

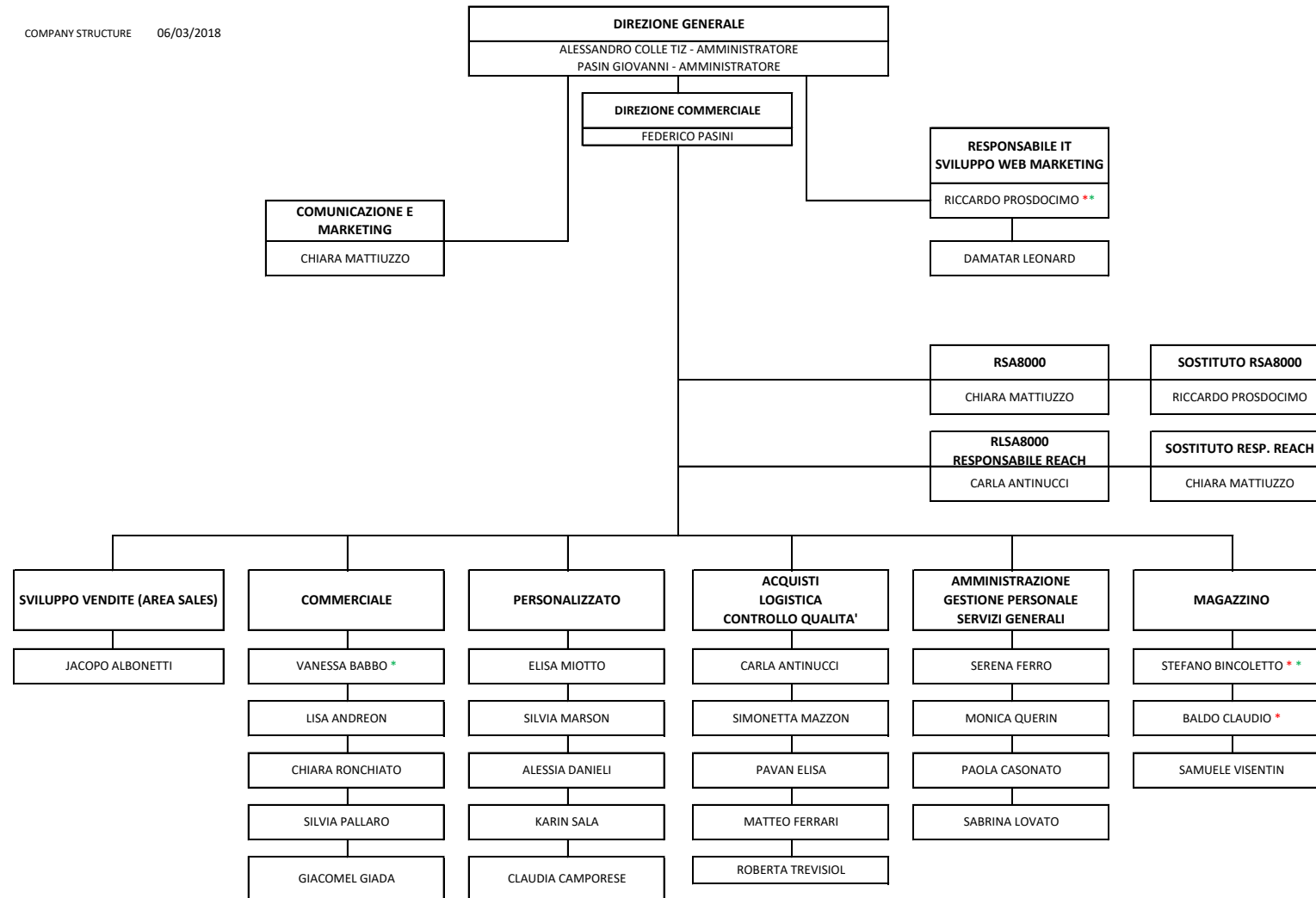
MASTER ITALIA S.P.A.

SOCIAL AUDIT 2017

Presentation of MASTER ITALIA S.p.A.

For over twenty years, and hand in hand with its ATLANTIS brand, Master Italia Spa has pursued an activity that is not only a core business but also a vocation: - hats in every shape and size, but especially sports and leisure hats that lend a touch of authentic originality to wearing comfort. 100 million hats sold around the world in twenty years of business, certainly constitutes an excellent corporate result, but, first and foremost, it is by having won the trust of thousands of customers that we have become a solid and unique enterprise. Thanks to our company's dynamism over 3 million articles are permanently in stock for 24-hour delivery, 800 types of hat, with infinite possibilities of personalisation (flat or 3D embroidery, printing, and additions) for batches as small as 288 items with 8/10-day delivery. By virtue of the quality of the materials and manufacturing, the creativity of our design, and our instant consultancy for all kinds of problem, Master Italia Spa has become the ideal partner for all companies wanting to make hats a personalised vehicle to project corporate image or aspiring to create their own fashion collection. The company offers its customers a series of exclusive, simple-to-use and intuitive Web tools to personalise every aspect of hat design. The resulting product is a wholly original creation. Our products are sold in 54 countries through an impeccable organisation that has earned us our undisputed leadership.

SOCIAL AUDIT 2017



R.S.P.P. : MASSIMO PAVANETTO
 MEDICO DEL LAVORO: DOTT. MARIO MARINO TONEL
 RLS: RICCARDO PROSDOCIMO

* ADDETTI PRIMO SOCCORSO

* ADDETTI ANTINCENDIO

Identifying stakeholders and their expectations

The term stakeholder refers to a company's social partners, usually defined as "interested parties".

