



Bestway®

SUSTAINABILITY REPORT | SUMMARY | **2020**



SUMMARY

INTRO	
Letter to stakeholders	3
Bestway Values	4
Bestway Group	6
Bestway Europe	8
Corporate Governance	11
SHARING	
Bestway stakeholders	12
The materiality matrix	12
The value for our Stakeholders	14
Sustainable Development Goals (SDGs)	16
Strategic objectives	17
ACCOUNTABILITY	
Customers - our commitment	18
Research and development, innovation and sustainability in our products	19
Awards and recognitions	22
Icecat Toy Popularity Monitor 2020 - Benelux	22
Dobra Marka 2020 - Polonia	22
Bestway Water Park wins Toys Awards - Italy	22
Our commitment to reduce energy consumption and greenhouse gas emissions	22
Environmental initiatives	25
Consumption and emissions	26
HUMAN RESOURCES	
Our people	28
Employees and training	31
Smart working and home working	32
Awards: Best Place to Work®	33
COMMUNITY	
The relationship with local communities	34
Online presence (e-commerce, social media, websites)	35
Appendix I - material themes	36
Appendix II - Methodological note	38
GRI - Content index	39

Letter to stakeholders

It is with great pride that our company releases its first Sustainability Report.

As an organization, Bestway is unique on many levels.

We are a small-medium sized company with offices in Italy, 3 branches in Europe and a main shareholder in China with 5 production plants and about 10.000 employees. We also collaborate on a daily basis with the U.S. subsidiary and maintain active collaborations with subsidiaries in Australia, South America, Russia and the United Arab Emirates.

Over the years, our international outlook has allowed us to develop true breadth of perspective, not just from a macroeconomic standpoint and within the scope of our industry, but above all, in terms of cultural diversity. Despite its growth

and development, Bestway remains focused on its people and the value they bring to the company.

And it's no coincidence that the people in Bestway Europe have been the driving force behind this fantastic project, which has allowed us to put sustainability at the center of what we do and our values, as a guide for our future choices.

Thanks to the importance of the market we represent and the relationship built over the years with our parent company, Bestway Europe has been able to bring these issues - which will be critical for our future development - into the limelight.

But the environmental impact is not the only issue on our minds; deep and meaningful notions such as equal opportunities, community and the development of human

resources have gradually become our guiding principles in defining macro-business choices, and consequently all aspects of daily life.

Thanks to an increasingly sound and stable organizational structure, and the open and transparent communication with our stakeholders, we've had the opportunity to implement projects that couldn't have been envisioned in the past, partly due to a lack of resources and time.

The long-term projects (2025) of the parent company for the reduction of energy consumption and increasing the use of renewables; the medium-term goal (2023) of replacing the PVC used in packaging with 100% recyclable materials such as PET; the environmental conservation projects in Italy such as the one developed in

collaboration with Treedom®, the urban beekeeping project, and many others; all these initiatives are synonymous with our will and commitment to make sustainability an integral part of our strategy.

We must then continue in this direction and contribute even further, knowing that only through continued efforts can we reach new milestones in environmental sustainability and resources conservation. We should carefully monitor technical and scientific developments in raw materials research, so as to understand whether the future will bring further opportunities to take similarly virtuous paths in terms of production and distribution, which are the company's core business.

The efforts of the international community will be key in determining a future

where the fight against climate change is on the agenda of all major states, such as with China's 2060 project for carbon neutrality; these projects are then implemented in our production process. By making increasingly sustainable choices, companies such as Bestway Europe and its subsidiaries can lead by example and help us advance a necessary goal for the world community.

A heartfelt thank you goes to all the colleagues, collaborators, customers and suppliers who helped draw up this first Sustainability Report and offered their valuable contributions in plotting the course of our journey towards a truly sustainable future.

Simone Zesi

BESTWAY VALUES

Bestway develops, produces and sells sports and leisure products. The company is committed to bringing the fun in people's everyday lives, with innovative and high-quality products which are designed to encourage moments of well-being and sociability among all age groups, everywhere in the world. Research, development

and continuous innovation are the company's hallmarks. Having improved and expanded on its products range, creating new market segments and anticipating the demands of the sector by intercepting new trends, Bestway is now working to consolidate its leadership in the global market.

These values have inspired the draft of this first Sustainability Report, defining the structure of the document itself.



COMMUNITY

Our community is our most valuable asset. Colleagues, customers, suppliers, parent company and subsidiaries are our touchstones.

SHARING

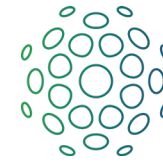
We believe in sharing ideas, in the importance of listening and in constructive dialogue. We act in transparency, respect and good faith.

HUMAN RESOURCES

We are a company of people first, professionals second. We believe in equal treatment and in recognizing people's work based on its own merit.

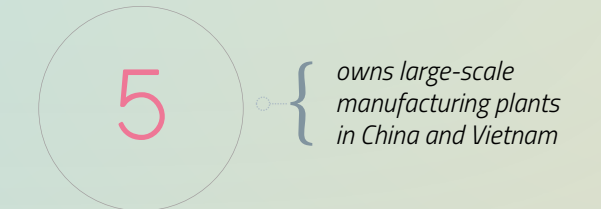
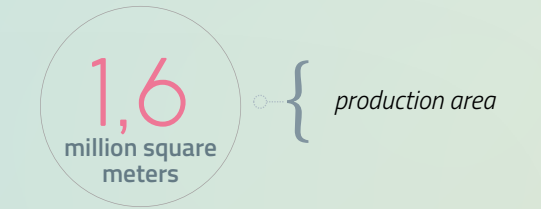
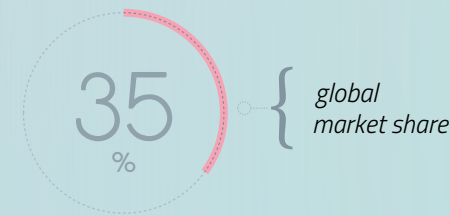
ACCOUNTABILITY

We behave responsibly, towards people as well as the environment, encouraging conscious and sustainable choices.





Since its foundation in Shanghai in 1994 Bestway has designed and developed products designed to entertain and create unforgettable experiences for all ages, investing heavily in research, design and increasing production capacity. The company has experienced and is experiencing a significant and continuous expansion, reaching distribution in over 110 countries on 5 continents.



To date, Bestway offers more than 1,100 products, grouped into 6 main categories:

- Above ground pools and accessories
- Inflatable summer games & toys
- Inflatable spas
- Sport accessories
- Inflatable mattresses and furniture
- Camping equipment

Bestway Europe

Bestway Europe s.r.l. is responsible for the coordination of Sales, Marketing, Product Development, E-commerce and Customer Service on the whole European territory (excluded Russia and Ukraine), in addition to managing the

distribution in the wholesale, retail and web retail sectors. Once Bestway's products arrive in Europe, they are purchased and then resold to end consumers by a variety of distribution players including:

- Mass-Market Retailers;

- Specialized Retailers (DIY stores, toy chain stores, etc.);
- Importers;
- Web retailers.

The company aims to offer a **rich and comprehensive**

catalogue of innovative solutions designed to entertain and keep up with all the latest fashion and market trends, while guaranteeing to consumers ease of use, resistance and durability, as well as providing great value

for money. In addition to **Bestway branded** products and the **Disney and Mattel** licenses, Bestway Europe is also present on the market with the following brands, representative of the company's flagship products:

ABOVE GROUND POOLS & PORTABLE SPAS		RECREATION				SPORTING GOODS			CAMPING	
ABOVE GROUND POOLS & ACCESSORIES	SPAS & ACCESSORIES	WATER TOYS, INDOOR & GRASS TOYS	WATERPARKS, GRASS TOYS	WATER, GRASS & INDOOR TOYS	SWIM GEAR	AIR PUMPS & EXTRAS	BOATS, RAFTS, KAYAKS & STAND-UP PADDLE BOARDS	SWIM GEAR	AIR MATTRESSES & FURNITURE	OUTDOOR CAMPING GEAR
Bestway	LAY-Z-SPA	Bestway	H2OGO	UP M Cover	Swim Safe	Bestway	HYDRO-FORCE	HYDRO-SWIM HYDRO-PRO	Bestway	PAVILLO
ABOVE GROUND POOLS		WATER TOYS	SNOW TUBES			AIR PUMPS	STAND-UP PADDLE BOARDS (SUP)		AIR MATTRESSES	
FAST SET POOL		FLOAT'N FASHION	H2OGO Snow			AIR ST&P™ SIDEWIND&R™ POW&RGRIP™ AIR HAMM&R™	HYDRO-FORCE		ALWAYZAIRE	
STEEL PRO STEEL PRO MAX		SUMMER FLAVORS™ COLLECTION							Dream Glimmers	
POWER STEEL™ COMFORT JET SERIES™		Art COLLECTION								
POWER STEEL™ SWIM VISTA SERIES™										
HYDRIMUM STEEL										
ABOVE GROUND POOL ACCESSORIES										
swimfinity FLOWCLEAR										

