somewhere else and spend any money.

## 2.4 Initiatives for the employees



### Family and Friends day

In 2018, Pink Frogs organized the Family and Friends Day, a day during which the employees could invite their relatives and friends to the company, to show them their daily job. Different activities for the employees' kids were organized, so that they were able to engage in the "production" of special products realized specifically for the occasion and then donated as gifts to all the participants.



Picture: Family day participants

### Inauguration of the new department

In 2018 the headquarters in via Sardegna was renovated, inaugurating a new department. In occasion of the inauguration, the CEO Matteo Locatelli held a speech in front of all the employees, to thank them of the commitment and the collaboration demonstrated, as well as sharing with them the satisfaction for such an important result. It was then thrown a party for the employees to celebrate this new step of Pink Frogs.



Picture: 2018 Department inauguration

## 2.4 Initiatives for the employees

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### Experiences told by the employees

#### Recycle and Reuse - Katia

"I take all those materials that would be thrown out and I use them to create new objects. I bring them home and involve my daughters in various activities: we create flowerpots, pencil cases, jars, boxes for the toys, paintings and everything that comes in our minds.

I've always loved doing manual jobs, in the past I used to create earrings and necklaces with polymer clay. Now I recycle objects and materials to involve my daughters in manual and artistic activities, to make them do constructive games, but first of all to make them understand that also a "waste" can be reused and have new value. To them

it is fun, but it is also educational. Thanks to these activities they are now aware that they shouldn't waste, no matter how much money you have.

I usually use pallets, but also boxes and kegs, which I use as flowerpots or boxes for the toys. The more extravagant they are, the more I want to bring them home to create new objects with my daughters. Apart from them, I also bring home broken or unused jars, which I use as containers for paints, or bottles, which become pencil cases. Now my colleagues know about my passion and they give me reusable objects when they can, like cardboard or glitters that are no more of use. On a piece of card-

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#### The Garden - Claudio

"Some years ago, we had to clean an area of the backyard from some plants that had become too difficult to maintain and take care of. Once finished, I realized that the remaining space could be used as a vegetables garden, easier to manage. Since then, my colleague Sergio and I take care of it.

To me taking care of the garden is a way of relaxing and having fun, as well as a way to be more sustainable, in my own little way. I have my own garden also at home, where I collect seasonal vegetables. To me being sustainable is a life-

style: it's been years since I have bought fruits and vegetables at the supermarket, and instead I go to my trusted greengrocer. At a slightly higher price, I can eat seasonal fruits and vegetables that are fresh, long lasting and tasty.

In the company garden we have zucchinis, tomatoes, cuori di bue and datterini (kinds of tomatoes), eggplants, chillies, cucumbers and aromatic plants, like rosemary, sage, basil and lavender. Every year we decide what to plant based on the climate and what we prefer.

In Pink Frogs the garden is seen in a very positive way. My colleagues use the ve-



board thick enough my daughters painted a painting and my parents keep it on the wall and are really proud of it.

When I see my colleagues who bring home colourful cardboards for their kids' schools, I realize that I have influenced everyone, and this makes me proud of myself. Pink Frogs also proposed me to organize initiatives like exhibitions or laboratories for kids. I hope to be able to convey my passion to as many people as possible and first of all to make them understand that, before becoming waste, objects can have a new life."



getables we grow and we are happy to share them. I hope to convey my ideas of sustainability also to my colleagues, because it is fundamental that everybody commits to offering a better future to next generations."



## 2.5 Initiatives in the social field



### Projects for the schools

#### Open doors for the schools

For many years Pink Frogs has been carrying out the project "Open Doors for the School". As part of it, it hosts students from high schools and universities to show them the production processes of the cosmetic sector. In 2018 one university (LIUC) and a master school (SOLE 24 ORE) participated to the program, for a total of about 60 students.

#### Alternation school-work

Regarding the schools, Pink Frogs participates to the alternation school-work initiatives, hosting every year some students, who can learn a job "on the field" and interact with the different functions inside the company. In 2018 five students from a technical school nearby took part to this project. During the initiative they worked in the laboratory and in the production units for a total of 400 hours.

The business approach is to favour the inclusion through internships in different functional areas. That's why in 2018 nine curricular and extra-curricular internships have been activated, to allow students to have a first approach with the working reality. The involved areas were: marketing, R&D, quality control and sustainability, for a total of 5.104 hours.

Of 9 interns who worked in Pink Frogs in 2018, two were later hired, while one collaborated as external consultant to the drafting of the Sustainability Report 2018.

For what regards the other interns, thanks to the experience in Pink Frogs, 4 out of 5 found a job in the cosmetic sector.

#### Speech at the Politecnico

The CEO Matteo Locatelli brought its testimony at Politecnico to a class of industrial engineers, to speak about the role of the entrepreneur today and how the professional figures are evolving to more flexible roles. An example brought was the Sustainability Manager and the CSR teams, new key positions in every enterprise who wants to adapt to the requests of the market, more and more attentive to sustainability. The message left by the CEO to the young was of encouragement, in a market which requires more and more professional figures, in which it is important to expand one's view, evaluating the possibility to start a non-conventional path.



## Boutique Project

During Cosmoprof 2018, Pink Frogs was sponsor of the Boutique project, a charity operation of On Hair. Boutique is a sampling bar where it is possible to choose among must-have products signed by On Hair, realized in collaboration with the Cosmopack exhibiting companies. Pink Frogs offered its contribution realizing for the occasion the Micellar Shampoo, a product with a delicate and transparent texture, which ensures a thorough cleaning.

The profit of the initiative was entirely donated to the Association A.G.E.O.P. Ricerca Onlus.

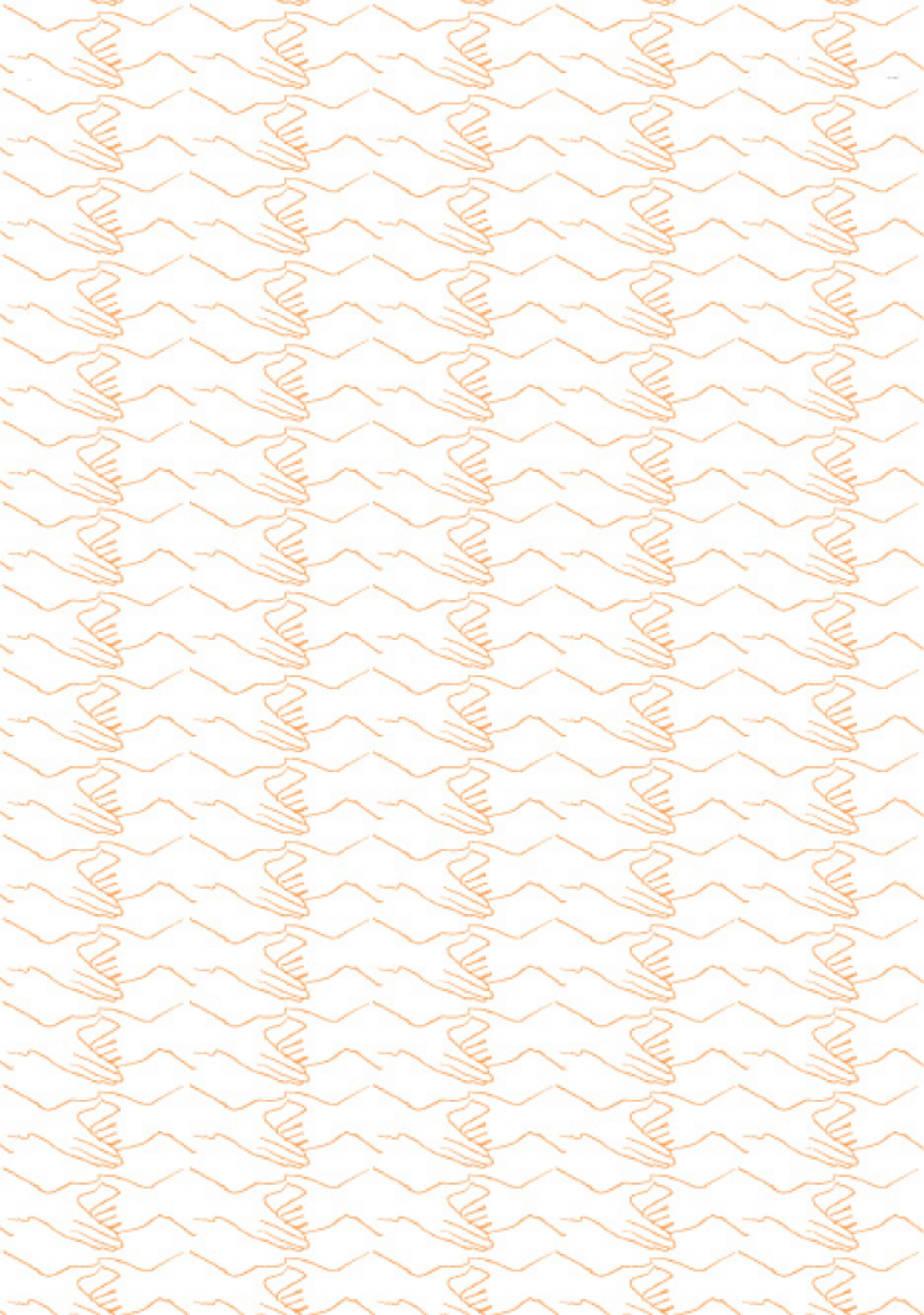
## Beauty gives back

In 2018 Pink Frogs participated to the second edition of Beauty Gives Back, the charity event of the national cosmetic sector, in support of the beauty laboratories for the women under oncological treatment.