The 2014 edition of SA8000 defined a stakeholder as an "Individual or group interested in, or subject to the influence of the organisation's social performance and/or the activities".

Most importantly, the implementation of the Management System, requires us to identify MASTER ITALIA S.p.A's most important interested parties in order to achieve an optimum configuration of the Management System's contents and information procedures, and improve not only the choice of indicators but also the performance levels able to take account of different expectations.

The interested parties may be further subdivided as follows:

Internal stakeholders:

1. Employees
2. Self-employed workers

External stakeholders:

1. Customers
2. Trade Unions
3. Social security institutes
4. Labour inspectorates

The current external stakeholders involved in the certification project to whom a letter of presentation on the SA8000 standard was sent in September 2014, in addition to the customers and suppliers, are:

- Accountant
- Associazione Rugby

SA8000 Policy

In a desire to manifest the correctness and moral quality of its work as also to receive public recognition and differentiate itself from the competition, MASTER ITALIA S.p.A. decided to undertake SA8000 certification. The social vision of MASTER ITALIA S.p.A.'s work, understood as an organisation operating in a territorial, social and economic context with which it continually interacts, require the company to pay great attention to all stakeholders, namely those parties with an interest in its activities: Employees, Stockholders, Customers, Suppliers, Public institutions, Public opinion.

In particular, MASTER ITALIA S.p.A. has undertaken to bring its management system into line with the social requisites as set forth under the 2014 edition of the SA8000 standard, namely:

- child labour
- forced or compulsory labour
- health and safety
- freedom of association and the right to collective bargaining
- discrimination
- disciplinary practices
- working hours
- remuneration
- management system.

In addition, MASTER ITALIA S.p.A. undertakes to comply with national laws, other applicable laws and the requirements subscribed to by the company, as also to abide by the international instruments listed in Section II of the SA8000 standard "Regulatory elements and Their Interpretation.

All employees are classified on the basis of the National Collective Labour Agreement (CCNL) without making any distinctions as between men and women, or Italians and foreigners. Each is guaranteed the maximum freedom in terms of worship, habits and customs, and sexual preference, in a framework of reciprocal respect for the rules of everyday social life. In partnership with its employees, MASTER ITALIA S.p.A. has undertaken to create a serene, cooperative, transparent and dynamic working environment.

MASTER ITALIA S.p.A. has also endeavoured to acquaint all its suppliers with the basic principles of the SA8000 standard, especially those in East Asia. For this purpose, it proposes to work within a framework of long-term partnership and cooperation, based upon the detailed observance of contractual agreements directly linked to clauses of the SA8000 standard.

Remarks on SA8000 can be sent to the company's address or directly to the Certification Body (CB) and Accreditation Institute of the CB if it believed necessary to communicate directly with them;

Company: MASTER ITALIA S.p.A., Via Giorgio La Pira, 19 30027 San Donà di Piave (VE).

Fax: 0421 307355. Mail: master@masteritalia.it

Certification Body: SGS Italia S.p.A., via Colombara 115 30030 Malcontenta (VE). Mail: sa8000@sgs.com or laura.verlicchi@sgs.com

Accreditation Institute of the CB: SAI, SAAS, 220 East 23rd Street, Suite 605, New York, New York 10010, USA,

Mail: saas@saasaccreditation.org - Fax: +212-684-1515

MASTER ITALIA S.p.A. undertakes to review this Social Policy every year in order to continually improve it and, if nothing else, take due account of changes in statute law, the requisites of its own code of practice and other requisites subscribed to by the company.

San Donà di Piave, 22/09/2017

Results and objectives**1. Child labour:****The SA8000:14 standard lays down that:**

1.1 The company must not engage in or support child labour, as defined above.

1.2 The organisation must establish, document, enforce and communicate effectively to its personnel and other stakeholders, the policies and written procedures designed to remedy situations of child labour and must provide appropriate financial and other forms of support to enable the children involved to receive schooling until such time as they can no longer be defined as children.

1.3 The organisation may employ young workers, but where such young workers are subject to compulsory education laws, they may only work outside of school hours. In no circumstance can the total time spent between school, work and travelling exceed 10 hours a day, and in no case can young employees work more than 8 hours a day. They will not be allowed to work night shifts.