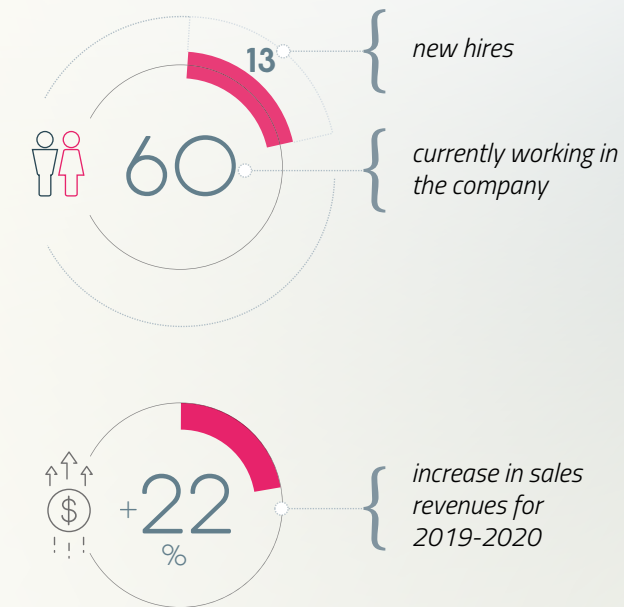
* These outdoor toys fall under the sporting Goods business category. 2021 Brand Map



Bestway Europe s.r.l. sees 2020 closing on a high note compared to 2019.

Between 2019 and 2020, despite significant management and organizational difficulties related to the Covid-19

crisis, 80% of the new office building was completed; construction works will be finalized in 2021.



Despite the pandemic restrictions enforced by national governments in Italy, Europe and worldwide, during 2020 the company continued to invest and grow, by developing two new departments:

- **Customer Service:** this area already existed within the company but was structured as a fully independent department over the last year to manage and coordinate the 19 local service centers in Europe, covering 34 countries.
- **Product Management:** another preexisting area

in the company which became a fully independent department so as to foster productive relationships with the parent company, the American branch and Design Hub, with regards to the development of new products and research on innovative materials and technologies.

The digitization process is currently focusing on three major projects:

- **The tracking and mapping of all mass market retail flyers in Europe** that include products belonging to specific product

categories distributed by Bestway;

- **Installation of the EDI module**, which will enable Bestway Italia s.r.l. to fully automate the order management process;

- **Implementation of a new management module** aimed at monitoring cash flow and liquidity, integrated with bank movements and asset/liability forecast.

Other ongoing digitization projects:

- **Development of a PIM solution** to support e-commerce;

- **Expansion of the product database**, managed through the Product 360 platform, with the inclusion of all product parts and components. Thousands of codes will be imported through Bestway

- **Integration of the marketing platform with the company management system;**

- **Development of a platform for the centralized management of after-sales service tickets (CSM);**

- Further **development of systems related to after-sales management with a view to content**, F.A.Q., optimization of management system;

- **Data collection:** collaborations with third parties to obtain data and market trends (e.g., ActionFocus, NPD Group, etc.);

- **Implementation of the Company Intranet**, a space for employees to exchange information and share news;

- **Server migration to Cloud;**
- **Digitization of all paper archives.**

Corporate Governance

The board of directors of Bestway Europe is currently formed by:

Chief Executive Officer:

Mr. Liu Feng

(representative of the parent company and majority shareholder of Bestway Enterprise)



General Manager:

Mr. Simone Zesi



Director:

Mr. Libero Sellitri



Alongside Bestway Europe - which is the main European office and was founded in Italy in 2001 - more European subsidiaries have been established over time, with the aim of promoting sales and convey the vision of the company in different countries, ensuring a better quality of services and direct contact with customers.

Bestway Europe's subsidiaries are:

	Bestway Europe	Others
Bestway Italy	100%	0%
Bestway France	75%	25%
Bestway Deutschland	51%	49%
Bestway Eastern Europe	51%	49%
Bestway Europe Design Hub	51%	49%



SHARING

We believe in the power of sharing ideas, the importance of listening and constructive dialogue. We act with transparency, respect, and good faith.



Bestway stakeholders

We believe a healthy relationship with the stakeholders must be **based on mutual trust**, which can only be built by **taking into serious consideration their interests and expectations**. For this reason, the company is committed to welcoming all viewpoints and interests of the involved parties, from customers to employees, suppliers and regulatory bodies. The final goal of this activity is to plan, through a

shared approach, a long-term development direction for the Company able to respond to the needs of all stakeholders involved.

Below are Bestway's stakeholder groups:

- Employees and agents;
- Communities and Environmental Associations;
- Legislator and supervisory bodies;
- European subsidiaries;
- B2B customers and end consumers;
- Suppliers;
- Partners in R&D.

The materiality matrix

With its first report Bestway has started a process of analysis and evaluation in order to identify the material issues for the development of the company's business. Specifically, material issues are those aspects that, on the one hand, are perceived as relevant by stakeholders, as they could significantly influence their expectations, decisions and actions, and on the other, can have a significant economic, social and environmental impact on the company's activities.

Material themes identified

- 1 Customer satisfaction
- 2 Product quality and safety
- 3 Product innovation
- 4 Responsible production
- 5 Equal opportunities
- 6 Training opportunities and career paths
- 7 Benefit
- 8 Economic responsibility
- 9 Solid governance and transparent behavior
- 10 Brand image and reputation
- 11 Responsible consumption/emission
- 12 Energy efficiency
- 13 Involvement of local communities
- 14 Online presence (e-commerce, social media, websites)
- 15 Digitization (IT tools)

The process of defining the importance, and therefore the materiality of the themes, involved three groups of subjects who were interviewed with the explicit aim of assigning a level of priority and relevance to a list of key themes.

Bestway involved managers, employees and agents in the process, with the aim of structuring the materiality matrix and comparing perceptions of the company itself (represented by the management) and the Stakeholders interviewed (employees and agents).

Each group involved in the activity was asked to assign a 1 to 5 score to a number of statements pertaining the 15 material themes. The following results, represented by the materiality matrix, were obtained.

The analysis of the result showed that the themes related to Bestway products are seen as central. On

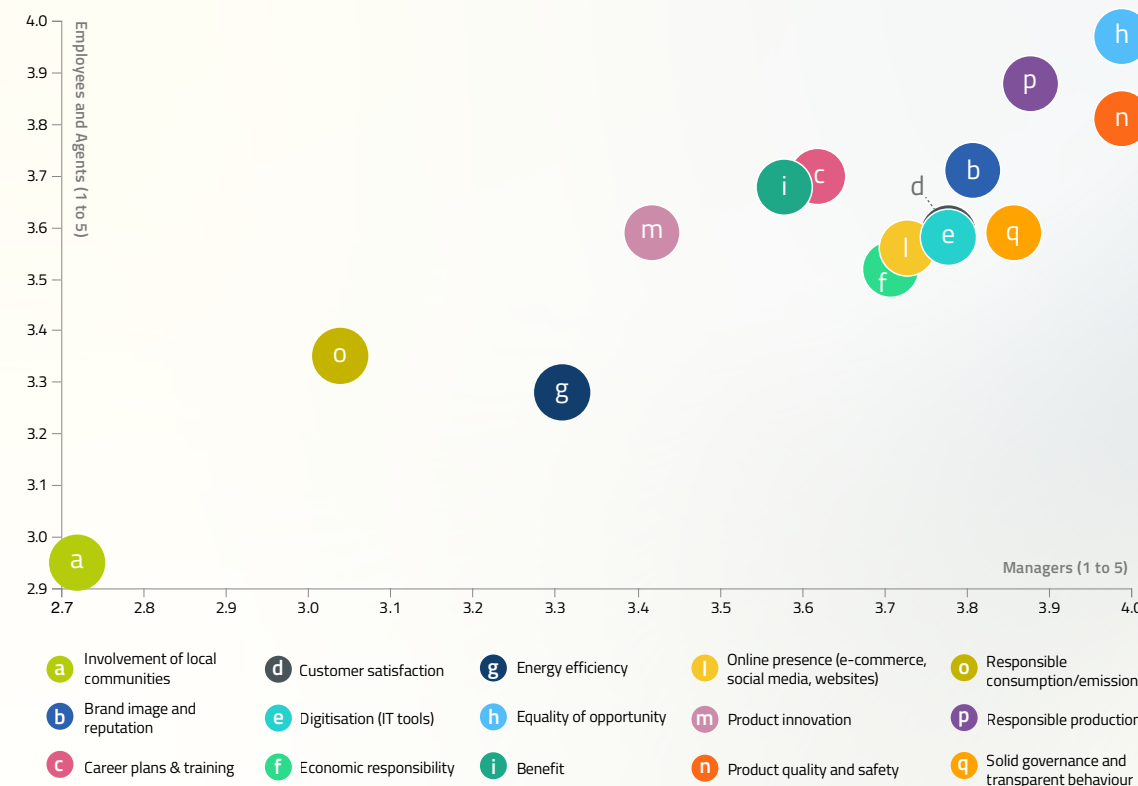
the one hand we have **production, which must be sustainable and responsible:** environment-friendly by making use of renewable energy and recycling waste materials and with a product design that takes into