The profit of the donations offered during the event was entirely donated to La forza e il sorriso Onlus, which has been organizing free beauty laboratories for more than 10 years, to help women under oncological treatment to feel good in front of the mirror and to regain confidence and self-esteem, together with new energy to go through the treatment.



Pictures: From the left: Matteo Locatelli, Pink Frogs' CEO, Anna Segatti, President of "la Forza e il Sorriso" Onlus, Benedetta Bori, Cosmética Italia communication manager, Enrico Zennini, Bologna Fiera general director.





### Goals reached in 2018

Consolidate the new business structure, with the introduction of supervision functions, who operate across all the processes, to have a wider view of the operations; (2.1 Employees) ✓

Improve the communication at every business level, to improve the awareness of risks and opportunities of the entire process; (2.1 Employees) ✓

Improve the production capacity with the increase in human resources; ✓  
(2.1 Employees)

Define an annual budget for the investments in social activities; ✗

Offer to the employees the Faschim service, the National Fund for Sanitary Assistance for the employees of the chemical industry; ✗  
(2.4 Initiatives for the employees, the service will start in 2019)

Organize initiatives to further involve the employees and their families.  
(2.4 Initiatives for the employees) ✓

### Goals 2019

Start the 3R project (Reduce, Reuse, Recycle). In 2019 Pink Frogs will take part to a project which will involve the primary school of Rozzano to raise awareness on recycle, reuse and reduction. During the project, scrap packaging collected by Pink Frogs will be used;

Become associate to La Forza e il Sorriso Onlus, organization that helps women under oncological treatment to find again the smile and the strength inside themselves;

Define an annual budget for the investments in social activities;

Offer to the employees the Faschim service, the National Fund for Sanitary Assistance for the employees of the chemical industry.

The goals fixed in the previous Report and achieved in 2018 are indicated with a ✓, the ones not achieved with a ✗. The goals not achieved in 2018 for lack of time and/or resources, are proposed again in 2019.





# ***Environmental***

FRAMEWORK

## 3.1 Sustainability in Pink Frogs



According to a trend survey by Cosmetica Italia, related to the estimates for 2017, the market for green cosmetics would be 9% of the total turnover of the cosmetic sector, and the trend seems destined to last: more than 7 Italian consumer out of 10 think that the "sustainable production and conscious of the environment and of the ethical constraints" will guide the development of the cosmetics for the next 10 years<sup>15</sup>.

Pink Frogs has been conscious of these themes for years, and has always committed to anticipating this trend, monitoring its consump-

tions and impacts, and developing more sustainable products.

In Pink Frogs sustainability is based on three fundamental principles: protection of the environment, social responsibility and economic development of the company.

Pink Frogs' vision is to develop and produce cosmetics respecting these principles and spread the sustainability culture through all its stakeholders.

The path towards sustainability began in 2010 with the adherence to Driade, a regional programme aimed at the development of more



efficient production processes and eco-compatible technologies. After it, the commitment was consolidated following the "10 steps" by Cosmetics Europe, concretising it in 2012 with the subscription to the voluntary programme Responsible Care by Federchimica. The most significant goal for Pink Frogs was the publication of the first Sustainability Report in 2018. With this Report Pink Frogs wanted to underline its commitment to sustainability and to transparency, fundamental principles for the business.

Inside the organisation it is important to promote a sustainable behaviour by every employee, with semi-

nars and meetings on sustainability, activities and posters to raise awareness, for example, on the respect of the separate collection and the responsible management of waste. Different initiatives are promoted among the employees, like the cultivation of the common garden, or the recycling of waste materials, activities which, as well as promoting sustainability, bring also to positive aggregation moments inside the company.

As part of its environmental management system ISO 14001, Pink Frogs respects all the principles of environmental protection (precaution, prevention of pollution and prevention and mitigation of the risks). In line with this approach, Pink Frogs takes measures of prevention, monitor and control of the activities' impacts, to reduce and use responsibly the resources in the production processes.

Through the monitoring of the environmental parameters, the organisation sets itself the final goal to reduce every kind of environmental pollution and impact.



## 3.2 Materials



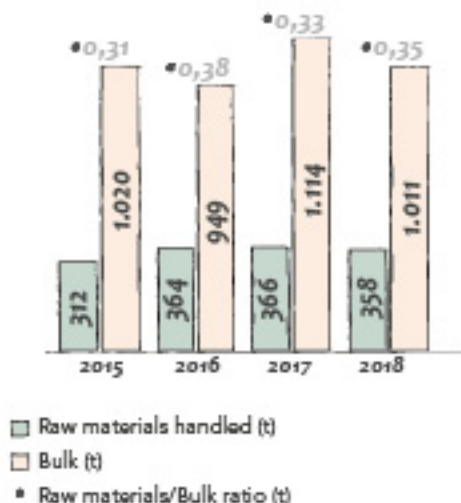
In the recent years the trend is towards “clean” products, that means without those products debated on the media (parabens, SLES, etc.), but at same time able to propose all those technical ingredients apt to guarantee high-level performance and unique and captivating textures. The cosmetic products are becoming more and more sustainable, at 360 degrees. Pink Frogs has been committed for years to the sustainable management of development and production processes and to corporate social responsibility.

Additionally, a very sensitive topic now is the presence of microplastics in the cosmetic products. Thanks to the resolution of the European Parliament, their use will have to be completely ceased before 2020. But for some years now, Pink Frogs, in line with the rest of the cosmetic European industry, engages for their elimination inside the cosmetic products. Pink Frogs always acts in respect of the Italian and European laws. Inside the company there is a person responsible for the regulatory, who deals with assuring the respect of the current legislation both for the internal products, and for the clients’ proposals.

The cosmetic solutions (bulk) are prepared mixing, in demineralised water, several “active” raw materials. From this mix the physic-chemical characteristics of the solutions, the perfume and the functional properties required by the client are determined.

Working for third parties, the choice of the raw materials to be used in the production of the cosmetic solutions depends, generally, on the clients; the elaboration and the design of the recipes, as a matter of fact, is entirely handled and followed by/with every client, while in case of medical devices the formulation is entirely managed by the client himself.

**Graph 8:** Quantity (kg) of raw materials handled in the last four years

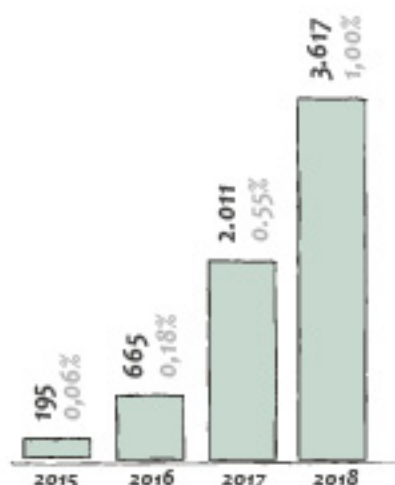




The variation of the volume of raw materials purchased is generally strictly related to a decrease/increase of the volumes of production during the year.

The quantity of organic raw materials used by Pink Frogs for the formulation of its products has dramatically increased in the last years, with a sharp growth especially in 2017 and 2018, in line with the requests of the market, increasingly aware of sustainability in the choice of cosmetic products.

**Graph 9:** Quantity of organic raw materials purchased in the last four years



Pink Frogs' goal is to keep expanding the production of organic and natural products, to keep up with the market trends and to convey to the clients and to the consumers an increasingly conscious culture.

With "organic raw materials" it is intended all the raw materials certified as organic, specifically the most required and used certifications are COSMOS<sup>16</sup>, ECOCERT<sup>17</sup> and USDA-NOP<sup>18</sup>.

Apart from organic products, Pink Frogs uses a big quantity of natural raw materials or materials of natural origin. Pink Frogs offers to its clients the chance to produce cosmetics with a percentage of natural raw materials or from natural origin up to 98%.

Furthermore, more and more clients ask for packaging with better characteristics under the environmental profile, produced using recycled raw materials, or from certified sources.

16. <https://cosmos-standard.org/for-cosmetic-companies/>

17. [http://www.ecocert.com/Natural-and-Organic-Cosmetic-Ecocert-Greenlife-standard-2012-with-TS\\_1.pdf](http://www.ecocert.com/Natural-and-Organic-Cosmetic-Ecocert-Greenlife-standard-2012-with-TS_1.pdf)

18. <https://www.ams.usda.gov/about-ams/programs-offices/national-organic-program>

## 3.2 Materials

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### The Marketing's opinion

"Even though, for over a decade, we've been talking of ecology and sustainability, it is thanks to the last generations that the topic has become a global urgency.

The so-called Millennials and the generation Z, sons of the digital era, always connected and ultra-informed of what happens in the world, have been the sounding board of a media battage that does not know borders and crosses the states bringing news and sharing multimedia contents every second. They are the most worried for the fate of the planet, they are the ones who move the masses in the purchases of every kind of things and also they are the ones who, even in the cosmetic consumption, are pushing the Maisons from all over the world to adequate to their needs.

The young generations are sensitive towards the waste, they love multi-tasking products, practical, easy to transport, with minimal packaging, better if recycled and recyclable, always with attention to the shape and to the glamour aspect: if it is instagram-friendly it is better!

Since the information travels fast as the wind, the younger consumers are a more careful and aware population: the water waste, the organic ingredients, the easily biodegradable formulas, are just some of the topics most discussed and to which they are particularly sensitive.