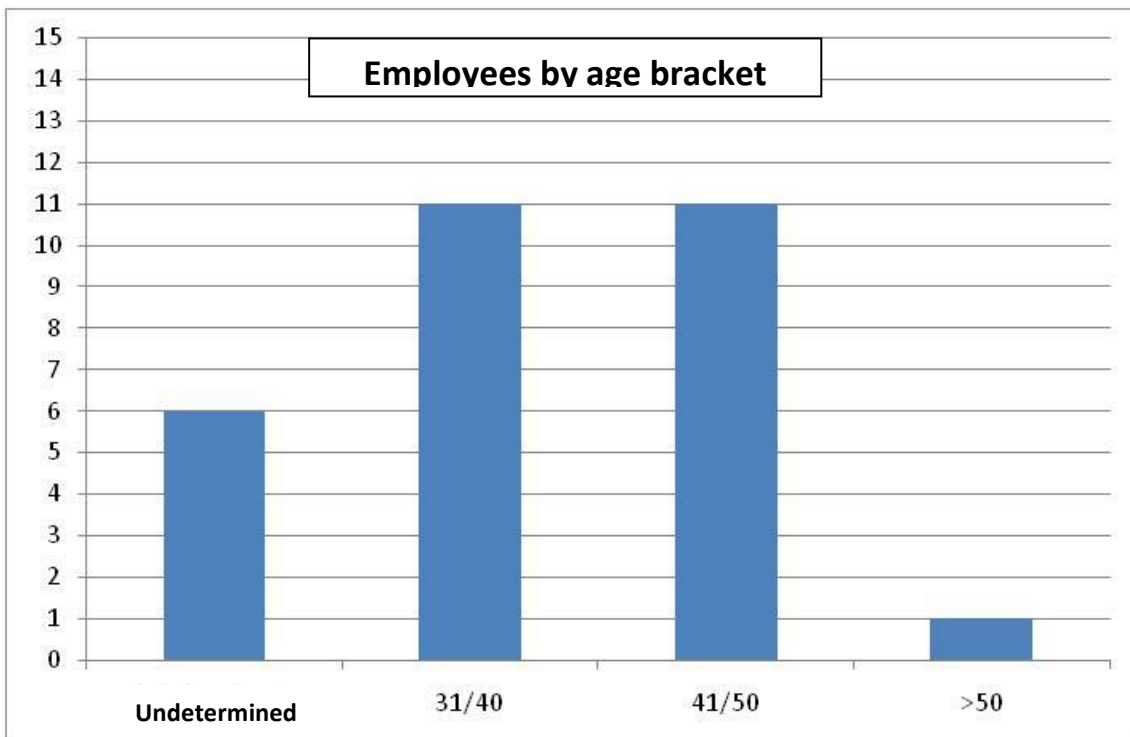
1.4 The organisation shall not expose children or young workers to any situations – inside or outside of the workplace – that are hazardous or unsafe to their physical and mental health and development.

2017 Objectives and the progress made:

1. To sponsor a sports club, including youth academies that believe in the developmental value of sport to ensure young people grow and develop in a harmonious manner. Objective not achieved and re-proposed for the current year.

Charts and analysis

1. Employee age brackets at 31/12/2017.



The following should be specified:

- Since its establishment, the company has never had recourse to child or youth labour.
- At present there is one adult apprentice at work in the company.

An analysis of the chart reveals that the age distribution of the personnel is fairly evenly subdivided over distinct age ranges without an excessive preponderance of any one range.

2017 Objectives

1. Funding constructive child activities.

Strategy and Resources

1. To sponsor a sports club, including youth academies that believe in the developmental value of sport to ensure young people grow and develop in a harmonious manner.

Indicator

1. Sponsoring at least one young persons' sports team. Relations have been established with Rugby San Donà, which it already sponsors.

Final verification time.

1. December 2018.

Person-in-charge

1. RSA8000

2 Forced or compulsory labour

The SA8000:14 standard lays down that:

2.1 The organisation shall not engage in or support the use of forced or compulsory labour, including prison labour, as defined in Convention ILO 29, shall not retain original identification papers and shall not require personnel to pay 'deposits' to the organisation upon commencing employment.

2.2 Neither the organisation nor any entity supplying labour to the organisation shall withhold any part of any personnel's salary, benefits, property or documents in order to force such personnel to continue working for the organisation.

2.3 The organisation shall ensure that no employment fees or costs are borne in whole or in part by workers.

2.4 Personnel shall have the right to leave the workplace premises after completing the standard workday and be free to terminate their employment provided that they give reasonable notice to their organisation.

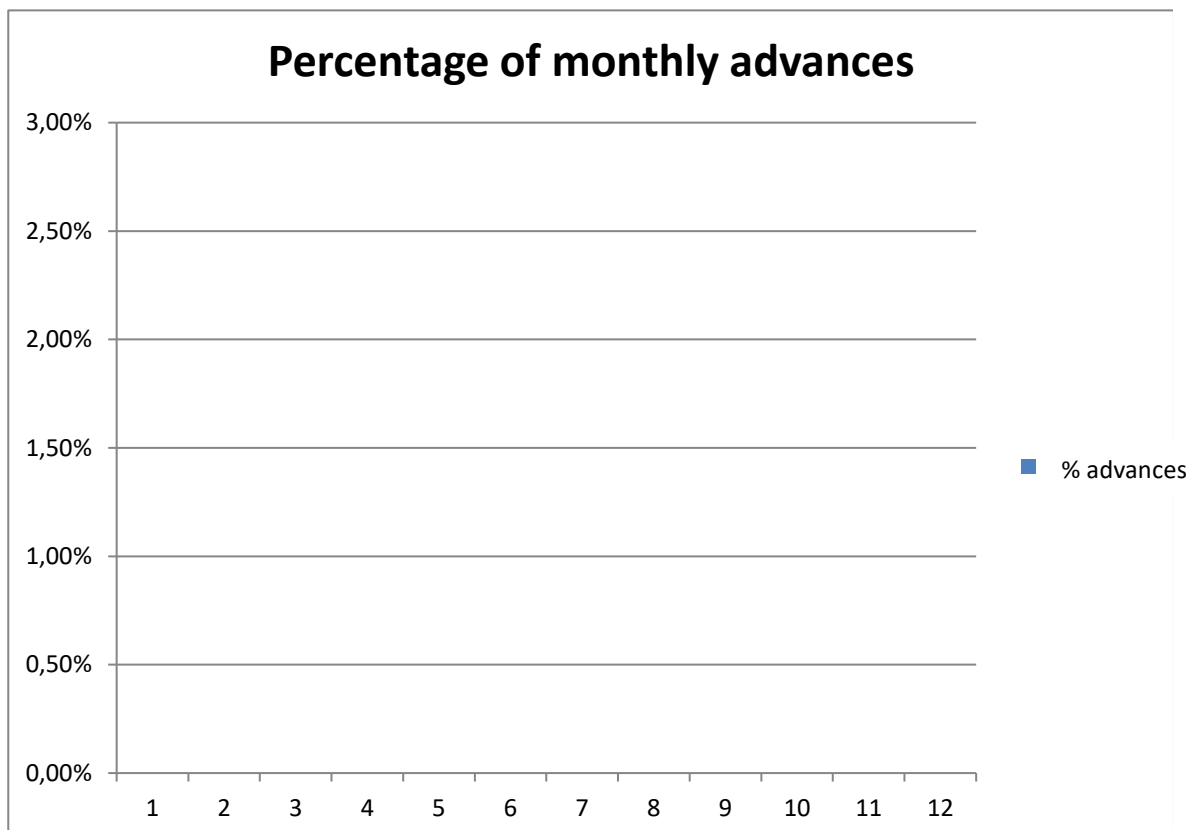
2.5 Neither the organisation nor any entity supplying labour to the organisation shall engage in or support human trafficking.