account not just how objects will be used, but also the materials they're made of, and their disposal. **The quality and safety of Bestway products** were shown to be of fundamental importance for the respondents, who

identified in innovation and the close monitoring of the supply chain two key elements for the success of the company and its products. The issue that has emerged as most relevant and one which we need to act on

most urgently, is that of **gender equality**. According to Bestway, gender equality is not only a fundamental human right, but a necessary prerequisite to the development of a balanced and sustainable business.

The materiality matrix



- a** Involvement of local communities
- d** Customer satisfaction
- g** Energy efficiency
- j** Online presence (e-commerce, social media, websites)
- o** Responsible consumption/emissions
- b** Brand image and reputation
- e** Digitisation (IT tools)
- h** Equality of opportunity
- m** Product innovation
- p** Responsible production
- c** Career plans & training
- f** Economic responsibility
- i** Benefit
- n** Product quality and safety
- q** Solid governance and transparent behaviour

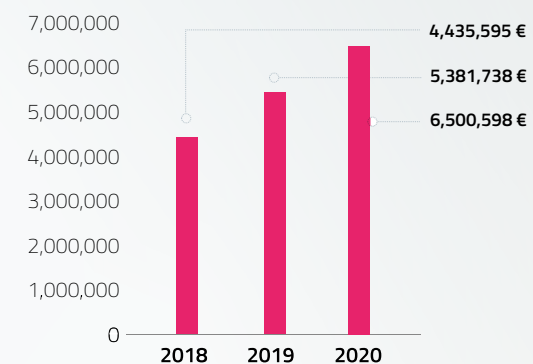
The value for our Stakeholders

In addition to being a direct link with the Annual Report, reporting the business revenue and turnover in the Sustainability Report makes it also possible to provide evidence of the wealth generated by the company and show how it was obtained and is distributed among the various stakeholders. Revenue over the three-year

period (2018-2020) has shown significant growth, as it can be seen by comparing 2020 revenues with those of 2018 (+47%). Between 2020 and 2019 revenues grew by 21% despite the effects of the pandemic, which is further proof of the strength and capability of the group and brand in creating value for its Stakeholders.

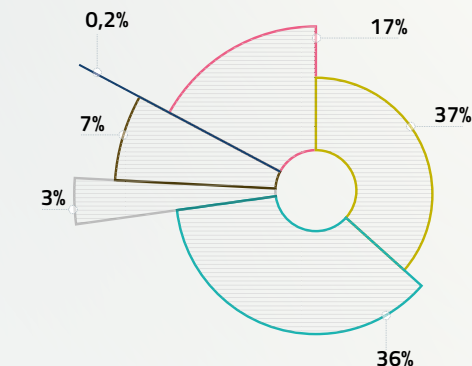


Revenue

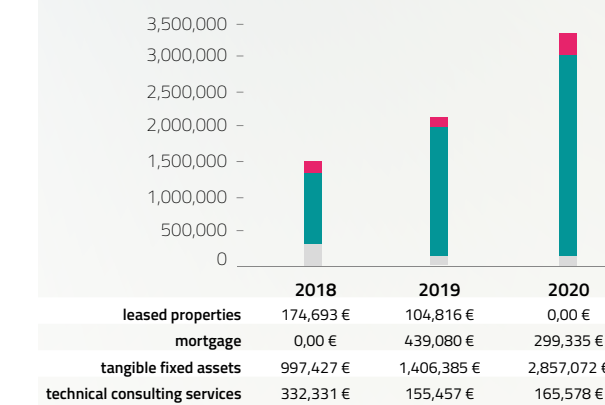


Breakdown of allocated economic value for 2020

- Operating costs
- Salaries and benefits
- Payments to capital providers (Shareholders)
- Payments to the public administration
- Investments in the community
- Economic value retained



Investments



During the last three years, this exceptional growth has allowed the company to **plan investments with the aim of increasing its stability**. With this in mind, Bestway has consistently invested in office building construction and technical tools.

Below are the main investments made to achieve the objectives so far described:

- Acquisition of the building in Via della Resistenza in San Giuliano Milanese (MI), following full debt-retirement;
- Construction of a

new building, also in Via Resistenza in San Giuliano Milanese (MI), which is used as a showroom, office space and recreational common areas;

- Investments in IT tools, in line with the digitization process of the company.



Sustainable Development Goals (SDGs) (Sustainable Development Goals - SDGs)

Bestway's commitment to SDGS



GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable patterns of production and consumption.

- Bestway recycles post-production waste PVC at its Nantong plant (171.713 MT CO₂ avoided from 2018 to 2020).
- 2,7% of production is powered by solar energy, thanks to 70,000 square meters of solar panels.
- A section dedicated to the purchase of spare parts is now available on our online store (bestwaystore.it)
- Nearly 500 items are tested in independent laboratories each year, and certified to 23 different safety standards.



GOAL 13: FIGHT AGAINST CLIMATE CHANGE

Taking urgent action to combat climate change and its consequences.

- As a further demonstration of the company's approach to sustainability and attention to consequences of climate change, Bestway has launched the campaign "B The Change"²



²) <https://youtu.be/5HsmYllKui0>

"Planet earth is a home which we all share. It has tried to teach us many lessons throughout history, telling us that it's time to change for the better. Who's ready to make a difference? At Bestway, we believe that we can make a difference by contributing and supporting green solutions to achieve a more sustainable future."



GOAL 15: LIFE ON EARTH

Protect, restore and promote sustainable use of the Earth's ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt the loss of biological diversity.

- Thanks to the collaboration with Treedom, Bestway has created the "Bestway Forest"¹. This tree-planting scheme supports 6 different agro-forestry projects in Guatemala, Ecuador, Haiti, Kenya, Cameroon and Tanzania.
- Bestway supports an urban beekeeping project in the municipality of Milan.

¹) <https://www.treedom.net/it/organization/bestway>

Strategic objectives

- 1) Integration of After-Sales, Digital Marketing and E-Commerce services: a single, consumer-oriented channel;
- 2) Valorization of the Brand via its products, a quality-oriented approach and all those ancillary/extra services which could potentially increase the intrinsic value of the brand itself;
- 3) Radical innovation through the inclusion of new product categories;

- 4) Innovative B2B services to guarantee market shares and extend our presence to all viable distribution channels;
- 5) Greater efficiency thanks to digitization and the quantitative and qualitative analysis of the available data from all the different information systems;
- 6) Improving business sustainability by:
 - a. continuous improvements in the production processes, waste reduction and increased efficiency resulting in a reduction of energy consumption;
 - b. continuous quality improvement;
 - c. phasing-in sustainable components (such as packaging and other materials).





ACCOUNTABILITY

We behave responsibly, towards people as well as the environment, encouraging conscious and sustainable choices.



Customers - our commitment

Building a relationship based on listening to customers represents an opportunity for growth and improvement, both in terms of quality of the products and in terms of their related services; it's a constant exchange aimed at offering our customers an ever-better experience. For this reason, over the years Bestway has built a **customer service designed to assist them through all phases of**

product life, from purchase to after-sales service.