The choices in consumption go sometimes to niche brands, who anticipate the trends and best answer their requests. The new generations have a greater awareness of the impact that their cosmetics' use have on the environment, and their concern orients them towards innovative choices in terms both of formulas and packaging. Welcome then are the organic, vegan, halal products, extracts deriving from food scraps, packaging made with recycled plastic or coming from sugar cane or corn, compostable or reusable.

The cosmetic market is adapting to this new demand, designing formulas with a high rate of natural ingredients, but also creating appealing packaging with eco-refills or completely recyclable.



If some years ago the green pack proposals were easily discernible because unappealing and anonymous, now you can notice the evolution and the research of beauty even in tubes and jars made with recycled plastic.

The ongoing challenge for the contractors like us it to find the right trade-off to propose innovative and highly effective formulas, but with a high percentage of naturalness as the market requires. Our position of "Unconventional Manufacturer" pushes us to have a very proactive approach towards the clients, in terms of formulas and of packaging, to discover the solutions (in terms of production and consumption) with the less impact possible on our planet.

The young consumers are pushed by a multimedia wave that lead them to find new sources of inspiration which represent a new challenge: we will be ready."



## 3.3 Energy

As part of its activities, Pink Frogs uses electric energy and natural gas, for the power supply of the plants and of the electric devices, the lightning of the offices, the heating of the rooms and the generation of steam.

The consumption of gas in via Toscana is strictly related to the production, and it is variable especially in function of the kind of process (hot or cold) realized. Between 2017 and 2018 the consumption related to natural gas remained constant against an increase in production, demonstrating a better efficiency.

**Table 6:** Consumption of energy and natural gas in via Toscana in the last four years

	Natural gas			Electric energy		
	Consumption (sm <sup>3</sup> )	Relative consumption per q.ty of bulk produced (sm <sup>3</sup> /t)	CO <sub>2</sub> <sup>19</sup> (t)	Consumption (Kwh)	Relative consumption per q.ty of bulk produced (Kwh/t)	CO <sub>2</sub> <sup>20</sup> (t)
2015	19.656	19,00	38	64.235	63	27
2016	23.648	24,92	46	74.352	78	32
2017	28.111	25,22	55	82.458	74	35
2018	25.550	25,27	50	91.621	91	39

In via Sardegna the variables that influence the consumption of energy are multiple (staff, offices, working hours, external factors, plants). The production in this site is more related to the electric consumption than the gas one.

**Table 7:** Consumption of energy and natural gas in via Sardegna in the last four years

	Natural gas			Electric energy		
	Consumption (sm <sup>3</sup> )	relative consumption per q.ty of pieces produced (sm <sup>3</sup> /pcs)	CO <sub>2</sub> <sup>19</sup> (t)	Consumption (Kwh)	relative consumption per q.ty of pieces produced (Kwh/pcs)	CO <sub>2</sub> <sup>20</sup> (t)
2015	20.779	0,003	41	101.353	0,016	43
2016	23.648	0,004	46	122.251	0,021	52
2017	25.129	0,003	49	154.859	0,020	66
2018	21.481	0,004	42	153.370	0,020	66

19. Emission Factor CO<sub>2</sub> from deliberation Min. Amb. 14/2009.

20. Emission Factor of the plants for electric production (gCO<sub>2</sub>/kWh) from Integrated Report A2A 2017 ([http://www.valoresorientabili2a.eu/wp-content/uploads/2018/04/DNF\\_BI2017.pdf](http://www.valoresorientabili2a.eu/wp-content/uploads/2018/04/DNF_BI2017.pdf))

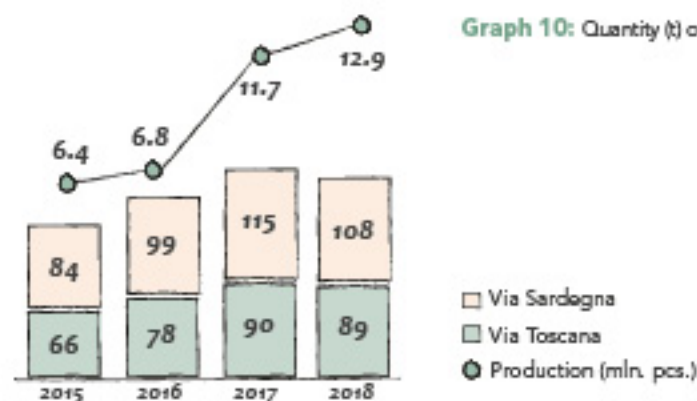


## 3.4 Emissions

In Pink Frogs' plants there are not emissions collected and conveyed to chimney heaters, excepted for those produced by the heating implants, which are used for the heating of the places in the various operative areas.

	Via Toscana	Via Sardegna	Total
2015	66	84	150
2016	78	99	177
2017	90	115	206
2018	89	108	197

**Table 8:** Emissions of CO<sub>2</sub> in the atmosphere in tons deriving from energetic consumptions



**Graph 10:** Quantity (t) of CO<sub>2</sub> emissions in the last four years

The other emissions of hazardous substances for the environment (NO<sub>x</sub>, SO<sub>2</sub>, dusts, heavy metals and other polluting substances) are extremely low and therefore not recorded.

**Tabella 9:** Quantity of CO<sub>2</sub> emitted by the corporate fleet in the last four years

	Average value of the CO <sub>2</sub> emissions of the fleet vehicles (g/km)	Number of the fleet vehicles	Total emissions (g)
2015	414	2	3-974
2016	414	2	3-974
2017	414	2	3-974
2018	414	2	7-948



## The corporate vehicles

Pink Frogs has two corporate vehicles: a car usually used for visits to clients and suppliers and a van used to move materials from a plant to the other. The calculation of the total emissions is based just on the travels of the van, because the car is not used regularly. Specifically, the van covers the same distance (1,2 km) around eight times per day for the whole period in which the plant is open.

The emissions of the fleet have raised in the last year for production reasons, which brought to an increase in the travels between the two headquarters. Regarding the logistic part, the environmental impacts are indirect.

The logistic streams incoming and outgoing are, as a matter of fact, external to Pink Frogs because the suppliers use their own vehicles to deliver the raw materials and the same happens for the final products, which are directly collected by the clients.

## 3.5 Water



The operational areas are linked with the municipal waterworks of Rozzano (via Toscana) and Pieve Emanuele (via Sardegna).

	Via Toscana	Via Sardegna	Total
2015	8.292	1.258	9.550
2016	9.593	1.009	10.602
2017	11.592	1.251	12.843
2018	10.360	1.336	11.696

**Table 10:** Water consumption (m<sup>3</sup>) in the last four years

The consumption of water in Pink Frogs has different origins:

- **demineralized water used as raw material to produce bulk in via Toscana;**
- **water for cooling and washing the machinery in via Toscana;**
- **water for washing the filling and packaging lines in via Sardegna;**
- **water for civil use in both plants.**

It was estimated that the total consumption of water in via Toscana plant comes from:

- around 7% from water presence in the bulk for the composition of the cosmetic solutions. The demineralized water enters as raw material in input in the production process. The consumption varies based on the type of cosmetic solutions produced; on average, little more than 60% of the semi-finished product is composed by water;
- around 77% is used in cooling;
- around 16% is used for washing machinery and instruments, for laboratory activities and in the toilets.

The water consumption in via Sardegna is due to the washing water for lines and machinery. This water is collected in tanks for the temporary deposit of waste and water.



To efficiently pursue an objective of control of water consumption it is necessary to act on different fronts. On the one hand, sensitising the staff to eliminate waste and avoid the improper use of water in the toilets (signalling eventual failures or malfunctions to maintenance); on the other hand, defining standard activities to minimize the waste during the washing phase of the production and filling machinery; or evaluating the chance to install a close cycle to recover the water used for the cooling of the production machinery.

Save Water







Waste that can be assimilated to urban waste (paper, cardboard, food waste, various waste from offices, etc.) is managed according to the reference Municipality. Inside the company the special waste is collected separately and divided into hazardous and non-hazardous and it is then collected by an external institution which manages the transport and the disposal. The majority of waste produced by Pink Frogs is composed by water solutions used for the production of the bulk and for the washing of the machinery. The significant increase in water solution from 2016 is due to the closure of the sewage treatment plant in February 2016. Another substantial quantity of waste is represented by the packaging, made of paper, cardboard, but also mixed materials. The presence of new categories of waste in 2018 (wood packaging, iron and steel, concrete, bricks, tiles etc.) is done to the renovation works and to the pur-

chase of the new plants.

Recycling is part of the vision of the company. The employees are constantly sensitized through signs, poster and indications on how to correctly separate the waste.

Pink Frogs also supports initiatives from the employees to recycle materials, as well as it tries to reuse, where possible, the containers and the materials used in the warehouses.

The hazardous waste represents a minimal part of the waste produced by Pink Frogs (0,28%) and is managed attentively, respecting the norms and with a particular attention to avoid risks for the environment.

Of the waste produced by Pink Frogs, 10% (217.487 kg) is destined to the recovery, 88% (1.886.370 kg) to the treatment (biological, physic-chemical) and the remaining part (2%) to other types of disposal.

**Table 11:** Volumes of waste produced (kg) in the last four years

	2015	2016	2017	2018
Toner	23	15	18	27
Ink waste containing hazardous substances	15	37	41	-
Paper and cardboard packaging	33.620	32.460	46.060	53.120
Mixed materials packaging	28.860	58.630	101.710	146.080
Water solutions	102.420	1.488.533	1.703.400	1.883.490
Organic waste	4.679	7.502	6.901	1.910
Sludge	4.881	7.220	-	-
Hazardous organic waste	1.250	722	1.162	3.220
Dirty packaging with hazardous substances	-	-	-	2.880
Wood packaging	-	-	-	7.050
Iron and steel	-	-	-	6.080
Concrete, bricks, tiles and ceramics	-	-	-	38.220

## 3.7 Biodiversity



The cosmetic industry is facing with more and more attention the problem of the protection of the environment and the climate change. An issue of huge relevance in this field is the preservation of the biodiversity.