2017 Objectives and the progress made:

1. No specific objectives were defined for this requisite.

Charts and analysis

1. Advances on salaries for 26 employees:



The following should be specified:

- Deposits requested in the last 3 years: 0.
- Loans requested in the last 3 years: an application for a loan, already disbursed and being paid back by zero-interest deductions from the monthly salary, is still being serviced. The loan's entity is such that it cannot be construed as a constriction for the employee.

The analysis of the chart reveals that no advances on salaries are currently being processed.

Objectives 2018

3. Health and safety:

The SA8000:14 standard lays down that:

3.1 The organisation shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work. It shall minimise or eliminate, so far as is reasonably practicable, the causes of all hazards in the workplace environment, based upon the prevailing safety and health knowledge of the industry sector and of any specific hazards.

3.2 The organisation shall assess all the workplace risks to new, expectant and nursing mothers including those arising out of their work activity, to ensure that all reasonable steps are taken to remove or reduce any risks to their health and safety.

3.3 Where hazards remain after effective minimisation or elimination of the causes of all hazards in the workplace environment, the organisation shall provide personnel with appropriate personal protective equipment as needed at its own expense. In the event of a work-related injury the organisation shall provide first aid and assist the worker in obtaining follow-up medical treatment.

3.4 The organisation shall appoint a senior management representative to be responsible for ensuring a safe and healthy workplace environment for all personnel and for implementing this Standard's Health and Safety requirements.

3.5 A Health and Safety Committee, comprised of a well-balanced group of management representatives and workers, shall be established and maintained. Unless otherwise specified by law, at least one worker member(s) on the Committee shall be by recognised trade union(s) representative(s), if they choose to serve. In cases where the union(s) does not appoint a representative or the organisation is not unionised, workers shall appoint a representative(s) as they deem appropriate. Its decisions shall be effectively communicated to all personnel. The Committee shall be trained and retrained periodically in order to be competently committed to continually improving the health and safety conditions in the workplace. It shall conduct formal, periodic occupational health and safety risk assessments to identify and then address current and potential health and safety hazards. Records of these assessments and corrective and preventive actions taken shall be kept.

3.6 The organisation shall provide to personnel, on a regular basis, effective health and safety training, including on-site training and, where needed, job-specific training. Such training shall also be repeated for new and reassigned personnel, where incidents have occurred, and when changes in technology and/or the introduction of new machinery present new risks to the health and safety of personnel.

3.7 The organisation shall establish documented procedures to detect, prevent, minimise, eliminate or otherwise respond to potential risks to the health and safety of personnel.

The organisation shall maintain written records of all health and safety incidents that occur in the workplace and in all residences and property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.

3.8 The organisation shall provide, for use by all personnel, free access to: clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage.

3.9 The organisation shall ensure that any dormitory facilities provided for personnel are clean, safe and meet their basic needs, whether it owns, leases or contracts the dormitories from a service provider.