The service, which was completely renewed in 2021, has been designed so that customers can request information on products, spare parts, and compatible accessories from operators who are active every day. The assistance procedure expects consumers to find a lot of useful information about Bestway products in documentation available on the official website (www.bestwaycorp.eu):

- F. A. Q. (most frequently asked questions for each product);
- Product manuals in digital format;
- Useful video guides for product installation and maintenance;
- Technical information.

Should there be the need for further help, customers will always have the option to open a support request by filling out the online form. Complaints and requests for pre- and after-sales support are handled by service centers located in each of the countries served by Bestway.

Here are the three simple steps to getting the support you need:

1. Identify the product
2. Check the FAQ to see if you can solve the problem by yourself
3. Request support via online form

Our 2020 customer service numbers:

30 languages

34 countries

approx. m²

10,000 dedicated warehouses in 19 European countries

More than

100 operators in Europe

More than

229,000 calls per year from end users

More than

639,000 emails processed per year

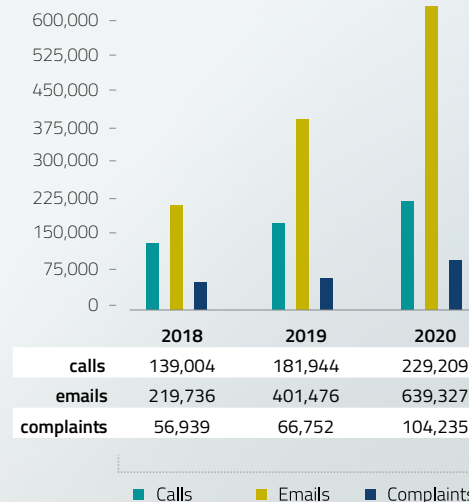
More than

104,000 replacements provided to customers

Nearly

2,000 items handled

Customer Service numbers



USA & Europe	Shanghai
- Product Managers	- Research and development
- Product Designers	- Sample development
- Creative team for the development of packaging and catalogues	- QA and testing
- Strategic partnerships with leading global market research companies	- Intellectual Property
- Strategic partnerships with external specialists	- Finance and costs
	- Production

Listening is key to improving the service. In order to gauge accurately how customers perceive the service, customers are asked to assign a score from 1 to 5 to the service they have received. Below is the average rating³⁾:

2019 3,6

2020 3,9

³⁾ The figure was obtained from a sample of about 10,000 customers for the year 2020, while for the year 2019 the sample consisted of about 2400 respondents.



Research and development, innovation and sustainability in our products

The Product Development Team represents the internal point of contact between the company's needs, market trends and production requirements. **The team is distributed on three**

continents, with more than 120 engineers involved in research and development activities, all supporting the product design team spread across the US, Europe and Shanghai.

Our most innovative products:



Lay-Z-Spa® Barbados AirJet™

The product features Energy Sense™ technology, an insulating material inside the spa cover, made of a double layer of aluminum PE foam. It prevents heat loss, providing up to 40% greater energy efficiency than other spa models.

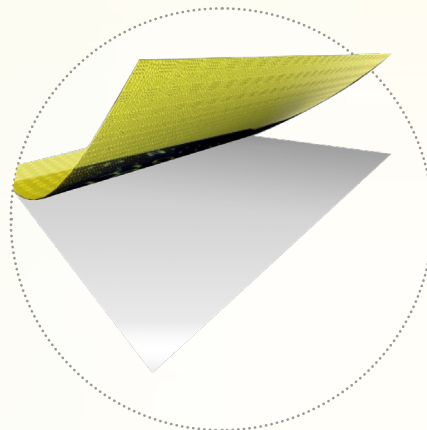
- Spa made of DuraPlus™ durable, puncture-resistant material
- WiFi connection module
- Freeze Shield™ technology to prevent water freezing and product damage at low temperatures



Pavillo™ Shower Solar-Pro

A convenient and ecological solution to take a shower in the garden or campsite before diving into the pool or the sea. The product comes with display showing the water temperature.

- Intelligent PVC material which absorbs solar energy effectively
- Easy to read temperature indicator
- Compact and easy to use
- Reinforced handle to carry and hang the shower
- Up to 20 L water capacity



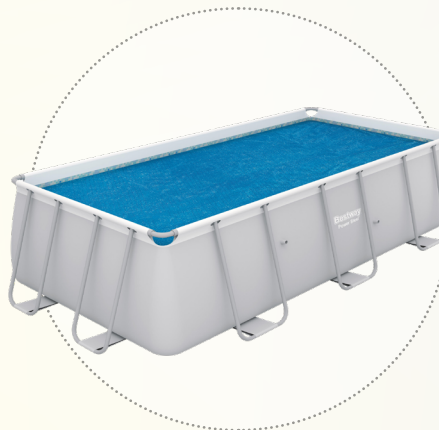
TPU TrailGuard™

Bestway has started a process of replacing the material of several products by phasing in TPU (thermoplastic polyurethane), which gives the products greater resistance to wear and tear, as well as to punctures and abrasions. This material finds its application in some camping items, such as travel pillows and airbeds



Flowclear™ Solar Heating Mat

The Flowclear™ solar panel by Bestway is an inexpensive and environmentally friendly solar device that heats the water by harnessing solar energy with no need to be connected to the electrical grid. The solar panel can increase the water temperature from 3° to 5°C depending on the size of the pool and the weather conditions, and is designed so that several panels can be connected in sequence to boost the heating effect.



Flowclear™ Solar pool covers

Thermal pool covers help keep the heat in and protect the water from falling leaves and debris. These covers create a "greenhouse effect" in the pool, retaining heat inside while preventing water evaporation or the loss of free chlorine caused by UV rays. Also included are fastening ropes and drain holes to prevent water from accumulating on the surface.

Awards and recognitions



Icecat Toy Popularity Monitor 2020 - Benelux

The award is based on the number of downloads of product data sheets, i.e. requests for product data via online searches or otherwise in the Icecat global catalogue. Every year, Icecat announces a winner for each category. The Icecat Popularity Monitor 2020 covers nearly 1,000 brands.

With 24% of product data requests through searches or otherwise, Bestway is the winner in the "Outdoor & Sports Toys" category.

Dobra Marka 2020 - Poland

The award is given to the most recognizable brands on the Polish market. The 2020 edition brought our company the title GOOD BRAND 2020 (Dobra Marka 2020) for the swimming pool and accessories categories. The result of the research confirmed the established position of the brand and the excellent quality of its products.

Bestway Water Park wins Toys Awards - Italy

Toys Awards aim to highlight the efforts of companies in the toy industry that have distinguished themselves in the design and implementation of marketing, communication and product activities of particular interest. For the "Best outdoor and sports toy" category, the 2020 winner was the Hurricane Tunnel Blast Water Park in the Constant Air range.

Our commitment to reduce energy consumption and greenhouse gas emissions

Bestway is committed to improve production processes by encouraging recycling and environmental sustainability. We believe that innovation and development are closely

linked to these concepts and work to assure customers of the quality and consistency of our products, which are created through sustainable processes →



1. Reduction of Energy Emissions:

Bestway has voluntarily participated in the Carbon Disclosure Project (CDP), the largest global survey on environmental issues, which evaluated the use and energy efficiency of its 5 production facilities. In recent years Bestway implemented **7 energy saving projects** (replacement of air compressors, heat recovery,

replacement of heat pumps and obsolete electric motors, installation of photovoltaic system) that have prevented 4,866 kg of CO₂ from being released into the atmosphere. **The future goal is to reduce total consumption by 5% in 2025, compared to the 2019 baseline.** In addition, for a better impact on the environment, from 2018 to 2020 Bestway employees have **planted 234 trees** in the vicinity of its production sites.