Under the normative profile, it has been signed the Nagoya Protocol has been signed on the Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization<sup>21</sup>.

At the local level, both of Pink Frogs' production sites are located inside an industrial area, in the urban context of Milan's suburban area. Given the location in an industrial area, the areas occupied by the plants are not under any urban-environmental, landscape or hydrogeological protection measure:

- There are no constraints regarding environmental goods;
- They are not considered as boun-

21. [http://www.miamambiente.it/sites/default/files/archivio/allegati/biodiversita/protocollo\\_nagoya\\_it.pdf](http://www.miamambiente.it/sites/default/files/archivio/allegati/biodiversita/protocollo_nagoya_it.pdf)





ded areas in the hydrogeological asset plans;

- They are not included in protected territories.

Being in the area of the Parco Agricolo Sud Milano, Pink Frogs respects all the norms related to the safeguard of the local animals and of the protected environment. Pink Frogs' activities, however, do not produce emissions of potentially toxic sub-

stances for the animals or the plants of the park.

In terms of biodiversity, Pink Frogs commits to avoiding the purchase of raw materials from suppliers who operate in sites protected by IUCN<sup>22</sup> for the conservation of the species at risk. Specifically, around 30% of the strategic suppliers of Pink Frogs have ISO 14001 certification, which certifies the respect of specific environmental requirements.

22. <http://www.iucn.it/>







### The Nagoya Protocol

The Nagoya Protocol, adopted during the Convention on Biological Diversity, is an international agreement that aims at promoting the conservation of the biodiversity through the regulation of the access to the genetic resources and the equitable sharing of the benefits arising from their utilization.

The genetic resources – that is, the genetic heritage entailed in the organisms (plants, animals, microorganisms, etc.) – are a fundamental component of the biodiversity and are used in different fields of the scientific resource, in particular in the agricultural sector and the pharmaceutical, the cosmetic and the biotechnologies industry. Associated with them is often the traditional knowledge of the indigenous and local communities. The implementation of the Protocol aims at equitably sharing the benefits of the utilization of the genetic resources, especially between the countries rich in biodiversity and local traditions – which are mostly developing countries – and the countries that use the genetic resources, which often coincide with the industrialized ones, who have the advanced technologies for their utilization.

## 3.8 Sustainable projects



### Responsible use label

The participation of Pink Frogs to The Wall Eco-Beauty Contest 2015, brought to the realization of a project focused on sustainability, the guiding principle of the 2015 edition.

Pink Frogs gave shape to the idea starting from the analysis of the environmental impacts of a cosmetic product through the Life Cycle Assessment (LCA), evaluating not just a final use and end of life scenario in line with a virtuous approach of the consumer, but also evaluating its “not-responsible” use and consumption.

This translated into the realization of the first “Responsible use label”, aimed at sensitizing the consumer informing him/her – qualitatively but most of all quantitatively – about the environmental benefits that could be reached with a responsible use of the product.

The product chosen to conduct the analysis was a face cream.

The LCA method is an instrument that allows to make a quantitative evaluation of a product's or a service's interactions with the environment, along its whole life cycle; starting from the activities upstream of production (extraction and transportation of raw materials), passing through the processes of industrial transformation and distribution, to the downstream phases and the end of life.

To realize the LCA of the selected product, the following indicators were used:

- **CO<sub>2</sub> equivalent emissions:** quantity of substances released to the atmosphere, expressed in relation to the effect of the CO<sub>2</sub>, through conversion factors. To a greater quantity of ‘CO<sub>2</sub> eq.’ emissions corresponds a greater impact on the Global Warming Potential (GWP).
- **Water consumption:** volumes of water associated to the consumption necessary in the production phase and to the prevision of consumption in the use and end of life phases. At a greater volume corresponds a greater impact on the water footprint and on the depletion of the water resources.



Foto: Responsible use label



• **Rebalancing of the aquifers:** it represents the level of alteration of the marine ecosystems, quantified as the volume of water necessary to the dilution of the substances released until an acceptable level for the environment is reached. At a greater volume corresponds a greater impact on the water footprint and on the effort of rebalancing of the ecosystem.

To pursue the objective of the project, that is a greater involvement of the consumer towards a more responsible use, the indicators were calculated assuming two possible scenarios:

Best Case	Worst Case
Reach the store 3 km far by bike	Reach the store 3 km far by car
Separate collection of the waste generated (recovery)	Do not separate the waste (landfill)
Production of the packaging using up to 50% of recycled materials	Production of packaging with non-recycled materials

## Results and conclusions

The results have been calculated considering an application of 1,5 kg of product. Specifically, a "non-responsible" use in the use and end of life phases brings a greater impact on the environment, up to:

**+ 113%**  
on the emissions of CO<sub>2</sub>  
in the atmosphere

**+ 4%**  
on the water  
consumption

**+ 800%**  
on the rebalancing of  
the water ecosystem

The data confirm that the final user, with his/her choices, can play an active role in the path of reduction of the impacts, to protect the environment.

## 3.8 Sustainable projects



### Packaging ethics chart

Pink Frogs supports the Packaging's Ethics Charter, promoted by Edizioni Dativo in collaboration with Politecnico of Milan and the Italian Packaging Institute: principles shared to design, produce and use the packaging in a conscious way.

The Charter involves designers, producers, processors and whoever chooses to adhere to this project. The signatories commit to act following the ten points of the Charter, to give them adequate diffusion and propose initiatives to promote its contents. According the Ethics Charter, the Packaging must be:

Carta  
etica  
del  
Packaging

1. Responsible	2. Balanced
3. Safe	4. Accessible
5. Transparent	6. Informative
7. Contemporary	8. Forward - looking
9. Educational	10. Sustainable



### Art and Sustainability

In 2016 Pink Frogs asked a famous Milanese artist, Caterina Tosoni, to realize a reflexive path aimed at the sensitization and awareness regarding the impact that all of us have on the environment. She realized three works of art, "Invasion", "Reflexion" and "Vision" to stimulate a real path towards the last work, "Solution", realized by the Milanese architect and designer Myra Palange.



## Cycle 4 Green

In 2018 Pink Frogs has started to implement a system to separately collect the paper liners, to participate to the project of Cycle 4 Green, a Finnish society specialized in technologies to recycle materials made of silicon paper, in collaboration with Lenzing Paper GmbH. Usually, due to the presence of silicon, the support for labels is generally landfilled or disposed of by incineration, with a highly environmental and economic cost. With the

program Cycle 4 Green, operating in all Europe, it is possible to give a new life to the liners, giving a contribution to the environmental sustainability and guaranteeing an economic saving.

In addition to the recycle of this material, the program includes the production of 100% recycled paper. An example of a truly circular economy.



## 3.8 Sustainable projects



### Corporate sustainability

Pink Frogs participated to the project "Corporate sustainability" by Cosmetica Italia. The project, started in October 2016, had the goal of increasing the awareness and the competencies of the enterprises of the cosmetic sector on the opportunities linked to the sustainable management of their activities, of the products offered to the market and of their own supply chain, through training and experimental activities to assist the companies.



Picture: Corporate sustainability logo

### Sustainability report

This path brought to the writing of Pink Frogs' first Sustainability Report in 2018. As continuation of the path started the previous year, in 2019 the company decided to publish again the Sustainability Report, this time certified by an external institution by the GRI standard. This Report is an important achievement because Pink Frogs is the first Italian cosmetic company among the small-medium enterprises to publish a GRI-certified Sustainability Report<sup>23</sup>.



Picture: 2017 sustainability report cover

23. <http://database.globalreporting.org/>



## Environmental footprint

Again with Cosmetica Italia, in 2018 Pink Frogs took part to a new project on the **environmental footprint**, in parallel to the drafting of the Report.

The objective of this project, financed by the **Lombardy Region** in collaboration with the **Sant'Anna high school in Pisa**, is to experiment the instrument of the **PEF – Product Environmental Footprint** (Recommendation 2013/179/EU) in a driving and representative sector

of the Lombard regional economics, as it is the cosmetic sector. The companies that have participated have been supported in the development of an environmental footprint study for one of their finished products.

For this project, Pink Frogs collaborates with **Laboratoires Expanscience Italia Srl**, analysing the environmental footprint of the product **Rice starch Mustela**.

Specifically formulated for hyper-sensitive and reactive skin since birth, the lenitive rice starch cleanses the skin, soothes the redness and alleviates the itching, thanks to the association of innovative active principles of natural origin.

The project is ongoing in 2019 and the results will be available soon.



Picture: Mustela rice starch

## 3.8 Sustainable projects



### Sustainable Coffee scrub

One of Pink Frogs' fundamental values is sustainability and it is from here that comes the idea of creating an innovative and functional cosmetic product in full respect of the environment.

Sustainable Coffee Scrub is the formulation designed in the view of circular economy and "made in Italy". For the realization of the prototype, Pink Frogs used the coffee production waste from an industry leader company.



Picture: Sustainable Coffee scrub project



Its texture is formulated with 99,9% of ingredients of natural origin and contains only 3,25% of water.

For what regards the packaging, Sustainable Coffee Scrub is contained in a jar with eco-refill, to ensure less waste of plastic (-95%) and of paper (-84%) with respect to a standard packaging.

It is also produced through a cold production process, which guarantees less CO<sub>2</sub> emissions in the air.