3.10 All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from the organisation

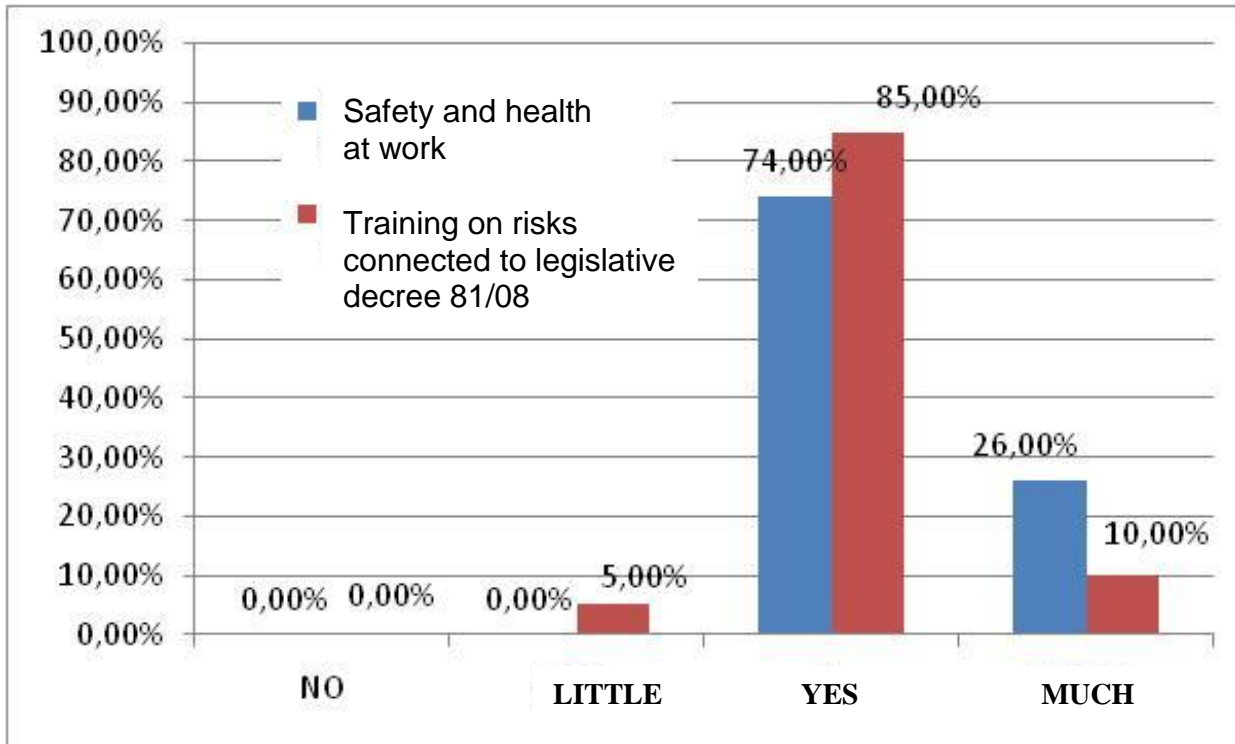
2017 Objectives and the progress made:

1. Achievement of Fire-Prevention Certification for a warehouse under the offices. Objective achieved.
2. Complete fire-fighting training in offices. Objective achieved.

Charts and analysis

The accidents recorded in the last 3 years are 0.

1. Perceptions emerging from the employee questionnaire (19 total replies out of 24 in March 2018).



One person failed to make any judgement on the question of training.

The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. The health and security of the workplace environment was considered important by 7 persons, in line with last year's results.

0 persons deemed safety training important compared to 2 last year.

With respect to the preceding social audit, overall satisfaction with this aspect has improved.

Objectives 2018

4. Freedom of association and the right to collective bargaining:

The SA8000:14 standard lays down that:

4.1 All personnel shall have the right to form, join, and organise trade unions of their choice and to bargain collectively on their behalf with the organisation. The organisation shall respect this right, and shall effectively inform personnel that they are free to join a workers' organisation of their choosing and that their doing so will not result in any negative consequences to them, or retaliation, from the organisation.

The organisation shall not in any way interfere with the establishment, functioning, or administration of such workers' organisations or collective bargaining.

4.2 In situations where the right to freedom of association and collective bargaining are restricted under law, the organisation shall allow workers to freely elect their own representatives

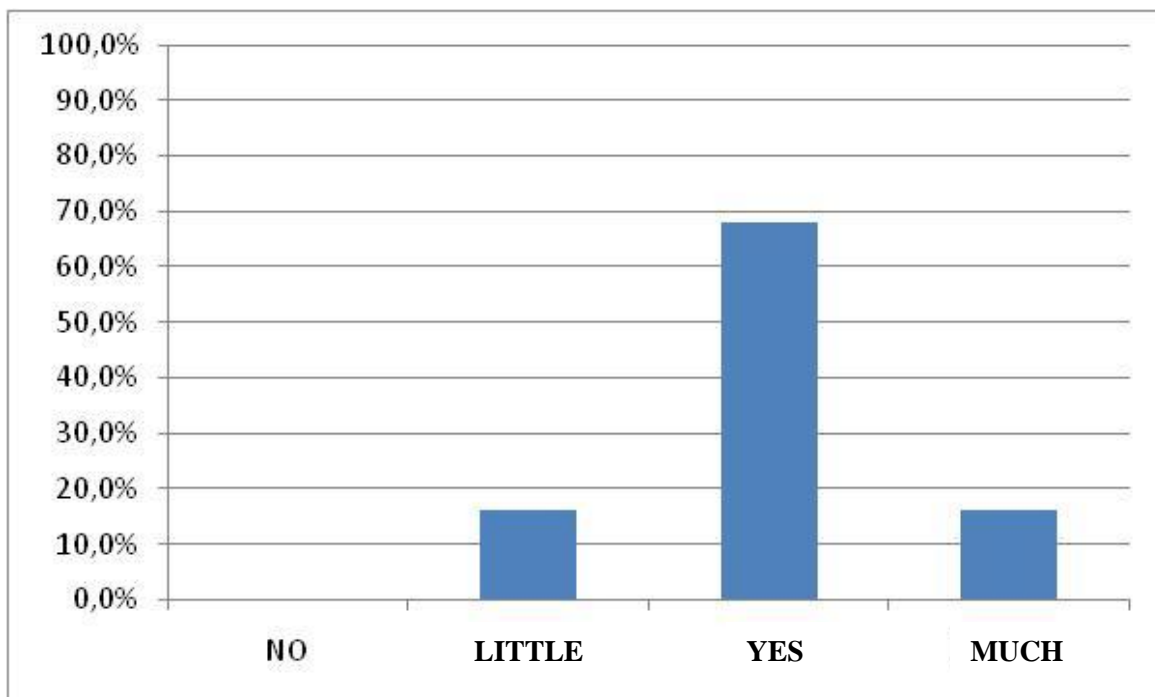
4.3 The organisation shall ensure that representatives of workers and any personnel engaged in organising workers are not subjected to discrimination, harassment, intimidation, or retaliation for reason of their being members of a union or workers' representatives or participating in trade union activities, and that such representatives have access to their members in the workplace.