SUSTAINABILITY TARGETS
IN 3 CATEGORIES OF WASTE RENEWABLE RESOURCES ENERGY

2018 AWARD
CDP CLIMATE CHANGE MIGRATION IN CHINA

4TH RANKED
AMONG ALL PARTICIPATING CHINESE SUPPLIERS FOR 2018 RESULTS

2020 AWARD
CDP CLIMATE CHANGE MIGRATION IN CHINA



2. Renewable Energy:

thanks to its 70,000 square meters of photovoltaic panels - an area equivalent to approximately 12 football fields - **Bestway is able to fulfil 2,7% of its production needs using solar power. The future goal is to get to 10% by 2025.**



3. Waste Management:

in addition to minimizing the environmental impact, proper waste management entails economic benefits by reducing the demand for new materials. Currently, the majority of our waste is not sent to landfills: **99.7% of it is reused internally or by third parties. The future target is to achieve 100% reuse and recycling by 2025.**



4. Packaging:

the boxes used by Bestway in retail are **100% recyclable and use 90% post-consumer recycled material: the future goal is to change all plastics in packaging to widely recycled plastics by 2023 (PE, LDPE, etc) and eliminate PVC in all standard packaging by 2023.**



Environmental initiatives

In Europe as well, the concern for the environment and the protection of biodiversity has prompted Bestway's subsidiaries to undertake several projects in local areas and beyond. Together with **Apicoltura Urbana***, Bestway Europe joined the project "**Bees as a Service - BaaS**" and adopted **4 beehives**: the honey produced there is gifted to employees and stakeholders.

1.500

Trees planted in 2020

1.000

Trees planted in 2021

In collaboration with Treedom, in 2020 **Bestway planted 1,500 trees to support 5 agro-forestry projects**⁴; 250 for each European country (Italy, France, Germany, UK, Spain and Belgium) where the e-commerce service is present. **In 2021, the projects became 6 and another 1,000 trees were planted**. Each tree contributes to the absorption of CO2, while also protecting the soil and biodiversity. Planting is done directly by local farmers, which has the added benefit of initiating socio-economic development processes in their communities as well.



^{*)} <https://www.apicolturaurbana.it>
⁴⁾ <https://www.treedom.net/it/organization/bestway/>

As of 1 October 2019, all shipments made by GLS on behalf of Bestway Deutschland are 100% Carbon Neutral, as CO₂ emissions caused by shipping activities and by GLS Deutschland's business activities are offset annually through a certified reforestation and forest protection⁵ project.



Consumption and emissions

The scope of the 2020 Report includes Bestway Europe's administrative offices and warehouse locations. The headquarters in San Giuliano Milanese also host the Bestway Italy and Bestway Eastern Europe branches, which are therefore included in the report.

Due to limited data availability, consumption by Bestway France and Bestway Deutschland was not included.

The energy used for the various activities is categorized as follows:

- Energy consumed within the organization (direct consumption)
 - **Scope 1:** consumption directly controlled by the organization;
 - **Scope 2:** Indirect electricity consumption.
- Energy consumed outside the organization (indirect consumption)
 - **Scope 3:** other indirect consumption.

For Bestway Europe, direct consumption (Scope 1 + Scope 2) includes the energy consumption (thermal and electrical) of the administrative offices in San Giuliano Milanese (MI) and the

warehouses in Biandrate (NO) and Arena Po (PV), as well as consumption related to annual employees' travel using company-owned vehicles. As the warehouses are owned by third parties and are not used exclusively by Bestway, both thermal and electric consumption are not available for 2018-2019, and have only been estimated for 2020.

- Indirect energy consumption (Scope 3) relates to product logistics. For outbound logistics, movements from the Bestway Italia warehouse in Arena Po (PV), from which the Customer Service shipments also leave⁶, and the warehouse in Biandrate (NO), which is where the e-commerce shipments are handled, were considered;
- For inbound logistics, shipments from suppliers (mainly from Bestway's

production facilities) to warehouses in Italy were considered;

- For direct sales, without going through the warehouses, only the movement by ship was included.

Logistics are 100% outsourced.

The tkm were obtained as the product between the weight of cargo being moved, and the distance in km between departure location and destination.

In 2020, Bestway's total energy consumption is 16.648 GJ.

Starting from consumption and using the appropriate emission factors, Bestway Europe's emissions in 2020 have been calculated as equaling 679 tons of CO₂eq. approx. For more details on consumption, emission factors and GHG emissions, please refer to the full version of the Sustainability Report.

Consumption

	UM	BW Europe		
		2018	2019	2020
Methane	GJ	112	69	88
Scope 1 Methane stores	GJ	n.d.	n.d.	508
Cars	GJ	n.d.	n.d.	771
Scope 2 Electricity	GJ	216	316	318
Electrical energy warehouses	GJ	n.d.	n.d.	620
Scope 3 Inbound Logistics	GJ	6,593	10,914	12,160
Outbound Logistics	GJ	2,238	2,205	2,220
Total	tCO₂eq	9,159	13,503	16,684

Emissions

	UM	BW Europe		
		2018	2019	2020
Methane	tCO ₂ eq	6,5	4,0	5,1
Scope 1 Methane stores	tCO ₂ eq	n.d.	n.d.	29,4
Cars	tCO ₂ eq	n.d.	n.d.	45,2
Scope 2 Electricity	tCO ₂ eq	17,7	24,2	23,1
Electrical energy warehouses	tCO ₂ eq	n.d.	n.d.	45,0
Scope 3 Inbound Logistics	tCO ₂ eq	173,5	272,3	305,4
Outbound Logistics	tCO ₂ eq	227,6	224,3	225,8
Total	tCO₂eq	425,2	524,7	679,0



5) <https://gls-group.eu/DE/en/gls-informs/klima-protect>

6) Independent department for the management and coordination of all local service centres in Europe



HUMAN RESOURCES

We are a company of people first, professionals second. We believe in equal treatment and in rewarding people's work based on its own merits.

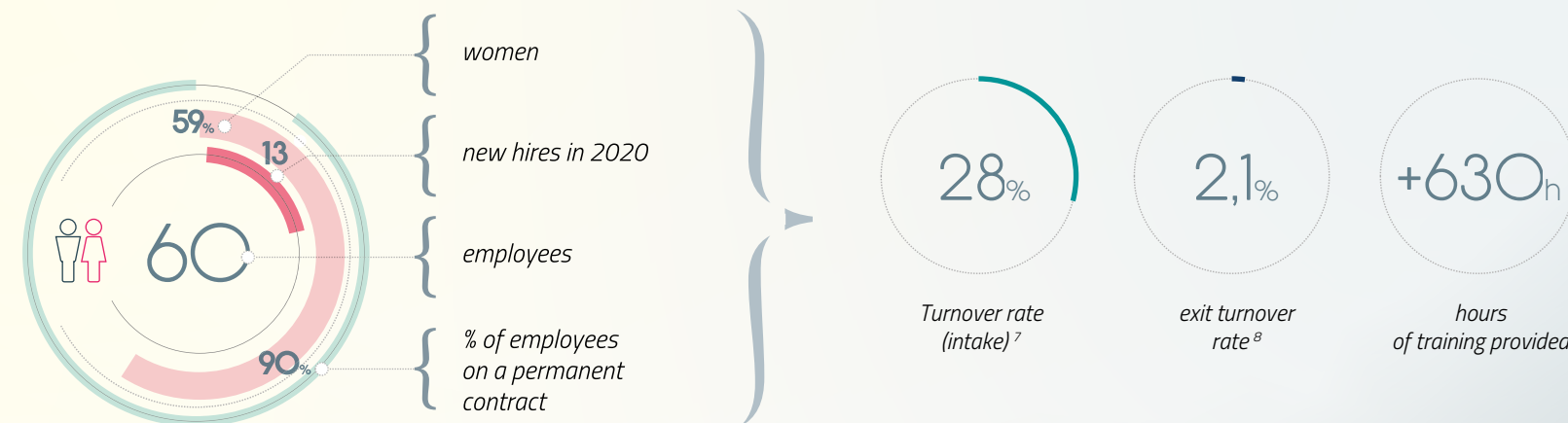
Our people

Bestway firmly believes that people are the key element for the success and growth of the company. For this reason, the company invests every day in its employees and collaborators to foster and develop their talents, proactivity and team spirit.

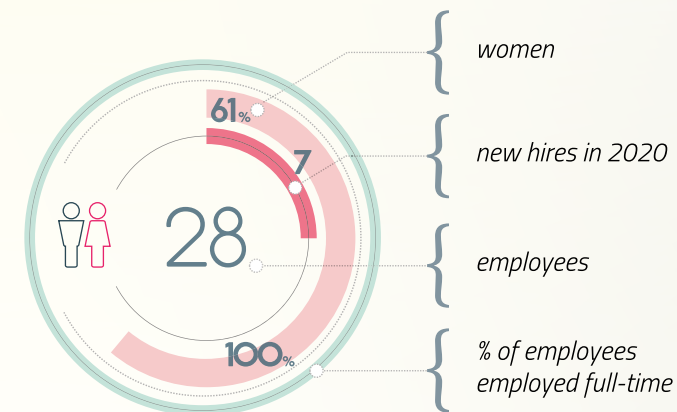
The Bestway Europe team consists of 60 employees, all of whom are employed under national collective bargaining agreements.