A simple and daily-use product as a scrub is revised in a sustainable way, where every phase has been thought with respect to the planet. With the choice of this product, the consumer is involved from the beginning to a greater awareness towards the ecosystem: water-free formula with low environmental impact, use of an upcycled raw material, recyclable pack, ingredients of natural origin... everything contained in an effective and extremely sensorial formula that can give back to the skin the glow and the firmness to shine of a new beauty.

The project was realized in 2018 and presented at the Cosmopack 2019.

The project was realized in 2018 and presented during the 2019 Cosmopack, in partnership with:



Picture: Sustainable Coffee Scrub

## 3.9 Prizes and Awards

The commitment and attention of Pink Frogs for environmental sustainability brought the company, over the years, to receive many awards in this field.

### Good Practices Degree and Certificate of Responsible Enterprise

Pink Frogs receives the Good Practices of Social Responsibility Degree, recognized by the Milan Chamber of Commerce and the Responsible Enterprise Certificate by Unioncamere Lombardia and the Chambers of Commerce of Lombardy.



2015

### Cosmopack The Wall

With its Sustainable Label, Pink Frogs wins the prize Eco-Beauty Award, during the Cosmopack The Wall Contest, for the best concept related to eco-sustainability.



2016

### Slow Brand Factory Award

During the Slow Brand Festival, organized by Feltrinelli Foundation, Pink Frogs wins the Slow Brand Factory Award in the category Slow Factory, again for the "Responsible Use Label" project.

### Responsible Care Federchimica Award

Thanks to the responsible use label, Pink Frogs wins the Responsible Care Federchimica Award, which rewards the excellences in the sustainable development in the chemical industry.



2017

### **Responsible Enterprise and Good Practices Certificate**

Pink Frogs obtains again the certificate for Responsible Enterprise by Unioncamere Lombardia and Lombardy Region, for the Good Practices of Corporate Social Responsibility (CSR). Specifically, it is rewarded for the environmental sustainability projects, quality in the supplier, client and consumer relationships, and Corporate Governance and management, in the category "ENVIRONMENT".





### Goals reached in 2018

Increase the production efficiency through the validation of the processes in the industrial phase, with the objective of preventing the possible risks in the production phase ;  
(3.2 Materials, 3.3 Energy) ✓

Engage in the substitution of the glass samples with plastic ones, more easily recyclable; ✗

Conduct an LCA analysis to determine the impact of a cosmetic product along its whole life cycle; (3.8 Sustainable projects – Corporate sustainability, ongoing in 2019) ✓

In line with the LCA projects, insert the environmental impact in the marketing cards, to increase the awareness in the clients and promote the products with a lower environmental footprint; ✗

Increase the production of products made with organic raw materials; (3.2 Materials) ✓

Introduce innovative solutions for the packaging, proposing greener options to the clients, like the use of recycled paper, recycled plastic and bioplastic, and with the commitment to use FSC certified paper; (3.8 Sustainable projects – Sustainable Coffee Scrub) ✓

Management of the waste: improve in the separation of waste and in the management of water. ✗

### Goals 2019

End the project on environmental footprint started in 2018 in collaboration with Cosmetics Italia;

Take part to the project Cycle 4 Green; (3.8 Sustainable projects - Cycle for Green)

Establish new partnerships to develop innovative and sustainable products;

Purchase energy from renewable sources;

Management of the waste: improve in the separation of waste and in the management of water;

In line with the LCA projects, insert the environmental impact in the marketing cards, to increase the awareness in the clients and promote the products with a lower environmental footprint (the timing may be longer for the achievement of this goal).

The goals fixed in the previous Report and achieved in 2018 are indicated with a ✓, the ones not achieved with a ✗. The goals not achieved in 2018 for lack of time and/or resources, are proposed again in 2019.





# *Economic*

FRAMEWORK

## 4.1 Economic impact



In 2018 the annual turnover of Pink Frogs is 5.8 million euros, with a production equal to 11.695.516 pieces. The increase in pieces produced since 2016 is mostly due to the increase in production of the sampling for alcoholic perfumery, passed from 201.520 in 2015 to 5.308.740 in 2018.

**Table 12:** Turnover (€), production (pcs and tons of bulk) in the last four years

	Turnover (€)	Production (Pcs)	Of which sampling	Bulk (t)
2015	3.868.940	6.442.580	201.520	1.020
2016	4.490.860	6.883.809	1.128.054	949
2017	5.151.953	11.695.516	4.096.299	1.114
2018	5.879.362	12.932.507	5.308.740	1.011

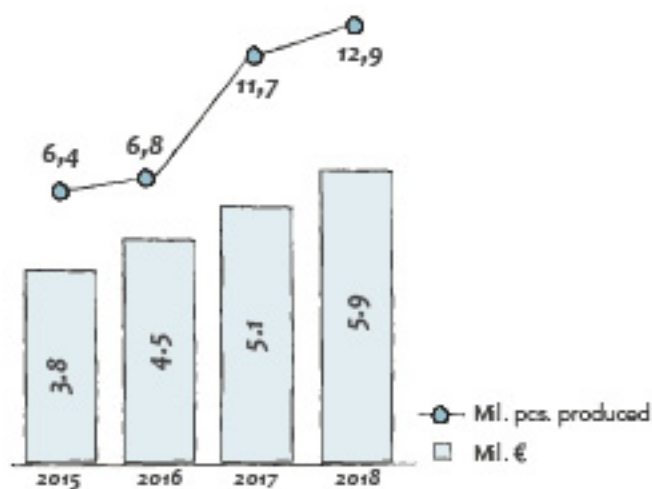
Again in 2018, turnover and production followed the growth trend of the previous years, confirming Pink Frogs' increasingly relevant role among the contractors in the Italian cosmetic industry.





From 2015, the turnover has grown of 52%.

**Graph 11:** Turnover (€) and production (pcs) in the last four years

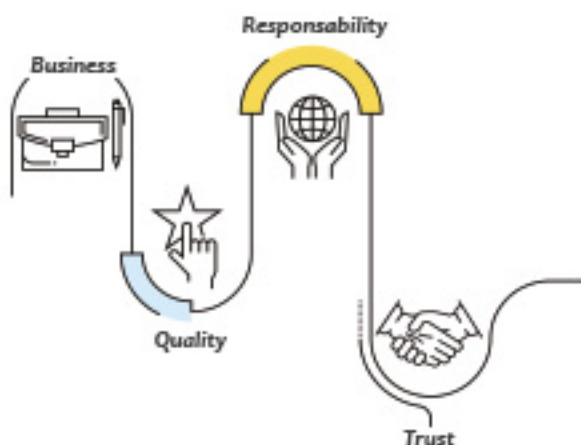


## 4.2 Value generated

The value generated by a company represents the richness produced by the organization in its activities, calculated as the difference between the revenues and the stocks, other operating expenses and depreciation. Its calculation is done through a reclassification of the entries of the income statement, aimed at highlighting its distribution, expressing in economic terms the relationships between the company and the socio-economic system in which it interacts, with specific reference to the main stakeholders.

**Table 13:** Income statement

Value of production	2015	2016	2017	2018 <sup>24</sup>
Sales revenues	3.868.940	4.490.859	5.151.806	5.879.362
Inventory changes of work-in-progress products, semifinished and final products and works in progress on order	-29.395	61.530	24.438	12.866
Other revenues	91.592	184.221	250.496	263.842
Total revenues	3.931.137	4.736.610	5.426.740	6.156.070
Inventory changes in raw materials, subsidiaries, consumables and goods	-104.531	-149.462	-117.297	-114.319
Credit deprecation + contingent liabilities	19.427	5.872	40.854	12.454
Depreciation	158.408	172.116	220.935	269.363
Total value generated	3.857.833	4.708.084	5.282.248	5.988.572



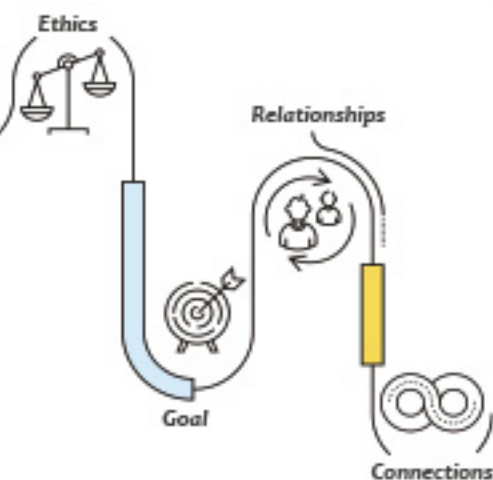
**BUSI**  
**ETH**

**Table 14:** Generated value distributed by Pink Frogs in the last four years

	2015	%	2016	%	2017	%	2018 <sup>24</sup>	%
Generated value	3.857.833	100	4.708.084	100	5.282.248	100	5.988.572	100
Employee wages and benefits	1.312.972	34	1.423.875	30,2	1.675.659	31,7	1.916.368	32
Payments to government	46.178	1,2	19.348	0,4	13.925	0,3	13.070	0,2
Payments to providers of capital	47.192	1,2	42.911	0,9	41.200	0,8	45.790	0,8
Payments to suppliers	2.365.132	61,3	3.083.272	65,5	3.387.380	64,1	3.856.239	64,4
Environmental	32.275	0,8	78.513	1,7	86.771	1,6	110.311	1,8
Revenues of the company	54.084	1,4	60.165	1,3	77.313	1,5	46.794	0,8

24. The dates referred to 2018 are estimated and not definitive, since the definitive economic balance sheet is yet to be generated

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ICS



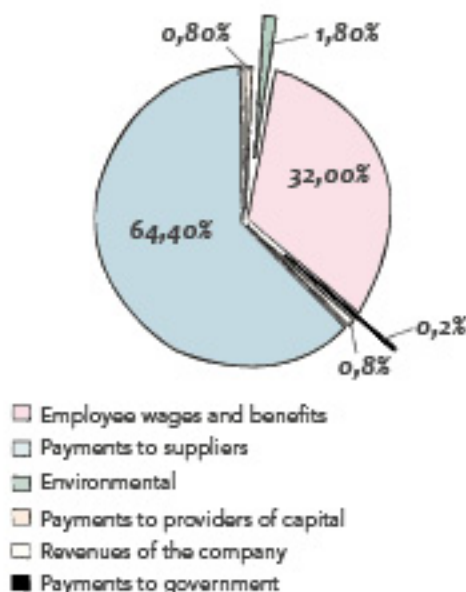




The value generated by Pink Frogs in 2018 is equal to 5.988.572 euros, with an increase of 13% compared to 2017, related to the above-mentioned expansion of production in 2018.