2017 Objectives and the progress made:

1. No specific objectives were defined for this requisite.

Charts and analysis

1. Perceptions emerging from the employee questionnaire (19 total replies out of 24 in March 2018): Satisfaction with the information on freedom to join trade unions and the right to collective bargaining



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As regards the foregoing aspect, 0 persons deemed it important, or 0% of the respondents, as recorded last year.

The following should be specified:

- Trade union membership: the company is not aware of any employees who are trade union members.

The analysis of the chart shows that the personnel were satisfied with information on freedom to join trade unions provided by the company. However, this aspect was deemed less important than other questions.

2018 Objectives

5. Discrimination:

The SA8000:14 standard lays down that:

5.1 The organisation shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age, or any other condition that could give rise to discrimination.

5.2 The organisation shall not interfere with the exercise of the personnel's rights to observe tenets or practices, or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions, or any other condition that could give rise to discrimination.

5.3 The organisation shall not allow any behaviour that is threatening, abusive, exploitative or sexually coercive, including gestures, language and physical contact, in the workplace and in all residences and property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.

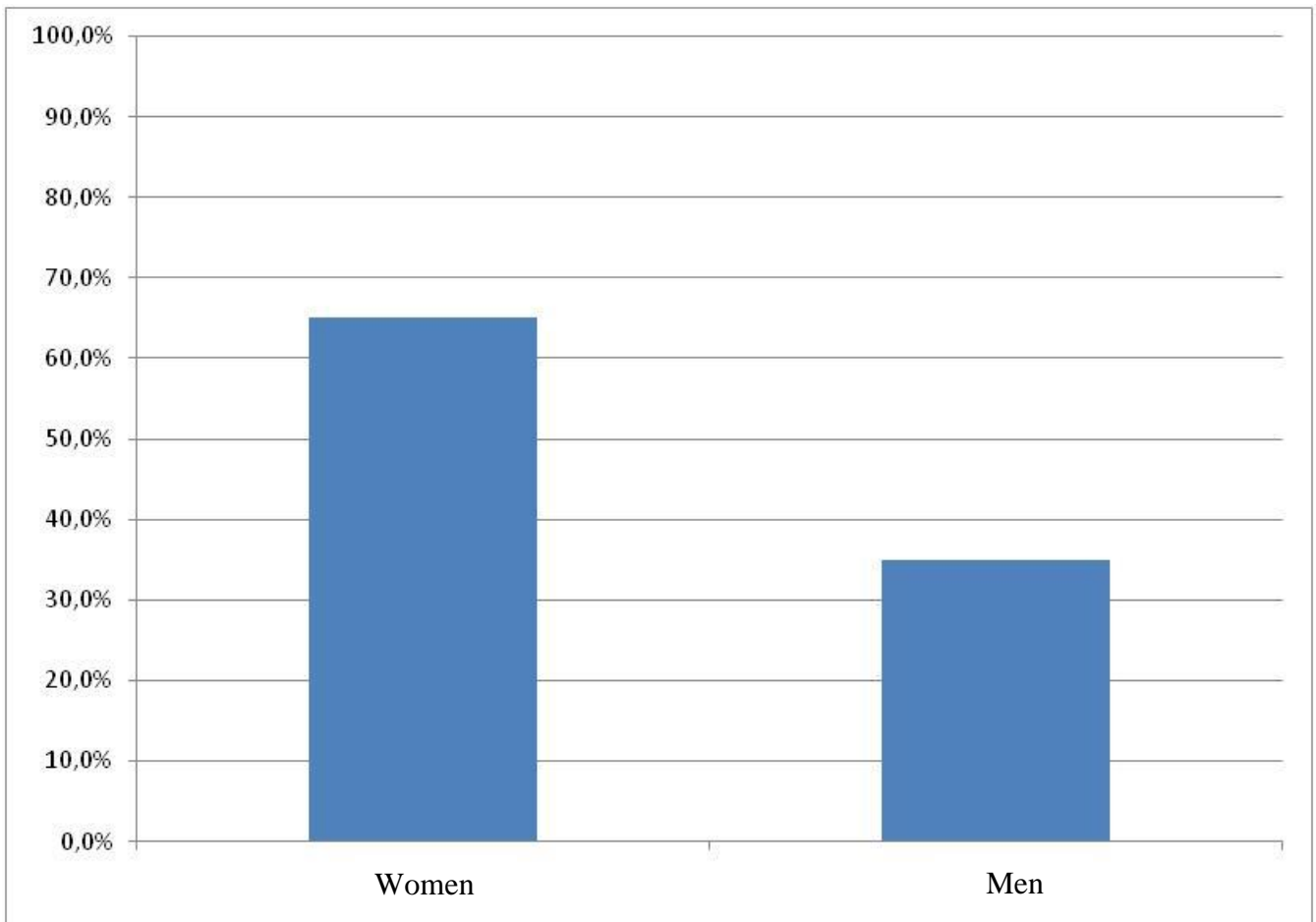
5.4 The organisation shall not subject personnel to pregnancy or virginity tests under any circumstances.