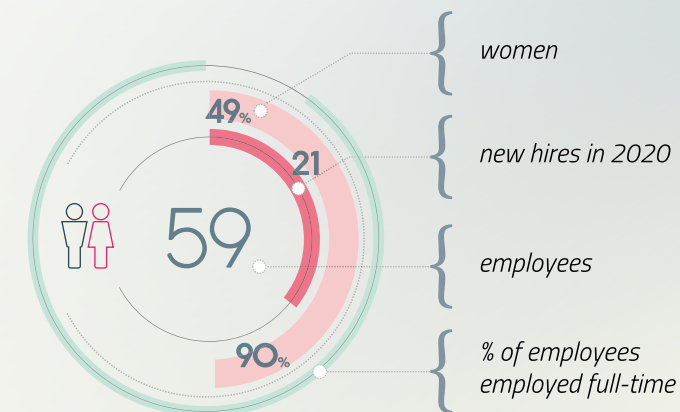
The numbers of Bestway Europe and Bestway Italy in 2020:



Bestway France's numbers in 2020:



Bestway Deutschland's numbers in 2020:



7) Intake turnover rate was calculated by dividing the number of employees who were hired during 2020 by the total number of employees at the beginning of the reporting period (number of employees as of 12/31/2019)
 8) Exit turnover rate was calculated by dividing the number of employees leaving during 2020 by the total number of employees at the beginning of the reference period (number of employees as of 31/12/2019)

Bestway Europe employees

+30%

Increase of women in the company in the three-year period 2018-2020

10

Different nationalities

13

Recruitments made in 2020

During the three-year period of reference, the company's contracts were mainly permanent, with a total of 54 people employed under a permanent contract.

In 2020, of the total 60 units in the company's workforce, about 90% are employed under a permanent contract, of these 32 employees (about 59%) are women.

Women in the company		
2018	2019	2020
28	28	35

The presence of women in the company has increased over the three-year period

(in 2020 about 30% more than in 2018), demonstrating a growing ability on part of the company to attract women.

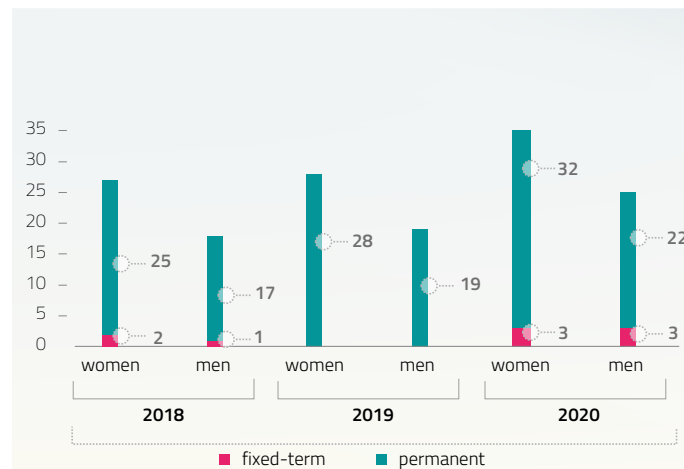
For a continuously growing company, which looks

positively to the future and is committed to creating an ethical and productive work environment every day, personnel selection is a crucial part of operations.

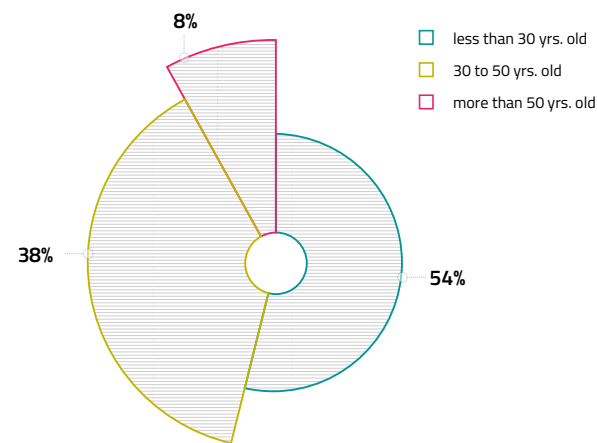
Selection is carried out in accordance with the principles of the Code of Ethics in pursuing equal opportunities. The best profiles are assessed on the basis of the skills required for the role, regardless of gender, religion, ethnic origin, disability, age and sexual or political orientation.

Equality, inclusion and diversity are an integral part of Bestway's corporate culture, values and Code of Ethics, as well as a determining factor in its growth model and way of doing business. In fact, the **company currently employs 10 different nationalities**.

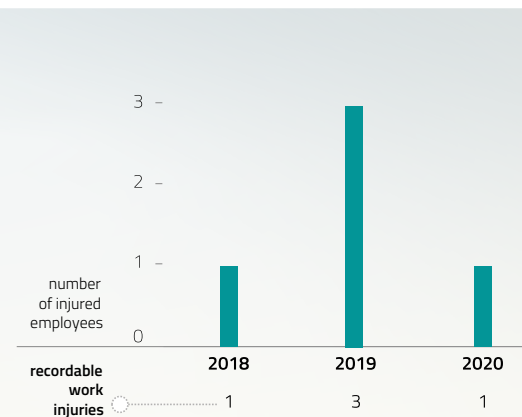
Contracts



New hires by age range 2020



Reportable occupational accidents



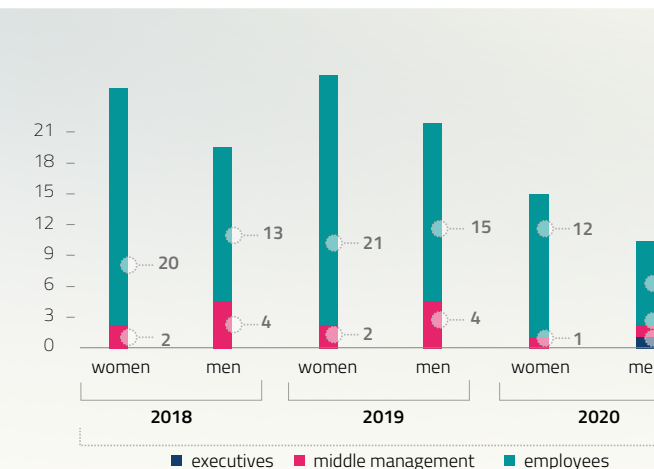
Employees and training

Specifically, there were 13 hires in 2020 (8 in 2019) and only one termination in the under-30 age group.

There was only one injury recorded at the company in 2020 which, like the injuries in both 2019 and 2018, was caused by road traffic accidents on the home-work commute and was a minor injury.

The training opportunities offered to Bestway employees cover multiple thematic areas of skills development and include projects designed to meet the specific needs of individual employees or work groups. Specifically, in 2020, 22 employees joined the training program about 36% of the total, of which about 60% were women.

Number of attendees to training courses



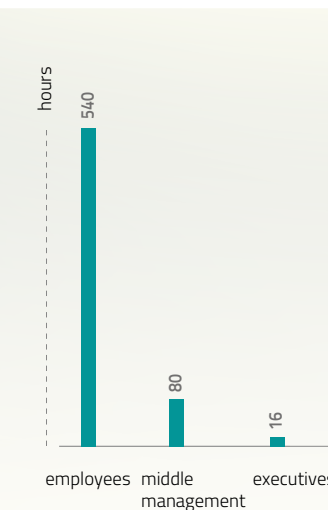
With regards to online courses, webinars (a large part of the training carried out in 2020 was delivered through online courses due to the restrictions imposed by the pandemic) and classroom courses, **a total of 636 hours of training were delivered to employees in 2020**; if we consider the 22 participants, we have an average of 29 hours per year, for each person.

Business benefits

The company provides its employees with a budget that the individual employee is allowed to manage and use on numerous goods and services. Those who join the company have the same expected benefits, namely:

- annual bonus convertible into company welfare (all or a percentage, at the employee's choice);

Total training hours 2020



- coffee/beverage key with a € 10.00 credit, which is topped up monthly by the company;
 - Possibility to carry out training according to personal or company requirements;
 - Laptop and the opportunity to work remotely.
 - Meal vouchers.
- In addition, the benefits included in the CCNL of Commerce must also be considered.