The increase in production in 2015 allowed the company to gain a bigger slice of the market and further invest in research and development and sustainability. Today, the company invests around 20% of its turnover in research activities.

**Graph 12:** Distribution of the generated value among the stakeholders



The value generated by the company in 2018 was distributed for the 32% to the employees in the form of salaries, social charges and termination payments. This fact confirms Pink Frogs' attention to its staff. The Public Administration received the 0.2% of the value generated, composed of direct and indirect taxes, while the payments to Providers of Capital represent around 1% of the total, stable compared to the previous year. The suppliers received 64% of the value generated, while the revenues of the Company correspond to around 1%, slightly decreased compared with 2017.

In 2018 the equity of Pink Frogs is equal to 698.037 euros, while the debt corresponds to 2.240.035 euros.

## 4.3 Supply chain

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### The Suppliers

Pink Frogs' suppliers are divided mainly into suppliers of raw materials and suppliers of packaging. Their number and turnover have increased from 2015, in line with the increase in production of the four years. In 2018 Pink Frogs has 129 suppliers, of which 83 of raw materials and 46 of packaging, for a total turnover of 2.211.462 euros.

The majority of Pink Frogs' suppliers is Italian (90%), with 10% of suppliers coming from abroad.

Furthermore, among the suppliers of raw materials and packaging, 71% comes from the province of Milan, where Pink Frogs is located.

To Pink Frogs is fundamental to promote and support the local community and this commitment is well seen in the choice of the strategic suppliers and of the suppliers of services. In particular, the suppliers of services are all locals. In this way, Pink Frogs contributes to the growth of the local economy.

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### The Clients

Most of Pink Frogs' clients is Italian, but the number of international clients, both from Europe and from the rest of the world, is increasing. Pink Frogs in 2018 has 96 clients, of which 84 Italian, 8 European and 4 from outside Europe.

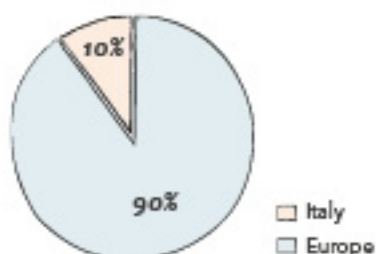
The production of Pink Frogs is for 94% devoted to the Italian clients, correspondent to 92% of the total turnover. The European clients correspond, instead, to 5% of the quantity and 7% of the turnover.

The clients coming from the rest of the world represent around 1% of both the quantity and the turnover. Pink Frogs' objective is to continue this expansion towards international markets in the next years, proposing itself more as a partner, than just as a producer, and offering more full services than contract works.

**Table 15:** Number and turnover of suppliers in the last four years

	2015	2016	2017	2018
N° suppliers	129	140	143	129
Raw materials	77	84	86	83
Packaging	52	56	57	46
Suppliers' turnover (€)	1.436.996	1.865.105	1.861.120	2.211.462

**Graph 13:** Suppliers of raw materials and packaging in 2018 by region



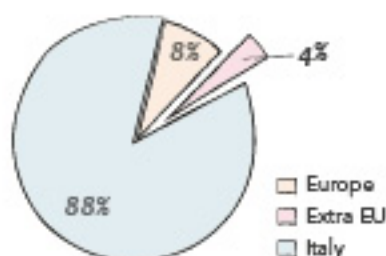
**Graph 14:** Percentage of strategic suppliers in 2017 on the total suppliers of raw materials and packaging



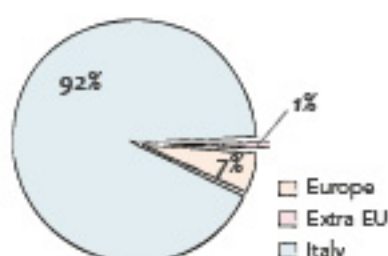
**Tabella 16:** Number, quantity (pcs) and turnover (€) of the client in 2018 by region

	Number (N)	%	Quantity (pcs)	%	Turnover (€)	%
Italy	84	88	12.110.690	94	5.467.401	92
Europe	8	8	762.385	5	403.480	7
Extra EU	4	4	59.432	1	8.481	1
Total	96	100	12.932.507	100	5.879.362	100

**Graph 15:** Percentage of clients by region in 2018



**Graph 16:** Percentage of clients by region on the total turnover in 2018



## 4.4 Co-marketing



The choice of the partners is the guarantee of a supply chain control extremely important in the activity of every contractor in cosmetic, and it is with that in mind that in 2018 Pink Frogs developed different projects of co-marketing (or co-branding) with key partners in the cosmetic sector.

### Factory Cosmopack Hong Kong - Skintonic

In 2018, for the first time Pink Frogs participated to the Factory of Cosmopack Asia 2018, with the innovative Skintonic formula.

A Pro-Age Petal Drops serum, thought of as an ultra-feminine cosmetic, but with a strong call to nature, and which, at the same time, can assure an effective brightness performance.

Its tonic and revitalizing action gives the skin a bright and vital aspect, optimizing the effect of the following treatments. Its magic liquid contains precious petals that release their virtues blending in a revitalising serum. Applied on the skin and delicately massaged, it penetrates in the skin to tonify it and make it look healthy and bright.

The primary packaging was produced by Quadpack, the machinery was offered by Citus Kalix, the secondary packaging was given by Homer, while the packaging visual recognition by LTUTech.



## Sustainable Coffee scrub

The sustainable Coffee Scrub, abovementioned (§ 3.8. Sustainable projects) for its sustainability characteristics, is a product to take care of the skin, turning the face scrub into a moment of pure pleasure, in full respect of the environment.

Its unique texture is enriched with exfoliating micro-particles of real coffee, coming from the production scraps of a company of the sector. In contact with water, it turns into a delicate milk to guarantee an effective detergent and detox action and giving back to the skin its natural brightness. In addition, its antioxidant action fights the free radicals, responsible of the skin aging.

The project was born in 2018 and was presented to the Cosmopack 2019.

It was thought in collaboration with a leading enterprise in the coffee production, in a view of circular economy, using the scraps coming from the production of coffee. The primary packaging, a jar with refill, was produced by Groupe Medicos, the secondary packaging was given by Autajon (FSC paper box) and by Eurolabel (labels).



## 4.4 Co-marketing

### Luxe pack

Our Research Laboratory designed an extraordinary formula for the face treatment that unites the glamour effect to the efficacy of active principles accurately selected, to give new radiance to the face.

Bright Elixir is a beauty booster, enriched with precious brightening microspheres, to give back to the skin its natural brightness. Based on White Peony, it is an essence of liquid beauty, designed to revitalize the cells, moisturize, tonify and perfect the skin.

The co-branding operation was born with the idea of offering a defined identity and a complete inspiration for the launch of new innovative cosmetic. For the primary packaging, Toly offered a glamour bottle with a technical next-generation dispenser, able to provide the perfect quantity of product.

For the secondary packaging, Albertini Packaging Group, thanks to its great competence in the printing sector and to highly modern and technological machinery, was able to create an impressive pack, elegant and luxurious.

Bright Elixir was launched during LuxePack Munich 2018 and involved, together with Pink Frogs, two societies of excellence in the cosmetic packaging sector: Albertini Packaging Group e Toly.



Picture: Bright Elixir produced in Co-marketing - Luxe Pack Monaco 2018

## On hair - Micellar Shampoo

A shampoo with a delicate and transparent texture, which delicately moisturizes with maximum respect for skin and hair, carrying out a hydrating action.

The shampoo acts on the structure of the hair, creating a protective film to fight the new aggressions. It also ensures an accurate cleansing of the hair thanks to the light purifying foam that forms during the application. Perfectly cleaned, the hair gets a new brightness and a fresh scent.

To realize this project, Pink Frogs collaborated with Eurolabel and Eurovetropac.

## Biphasic solar water

An innovative biphasic water, to effectively protect the skin from solar rays. Its transparent texture guarantees an efficient and easy application of the product. Dedicated to the people who desire an innovative texture, ultra-practical and highly protective. It gives the skin moisture and immediate freshness, restoring its natural balance.

This product involved Verve for the bottle, Aptar for the pump and Eurolabel for the label.



