

Solution Group S.r.l.
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Cap. Soc. € 50.000
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Milan, April 14th 2022

Communication on Progress

In late 2020 Solution Group Srl started a transition of its operations towards a more sustainable and inclusive system by adopting several practices aimed at improving our foot print and supply chain. We started by signing the UN Global Compact and getting an assessment from Ecovadis. We then concentrated on acquiring certifications to further prove our commitment towards this transition. Last but not least we started several initiatives towards making our business a more for purpose enterprise by reinvesting parts of our profits towards a noble cause and promoting products which are responsibly produced and sourced. Now over a year has passed and we are ready to share our first results.

The Ecovadis assessment proved to be the most challenging one and we are due to a new one soon where we hope to increase our score and rating. Compared 2021, we have extensively increased our productions in Europe. Over 60% of our purchasing invoices are within the European continent while the remaining is a mixture of approved and audited suppliers between India, Turkey and China.

Not only we have improved the way we buy, but at a closer level we are managing to increase our employee's satisfactions through several practices that take care of their health and work standards. All our employees are receiving regular medical checks every year and private health insurance is provided for certain medical areas, even though we operate in a country with complete free healthcare. This has made it possible for us to acquire the SA8000 certification in January 2021, and renewing it in 2022, proudly proving our efforts in encouraging the wellbeing of our staff. We continue to regularly monitor corruption and conflict of interest practices whilst protecting our employees with inhouse courses to raise awareness on inclusivity and sexual harassment.



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Since advertising our general guidelines with staff on energy preservation and responsible use of the offices' resources, we have improved our consumption. More importantly now, with the energy crisis due to the war in Ukraine, these topics have become more important than ever. Last year's update of our heating and cooling system of course has helped the course of this journey by drastically decreasing our carbon footprint.

Also, most of our items keep on having an eco-friendly trait to it. Whether it is recycled materials, or biodegradable or just easily recyclable, our sales representative keep on pushing for these alternatives. All these efforts have allowed us to renew the ISO14001 certification in 2022.

In October 2020 after two years of research and design we created our own brand: nudo nature made. A line of personal care accessories completely made of natural raw materials such as bamboo, sisal, loofah and konjac. This new project allowed us to diversify our business and enter the retail market. Now, almost two years down the line we are proud to be sold in over 7 countries and recently in negotiation with another 6. We have increased the offer of products towards cosmetic items which are manufactured in Italy and Austria entirely vegan and natural.

Finally in 2022 we started a new venture with Fair Trade Italy. We are now official licensees and are on the path of proposing the Fair Trade alternative to all our customers.

Last but not least, with Forest Nation, in 2021 alone we planted over 70,000 trees in Tanzania. With our sales, initiative for every €5000 spent on promotional merchandise with us, we commit in planting 100 trees. The farms where the trees are planted are mostly managed by women, helping to narrow the gender inequality index in a country which terribly needs such efforts. Through the planting of trees, we are providing work and food to the local populations on top of having a detail monitoring of the CO2 sequestered, the O2 emitted in the atmosphere, the hours of work created for the local population and the hectares of land reforested. In 2021 we had a total absorption of

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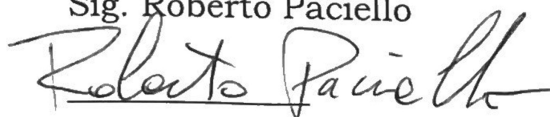
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1750 tons of CO₂, emitted 7000 tons of Oxygen, created over 2800 working hours for the local population and reforested 70 hectares in a land which has suffered severe deforestation.

Last year has been an intense journey to start our transition towards being a more for purpose company, and even though some costs have gone up, the relationship with our customers is stronger than ever thanks to the positive impact they recognize we are having with our practices.

Not only this gives us a competitive advantage which will prove to be fundamental in the years to come, but also our staff's perception of the constructive impact they are providing towards their day-to-day operations, translates in a more enthusiast and committed attitude towards their job's positions, and of course we are committed to improve every year.

Solution Group S.r.l.
Sig. Roberto Paciello



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