Smart working and home working

Smart-Working aims to reconcile work time with family needs. Bestway has developed a company agreement that established the following:

- to grant Smart-Working to new mothers and new fathers of children up to six years of age;
- for a total of four days per month, required annually;
- the maximum number of employees who may use the service at the same time on the same day of the week is set at one applicant per division;
- that a written request must be made in order to be granted this option;
- remote work must comply with the company's rules of conduct and with work safety and data confidentiality regulations. Bestway employees can be authorized to work

from home for a maximum of 3 working days per month. All employees who do not benefit from Smart-Working can work in Home-Working mode within the limitations stated in the agreement. Since the first lockdown in February 2020, the company - which had already implemented Home-Working before the pandemic - has maintained its full operation thanks to the work performed remotely by employees, thus ensuring their complete safety by avoiding the daily commute and access to the offices. Thanks to the technical tools made available by the company, the virtual meetings and by introducing new management methods, as well as the professionalism and perseverance of all employees, Bestway has been able to carry on with its operations and provide its services.

As a result of the updates to the national health and safety regulation throughout 2020, employees gradually resumed their visits to the company's premises, respecting the safety distance and all other rules. Furthermore, the company provided all employees with personal protection equipment, such as masks, gloves and disinfecting hand gels. A thermal imaging camera was also installed to measure body temperature at the entrance.



Awards: Best Place to Work®

The Great Place to Work® Trust model is based on 30 years of research and data collected through the Trust Index® survey, which is conducted annually by millions of employees around the world. At the initiative of one of its employees, the company decided to

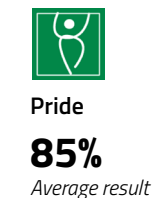
undertake the Great Place to Work assessment process to develop its Best Workplaces™ ranking. **In October 2019 Bestway Europe took part in the Great Place to Work® Survey, coming in 7th place in the category "Best Workplaces in Italy: 20-49 employees".**

In order to qualify for the final category, a Trust Index value of over 70% was required. Bestway Europe has successfully achieved the 84% Trust Index. The following chart shows the results of Bestway Europe for each dimension:

Relationship with management



Relationship with work



Relationship with colleagues



7TH PLACE

IN THE RANKING OF THE BEST PLACES WORKING IN ITALY 20-49 EMPLOYEES

84%

TRUST INDEX REACHED UP BY THE COMPANY

In April 2020, Great Place to Work® announced its ranking of Italy's 60 Best Companies to Work For, selected from more than 150 companies nationwide. For the category "20-49 employees", Bestway Europe came in 7th place.



COMMUNITY

Our community is our most valuable asset. Colleagues, customers, suppliers, parent company and subsidiaries are our touchstones.



The relationship with local communities

In addition to the attention to health and safety of employees, Bestway is trying to support the local community in the complex emergency situation that we are experiencing. Since the very first weeks following the spread of the virus in northern Italy, the **Sacco Hospital in Milan** has been identified as a reference point for the management of the most critical patients affected

by Covid-19 as well as becoming the main testing facility in the area. In order to cope with the growing need for hospitalization and management of patients, the hospital turned to the community for help with the purchasing of equipment and the implementation of interventions in the most exposed wards. In such a difficult time, Bestway has decided to make a donation to support the activities of the Sacco Hospital. Additionally, Bestway Europe

supports the following organizations:

- **SEA Onlus - Volunteers and Civil Protection Association of Lodi;**
- **Department of Pediatric Surgery, St. Orsola Hospital of Bologna;**
- **Oratory San Luigi of Lodi.**

Bestway Europe has also launched a renovation project in the public area next to the new building in Via Resistenza in San Giuliano Milanese (MI). The

company has decided to take on the construction of a traffic island in the portion of road adjacent to the new Bestway building. In addition to building the new traffic island, Bestway Europe will also be responsible for repainting the roadside stalls: the old coloring, in fact, is so faded as to compromise the perception of the road boundaries.

Online presence (e-commerce, social media, websites)

With the launch of the e-commerce site, the company has set its sights on consolidating its leadership with end consumers. Bestway has chosen to invest in an online store mainly with the aim of:

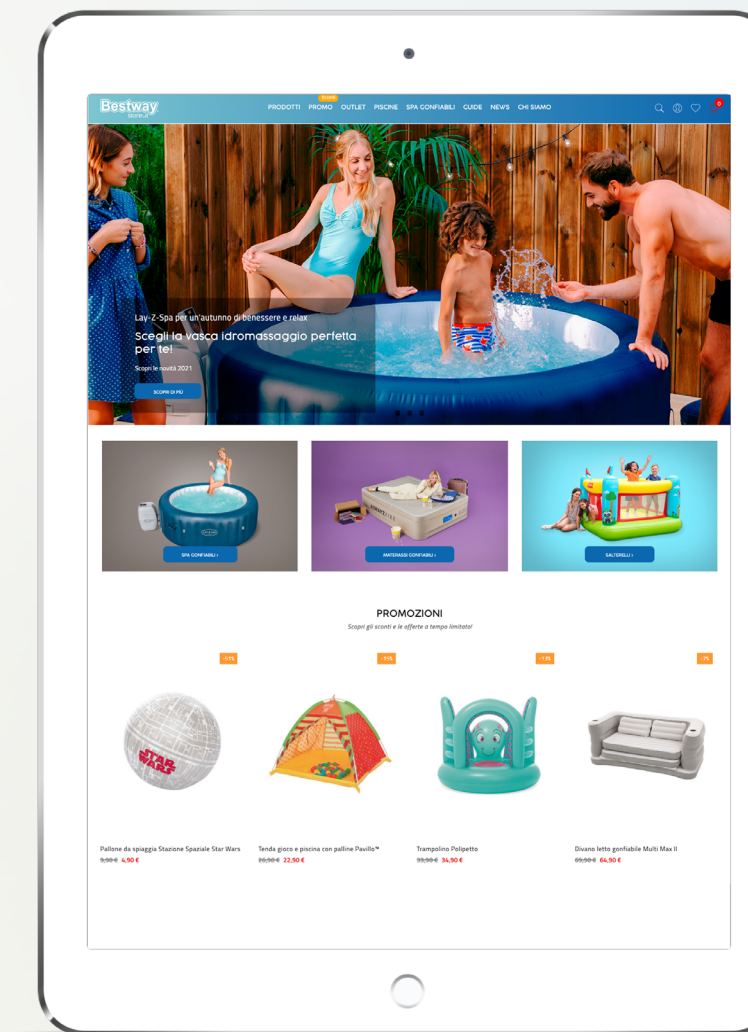
- Displaying all available products and increase the visibility of new products;
- Defining a retail pricing policy for each market;
- Getting an immediate return from all your online activities: Facebook campaigns, influencer/ youtubers sponsorships,

Google activity, etc.;

- Increasing turnover for all markets involved;
- Improve the online presence of the brand online, with benefits for both the online and offline markets.

After the initial launch in Italy, the Bestway Store has been expanded and rolled out also in Spain, Germany, France and Belgium.

The company wanted to be positioned both offline and online to redefine its online brand strategy and is heavily investing in the development of multimedia content with the aim of showing to the end customer the products in a new light.