Picture: Micellar Shampoo produced in Co-marketing - On Hair





### Goals reached in 2018

Increase the efficiency in the design process, consolidating more projects on the market and thus increasing the turnover; ✓

(4.1 Economic impact)

Increase the full-service projects, which allow to have more autonomy on decisions regarding the choice of the packaging and the raw materials; ✓

(1.7 productive process)

Investments in new infrastructures; ✓

(1. The Company)

Analyse in more detail the supply chain, to have in mind the impacts of the single phases of the life cycle of a product; ✗

Definition of an annual budget in the different sustainability sectors; ✓

Increase the visibility through the participation to more international fairs; ✓

(highlights 2018)

Expansion to international markets. ✓

(4.3 Supply chain: the Clients)

### Goals 2019

Consolidate the presence to international fairs of the sector;

Analyse in more detail the supply chain, to have in mind the impacts of the single phases of the life cycle of a product;

Increase turnover, production and efficiency of the production process.

The goals fixed in the previous Report and achieved in 2018 are indicated with a ✓, the ones not achieved with a ✗. The goals not achieved in 2018 for lack of time and/or resources, are proposed again in 2019.

# Methodological note

This document is the second Sustainability Report drafted by Pink Frogs, who wants to keep publishing the document regularly every year. The previous Sustainability Report was published in 2018, with reference to the solar year 2017.

In terms of time, the Report has the solar year 2018 as reference period, unless otherwise specified. Where available, the data and indicators were reported for the four years 2015-2018, with the aim of favouring the comparability of the performances in the different years.

The perimeter of the reporting covers all the activities of Pink Frogs. Where necessary and possible, the indicators of performance have been developed and reported distinctly for the two plants, the legal-administrative and the operational ones.

The process of data and information collection and of drafting of the Report has been guided by the Direction of Pink Frogs and coordinated by the Sustainability Manager, in collaboration with the different corporate functions.

The contents of the Report have been set up according to the GRI Standards 2016 of the "Global Reporting Initiative" (GRI)<sup>25</sup>.

The extent and the depth of the reporting of the topics covered in the document reflect the results of the Materiality Analysis, conducted for the first time as described in section 1 of the Report. The material topics have remained the same identified in 2017.

The economic, financial and governance data have been taken from the data and the information drawn up for the civil balance sheet. The environmental data and the indicators have been set up as part of Pink Frogs' Environmental Management System certified ISO 14001:2015. Finally, the data on the staff and those related to other aspects covered in the document have been collected directly among the responsible functions. The data referred to the previous year were not changed, excepts for those indicated as non-definitive in the previous Report, in that case they have been changed in this Report.

The Sustainability Report and the GRI Content Index can be freely downloaded at the website: <https://pinkfrogs.it/sostenibilita/>

This Report has undergone an external verification from the third-party institution Certiquality. Based on the cover of the standard disclosures and of the indicators associated to the material aspects, the auto-declared level of adherence to the GRI is "in accordance – core".

25. <https://www.globalreporting.org/standards>



		GRI standard topic	Sustainability report
102_GENERAL DISCLOSURES	R1_Organizational profile	102-1 Name of the organization	1. The company
		102-2 Activities, brands, products, and services	1.9. Products
		102-3 Location of headquarters	1.2. How to find us
		102-4 Location of operations	4.3 The Supply chain
		102-5 Ownership and legal form	1. The Company - 1.4. Governance
		102-6 Markets served	4.3 The Supply chain
		102-7 Scale of the organization	2.1. Employees - 4.1. Economic Impact - 4.2. Value generated
		102-8 Information on employees and other workers	2.1. Employees
		102-9 Supply chain	1. The Company 1.8. Products 4.3. The Supplychain
		102-10 Significant changes to the organization and its supply chain	1. The Company
		102-11 Precautionary Principles or approach	1.14. Certifications 1.15. Materiality Analysis 3.1. Sustainability in Pink Frogs
		102-12 External initiatives	1.12. Associations and Organizations 2.5. Initiatives in the social field - 3.8. Sustainable projects
		102-13 Membership of associations	1.12. Associations and Organizations
	R2_Strategy	102-14 Statement from senior decision-maker	CEO's lecture
		102-15 Key impacts, risks, and opportunities	1.15. Materiality Analysis - 3.1. Sustainability in Pink Frogs*
	R3_Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	1.6. The Values
		102-17 Mechanisms for advice and concerns about ethics	1.4. Governance - Ethics Committee 1.5. Ethics and suppliers' conduct codes
	R4_Governance	102-18 Governance structure	1.4. Governance
		102-19 Delegating authority	1.4. Governance
		102-20 Executive-level responsibility for economic, environmental, and social topics	1.4. Governance
		102-21 Consulting stakeholders on economic, environmental, and social topics	1.5. Ethics and suppliers' conduct codes - 1.12. Associations & Organizations - 1.15. Materiality Analysis
		102-22 Composition of the highest governance body and its committees	1.4. Governance
		102-23 Chair of the highest governance body	1.4. Governance
		102-24 Nominating and selecting the highest governance body	1.4. Governance
		102-25 Conflicts of interest	1.4. Governance*
		102-26 Role of the highest governance body in setting purpose, values, and strategy	1.4. Governance
		102-27 Collective knowledge of highest governance body	1.4. Governance - 1.5. Ethics and suppliers' conduct codes
		102-28 Evaluating the highest governance body's performance	1.4. Governance*

□ Covered topics

\* Partially covered topics

		GRI standard topic	Sustainability report
102_GENERAL DISCLOSURES	R4_Governance	102-29 Identifying and managing economic, environmental, and social impacts	1.4. Governance - 1.15. Materiality Analysis
		102-30 Effectiveness of risk management processes	1.14. Certifications - 3.1. Sustainability in Pink Frogs
		102-31 Review of economic, environmental, and social topics	1.4. Governance - 1.14. Certifications*
		102-32 Highest governance body's role in sustainability reporting	Methodological note
		102-33 Communicating critical concerns	1.4. Governance - Ethics committee - 3.1. Sustainability in Pink Frogs*
		102-34 Nature and total number of critical concerns	1.4. Governance - 3.1. Sustainability in Pink Frogs*
		102-35 Remuneration policies	1.6. The Values - 2.1. Employees
		102-36 Process for determining remuneration	2.1. Employees
		102-37 Stakeholders' involvement in remuneration	2.1. Employees
		102-38 Annual total compensation ratio	2.1. Employees*
		102-39 Percentage increase in annual total compensation ratio	2.1. Employees*
	R5_Stakeholder engagement	102-40 List of stakeholder groups	1.15. Materiality Analysis
		102-41 Collective bargaining agreements	2.1. Employees
		102-42 Identifying and selecting stakeholders	1.15. Materiality analysis
		102-43 Approach to stakeholder engagement	1.15. Materiality analysis
		102-44 Key topics and concerns raised	1.15. Materiality analysis
	R6_Reporting practice	102-45 Entities included in the consolidated financial statements	1. The Company - Methodological note
		102-46 Defining report content and topic Boundaries	Methodological note
		102-47 List of material topics	Methodological note
		102-48 Restatements of information	Methodological note
		102-49 Changes in reporting	Methodological note
		102-50 Reporting period	Methodological note
		102-51 Date of most recent report	Methodological note
		102-52 Reporting cycle	Methodological note
		102-53 Contact point for questions regarding report	Methodological note
		102-54 Claims of reporting in accordance with the GRI Standards	Methodological note
		102-55 GRI content index	Attached to the report, on the website
		102-56 External assurance	Methodological note

☐ Covered topics

\* Partially covered topics

	GRI standard topic	Sustainability report	
400_SOCIAL	401_Employment	401-1 New employee hires and employee turnover	2.1. Employees
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.1. Employees
		401-3 Parental leave	2.1. Employees
	403_Occupation, health, safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2.2. Safety
	404_Training and education	404-1 Average hours of training per year per employee	2.3. Training
	405_Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	1.4. Governance - 1.5. Ethics and suppliers' conduct codes - 2.1. Employees
		405-2 Ratio of basic salary and remuneration of woman to man	2.1. Employees*
	407_Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1.5. Ethics and suppliers' conduct codes - 4.3. Supply chain: the Suppliers*
	412_Human rights assessment	412-2 Employee training on human rights policies or procedures	2.3. Training
413_Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	2.5. Initiatives in the social field - 3.8. Sustainable projects	
416_Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	1.4. Governance - 1.7. Productive process 1.9. Products - 3.2. Materials*	
300_ENVIRONMENTAL	301_Materials	301-1 Materials used by weight or volume	3.2. Materials
	302_Energy	302-1 Energy consumption within the organization	3.3. Energy
		302-3 Energy intensity	3.3. Energy
	303_Water	303-1 Water withdrawal by source	3.5. Water
	304_Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.7. Biodiversity
		304-2 Significant impacts of activities, products, and services on biodiversity	3.7. Biodiversity
	305_Emissions	305-1 Direct (Scope 1) GHG emissions	3.4. Emissions
		305-2 Energy Indirect (Scope 2) GHG emissions	3.4. Emissions
	306_Affluence waste	306-1 Water discharge by quality and destination	3.6. Waste
306-2 Waste by type and disposal method		3.6. Waste	
200_ECONOMIC	201_Economic performance	201-1 Direct economic value generated and distributed	4.1. Economic impact - 4.3. Supply chain: the Clients
		201-3 Defined benefit plan obligations and other retirement plans	2.1 Dependent*
	204_Procurement practices	204-1 Proportion of spending on local suppliers	4.3. Supply chain: the Suppliers
	205_Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	1.5. Ethics and suppliers' conduct codes

☐ Covered topics  
 \* Partially covered topics





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## **VERIFICA DEL BILANCIO DI SOSTENIBILITÀ ANNO 2018 PINK FROGS S.r.l.**

### **Scopo**

Certiquality S.r.l. ha ricevuto da Pink Frogs S.r.l. l'incarico di verificare il Bilancio di Sostenibilità relativo all'anno 2018, al fine di valutarne la congruenza con le linee guida GRI (Global Reporting Initiative) Standards, con riferimento al livello di applicazione "core", che prevede l'informativa standard ridotta e la quantificazione di almeno un indicatore di performance per ciascun aspetto identificato come rilevante (o "materiale"). La presente lettera descrive le attività svolte, riporta i risultati della verifica e le raccomandazioni per il miglioramento.

La verifica è stata effettuata con riferimento ai "GRI Standards" pubblicati nel 2016 dal Global Reporting Initiative, e ha riguardato in particolare:

- la verifica dei principi di definizione del contenuto del report (inclusività degli stakeholder, contesto di sostenibilità, materialità, completezza);
- la corretta definizione del perimetro del report;
- la verifica dei principi di garanzia della qualità del report (equilibrio, comparabilità, accuratezza, tempestività, chiarezza, affidabilità del sistema di gestione dei dati e delle informazioni);
- la rispondenza dei contenuti del Bilancio a quelli previsti dalle linee guida GRI Standards per il livello di applicazione "core".

La verifica è stata condotta nel rispetto delle procedure adottate da Certiquality per gli audit in conformità alla norma UNI EN ISO 19011:2018.

### **Metodi**

L'attività si è svolta secondo le seguenti modalità operative:

- analisi del documento "Bilancio di Sostenibilità Pink Frogs 2018", con particolare riferimento ai principi e ai contenuti previsti dalle linee guida GRI (definizione del perimetro del report, informativa standard e indicatori di performance);
- colloqui con le funzioni coinvolte, direttamente o indirettamente, nella redazione del documento e nel processo di gestione dei dati e delle informazioni (dalla raccolta alle successive elaborazioni);
- esame di documenti e registrazioni presenti presso la sede operativa di Pink Frogs S.r.l. di Pieve Emanuele. L'analisi ha riguardato sia le procedure adottate per la raccolta, archiviazione ed elaborazione dei dati, sia gli aspetti tecnico-normativi delle attività svolte.

I dati di tipo economico-finanziario sono ricavati, per gli anni 2015 - 2017, dai bilanci approvati di Pink Frogs S.r.l., già sottoposti alle usuali verifiche previste dal diritto societario, e non sono dunque stati ulteriormente verificati. I dati relativi al 2018 sono ancora provvisori (e segnalati come tali nel documento), e sono stati verificati rispetto alle registrazioni contabili aziendali.

Le attività di verifica relative alla gestione dei dati e delle informazioni contenuti nel Bilancio si sono svolte a campione, avendo cura di garantire un'adeguata copertura di tutti gli aspetti rilevanti trattati nel documento.

### **Risultati e raccomandazioni**

Il "Bilancio di Sostenibilità Pink Frogs" relativo all'anno 2018 è la seconda edizione realizzata secondo gli Standards del Global Reporting Initiative, per la prima volta sottoposta a verifica indipendente.

Il documento fornisce un quadro complessivamente esaustivo del rapporto dell'azienda con il contesto sociale, ambientale ed economico nel quale opera. Gli indicatori di performance di tipo numerico sono generalmente rappresentati sui 4 anni 2015-2018, ad eccezione di alcune informazioni di dettaglio, che sono riferite al solo 2018 per non appesantire eccessivamente il documento, ma senza penalizzare la completezza del documento. Le informazioni sono riportate in modo chiaro ed equilibrato e il linguaggio utilizzato è semplice e immediato.



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Per quanto riguarda il perimetro del rapporto non risultano esclusioni, in quanto i dati riguardano entrambi gli stabilimenti dell'azienda, in alcuni casi riportati separatamente per i due stabilimenti.

Il sistema di gestione dei dati risulta adeguato alla dimensione aziendale e alla tipologia dei dati e informazioni, anche se potrebbe essere migliorato e meglio documentato per alcuni degli aspetti trattati (es. consumi energetici, dati economici), per i quali non risulta immediato risalire dagli indicatori ai dati di base utilizzati; si precisa tuttavia che dalle verifiche effettuate i calcoli sono comunque risultati corretti.

Per quanto riguarda il rapporto con gli stakeholder, risultano già in essere azioni concrete finalizzate al coinvolgimento diretto dei principali interlocutori (dipendenti, clienti, fornitori) nella determinazione degli aspetti rilevanti, anche se la declinazione di tali aspetti non sempre risulta riconducibile alle categorie degli standard GRI, rendendo meno immediata la valutazione della completezza del documento in relazione agli indicatori utilizzati e della coerenza tra le informazioni presenti e l'esito dell'analisi di materialità.

Dalle verifiche effettuate si confermano alcuni margini di miglioramento, in particolare:

- approfondire la trattazione del principio di precauzione e dei rischi e opportunità legati alla sostenibilità;
- integrare nel documento maggiori informazioni sulle politiche per il ricorso al lavoro somministrato o in outsourcing;
- estendere a tutti gli aspetti la strutturazione di un sistema di gestione dei dati (incluse eventuali procedure documentate) che consenta la completa tracciabilità delle elaborazioni dai dati di base alla costruzione degli indicatori inseriti nel documento.

#### Conclusioni

La verifica del "Bilancio di Sostenibilità Pink Frogs" relativo al 2018 non ha evidenziato carenze significative per quanto riguarda il rispetto dei principi delle linee guida GRI Standards e i contenuti in termini di informazioni e indicatori di performance, pur con alcuni margini di miglioramento. Dalle verifiche effettuate non sono emersi elementi tali da far ritenere che il Bilancio non sia conforme al livello di applicazione "core".

07 maggio 2019

Certquality S.r.l.  
Il Presidente  
Cesare Puccioni



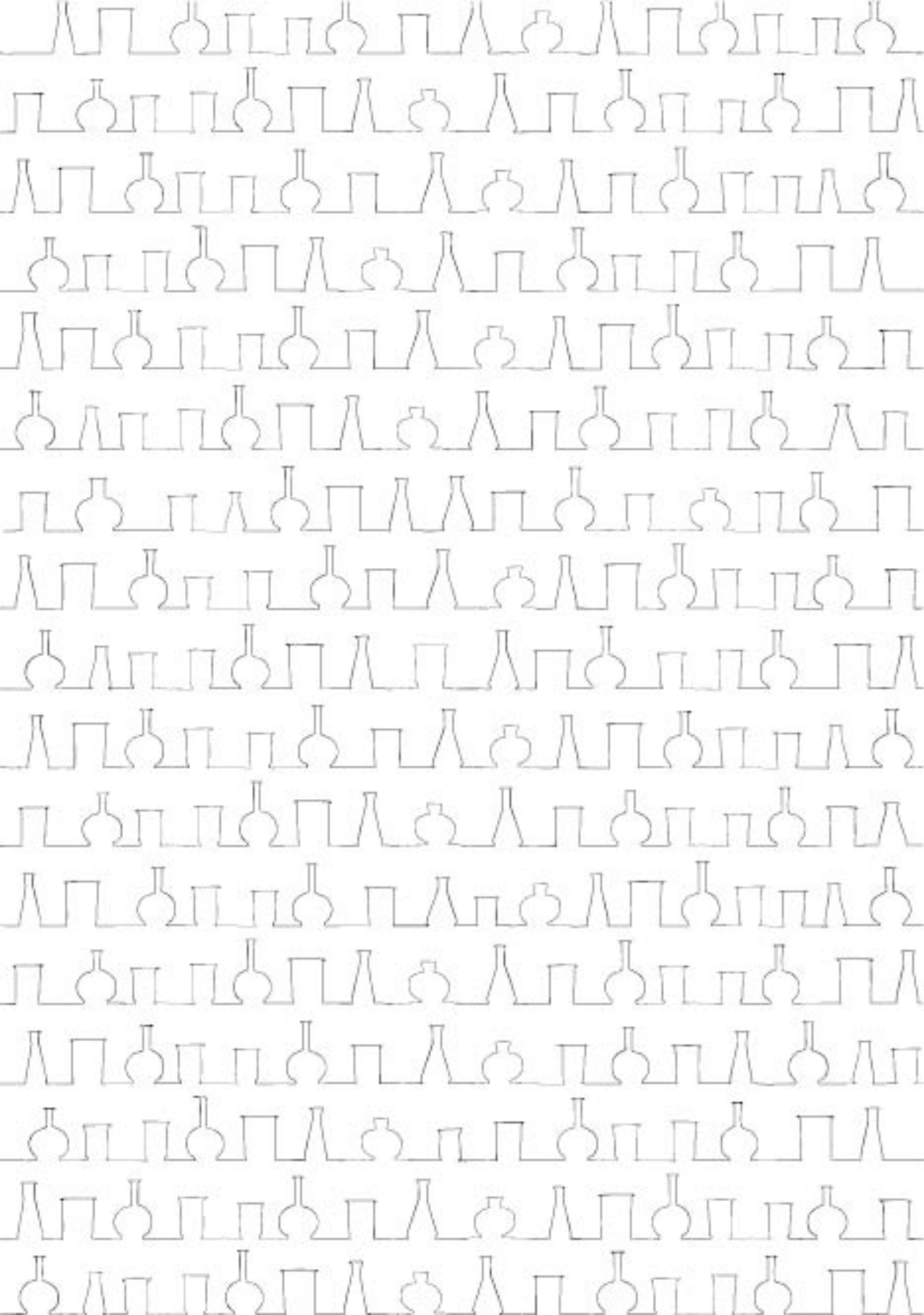
For further information on the Report and on Pink Frogs' sustainability, write to:  
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