GRI standards - Content index

Appendix I - material themes

Material theme	Customer satisfaction	Product quality and safety	Product innovation	Responsible production	Equality of opportunity	Career plans & training	Benefit	Economic responsibility	Solid governance and transparent behavior	Brand image and reputation	Responsible consumption/ emissions	Energy efficiency	Involvement of local communities	Online presence (e-commerce, social media, websites)	Digitization (IT tools)
Description	Implementing alternative communication channels with the customers (digital). Developing customer engagement strategies. Developing customer support tools and channels in case of problems/failures.	Developing strategies aimed at monitoring and analyzing the entire production chain. Development of new products characterized by the use of materials or innovations that make them more sustainable and safer at the same time.	Development of new products or services with high technological value or innovation, paying special attention to designing the products, making sure the materials used are sustainable.	Orient production towards the use of recycled and/or recyclable materials. Installation of systems for the production of renewable energy at the service of the production plants. Training of employees with reference to their safety in the workplace.	Eliminate all forms of discrimination and moral or psychological violence based on gender, age, sex, religion and sexual orientation. Policies aimed at increasing the presence of women in the company, fair pay and ensuring equal access to management positions.	Personnel management policies and activities aimed at enhancing the different skills and characteristics of each resource and ensuring that the company listens to the needs of its employees. Training courses aimed at increasing the technical, managerial and organizational skills of employees.	Develop policies, benefits (financial and non-financial) and actions to meet employee expectations.	Progressively and steadily improve economic and financial performance, financial stability, protect the profitability and the wealth generated. Reinvest part of that wealth in the local community.	Managing the business in compliance with the law, including the implementation of codes, procedures, contractual requirements and control systems. Training for employees and suppliers on legal issues.	Positioning/ re-positioning the company brand in a sustainable way, developing an aptitude for risk analysis that also considers environmental and social factors to prevent possible damage to brand reputation.	Identification of the main emission sources, planning of interventions aimed at reducing them.	Install consumption monitoring systems in all the company's buildings. Based on data analysis, evaluate whether to install systems for the production of renewable energy or purchase green energy from a third party.	Involve local communities, investing in those who are most at disadvantage and creating value by employing local people in the areas where the Group operates.	Create a dedicated plan to tell the story of the company's commitment to ESG issues. Keep the other customers engaged on social media channels.	Identifying the most appropriate digital tools to foster cooperation (remotely or otherwise), between the different divisions. Integration of internal systems with external ones.
Stakeholders to whom the issue is relevant	Customers Employees Suppliers	Customers Employees Suppliers Legislator and supervisory bodies	Customers Employees Suppliers Legislator and supervisory bodies	Customers Suppliers Employees	Employees	Employees	Employees	All identified stakeholders	All identified stakeholders	All identified stakeholders	Employees Customers	Employees Customers	Community	Customers	Employees Suppliers
Aspects of related GRI standards	Customer health and safety Product Liability (G4) Marketing and labeling	Environmental compliance Customer health and safety Product Liability (G4) Marketing and labeling	Environmental compliance Customer health and safety Product Liability (G4) Emissions	Product Liability (G4) Emissions	Employment Training and education	Employment Training and education	Employment Training and education	Economic performance Socio-economic compliance Anti-competitive behavior Market presence	Economic performance Socio-economic compliance Anti-competitive behavior Training and education	Marketing and labelling Anti-competitive behavior Organization Profile	Organization Profile Product Liability (G4) Emissions	Environmental compliance Emissions Product Liability (G4)	Local communities	Marketing and labelling	Market presence
Scope	Internal and external	Internal and external	Internal and external	Internal and external	Internal	Internal	Internal	Internal and external	Internal and external	Internal and external	Internal	Internal and external	External	External	Internal

Appendix II - Methodological note

The collection of data and the calculation of GHG emissions relating to the company's activities were carried out in accordance with the relevant regulations:

- UNI EN ISO 14064-1 - Specifications and guidance, at an organization level, for quantifying and reporting greenhouse gas emissions and their removal;
- "The Greenhouse Gas Protocol - A corporate Accounting and Reporting

Standard," prepared by the World Business Council for Sustainable Development (WBCSD).

The approach used in defining the emissions inventory is based on operational control, in that this report includes those sources where the decision-making process is influenced/guided by the company.

To calculate the energy consumption in GJ, we

have operated as described below.

- Natural gas. The consumption value in m3 was converted to GJ using the upper heating value reported in the bills, multiplied by 0.905 to obtain the lower heating value.
- Petrol, diesel and LPG. The km travelled by the company vehicles are converted into kg by means of the following conversion factors,

extracted from the Software SimaPro 9.1:

- 0.0621 kg/km for petrol
- 0.0556 kg/km for diesel fuel
- 0.0578 kg/km for LPG

and kg were converted to GJ using the calorific values provided by ISPRA:

- 42.817 GJ/t for petrol
- 42,877 GJ/t for diesel fuel
- 46,141 GJ/t for LPG.

- Electricity. The kWh of electricity purchased from the grid is converted into GJ using the appropriate conversion factor of 3.6 MJ/kWh.

The method used to assess GHG emissions/removals is IPCC 2013 GWP 100a. The following Global Warming Potential (GWP) was used to convert the emissions of each GHG to tons of CO₂eq:

- 1 tCO₂eq/t for CO₂
- 28 tCO₂eq/t for CH₄
- 265 tCO₂eq/t for N₂O

GRI standards - Content index

GRI STANDARD	INDICATORS	PAGE	PARAGRAPH	
GRI 102 – GENERAL DISCLOSURE 2016				
ORGANIZATION PROFILE	102-1 Name of organization	3	Letter to stakeholder	
	102-2 Activities brands, products and services	8 20	Bestway Europe Our innovative products	
	102-3 Location of the organization's headquarters	6	Bestway Group	
	102-4 Place where the organization operates	6	Bestway Group	
	102-5 Ownership structure and legal form	11	Corporate Governance	
	102-6 Markets served	6 11	Bestway Group Corporate Governance	
	102-7 Organization's size	6 14 28	Bestway Group The value for our Stakeholders Our people	
	102-8 Information about employees and other workers	28 31	Our people Employees and training	
	102-12 External initiatives	34	The relation with local communities	
	STRATEGY	102-14 Declaration by the highest authority of the decision-making process	3	Letter to stakeholder
		ETHICS AND INTEGRITY	102-16 Values, principles, standards, and norms of conduct	4
	GOVERNANCE		102-18 Governance structure	11
		102-21 Stakeholder consultation on economic, environmental, and social issues	12	Bestway stakeholder
		102-22 Composition of the highest governing body and its committees	11	Corporate Governance
102-23 Information on the President of the highest governance body of the organization		11	Corporate Governance	
102-26 Role of the highest governing body in defining objectives, values, and strategy		11	Corporate Governance	
102-40 List of stakeholder groups		12	Bestway stakeholder	
102-41 Collective bargaining agreements		28	Our people	
102-42 Identification and selection of stakeholders		12	Bestway stakeholder	
102-43 Approach to stakeholder engagement		12	Bestway stakeholder	
102-47 List of relevant topics		12	Bestway stakeholder	
102-50 Report period		1	Cover	
STAKEHOLDER INVOLVEMENT	102-55 GRI standards content index	38	Appendix II – Methodological note	

GRI STANDARD	INDICATORS	PAGE	PARAGRAPH
MATERIAL THEMES			
GRI 200 - ECONOMIC STANDARDS			
ECONOMIC STANDARDS			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	14	The value for our Stakeholder
MARKET PRESENCE			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 300 – ENVIRONMENTAL STANDARDS			
MATERIALS			
ENERGY			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	26	Consumption and emissions
	302-2 Energy consumption outside the organization	26	Consumption and emissions
	302-4 Reduction of energy consumption	22	Our commitment to reduce energy consumption and greenhouse gas emissions
	302-5 Reduction of energy requirements for products and services	20 22	Our innovative products Our commitment to reduce energy consumption and greenhouse gas emissions
EMISSIONS			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendice I - temi materiali
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 305: EMISSIONS 2016	305-1 Direct emissions of climate-altering gases (Scope 1)	26	Consumption and emissions
	305-2 Indirect energy emissions of climate-altering gases (Scope 2)	26	Consumption and emissions
	305-3 Indirect energy emissions of climate-altering gases (Scope 3)	26	Consumption and emissions
	305-5 Reduction of climate-changing gas emissions	20 22	Our innovative products Our commitment to reduce energy consumption and greenhouse gas emissions
RIFIUTI			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes

GRI STANDARD	INDICATORS	PAGE	PARAGRAPH
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 400 - SOCIAL STANDARD			
EMPLOYMENT			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
	401-1 New recruitment and staff rotations	28	Our people
	401-2 Benefits provided for full-time workers, and not for fixed-term or part-time workers	31	Employees and training
TRAINING AND EDUCATION			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average annual training hours for employees	31	Employees and training
	404-2 Employee Skills Upgrade Programs and Transition Assistance Programs	31	Employees and training
DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
	405-1 Diversity of governing bodies and employees	30	Employees
COMMUNITY SUPPORT			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12 36	Bestway stakeholder Appendix I - material themes
	103-3 Evaluation of the management approach	36	Appendix I - material themes
	413-1 Local community involvement activities, impact assessments and development programs	34	The relationship with local communities
CONSUMER HEALTH AND SAFETY			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material aspects	36	Appendix I - material themes
	103-2 Management approach	12	Bestway stakeholder
	103-3 Evaluation of the management approach	36	Appendix I - material themes
GRI 416: CONSUMER HEALTH AND SAFETY 2016	416-1 Assessment of health and safety impacts by categories of products and services	16	Sustainable Development Goals (SDGs)



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