2017 Objectives and the progress made:

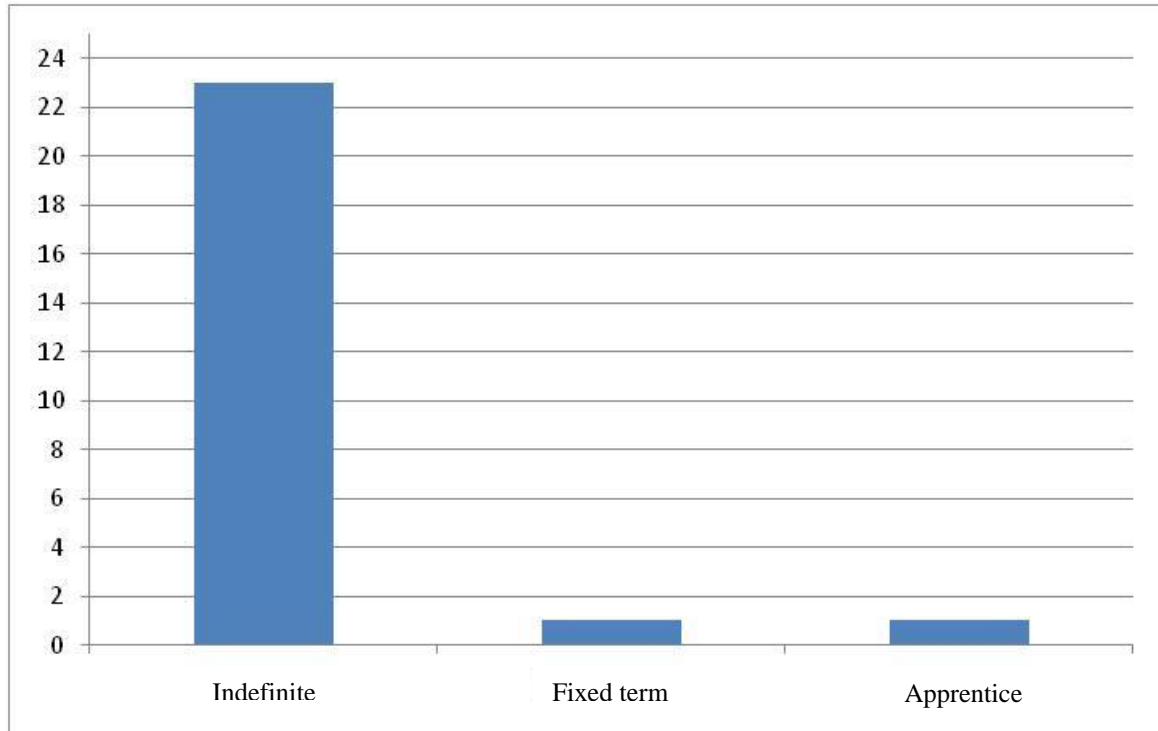
1. No reports were received from the personnel or from stakeholders on questions of discrimination. Objective achieved and reconfirmed.

Charts and analysis

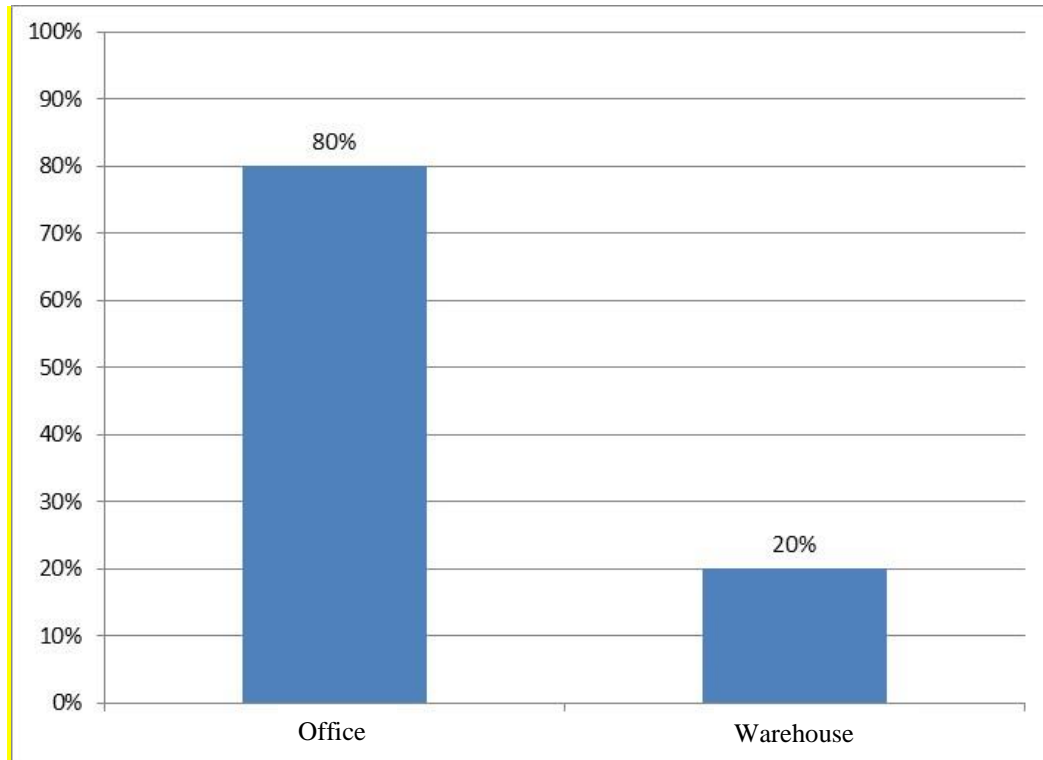
1. Gender relations:



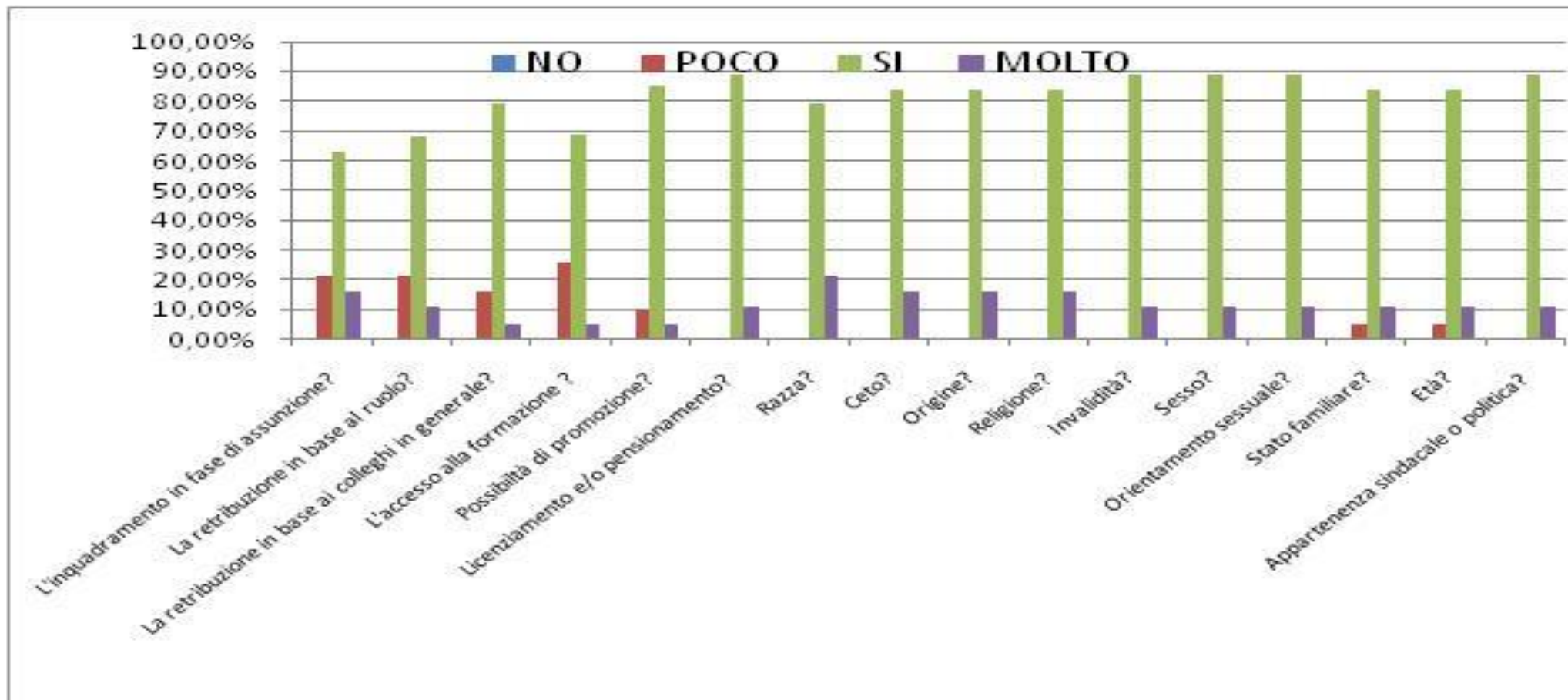
2. Type of contracts in force in company:



3. Breakdown of personnel by job



4. Perception from employee questionnaire (19 total replies out of 24 in March 2018). Satisfaction in relation to all forms of discrimination.



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As regards the foregoing aspect, 10 persons out of 19 persons deemed it important, as recorded last year. Remuneration, the possibility of promotion, which last year were critical aspects, have improved. Access to training: the limited satisfaction percentage, at 26% has increased.

The following should be specified:

- The reference law on the obligation to hire disabled persons is law no. 68/99 and the company, with one disabled person employed, is fully compliant.
- There is one non-Italian employed by the company.

The analysis of the chart shows the average level and numbers of persons satisfied with the various aspects of discrimination. It should be noted that the level of limited satisfaction with training is slightly higher. This aspect is forecast to be considered in detail during training meetings.

Objectives 2018

1. No reports were received from the personnel or from stakeholders on questions of discrimination.

Strategy and Resources

1. To define appropriate training and information sessions with which to heighten the workforce's awareness on the use of signage in order to improve the social accountability management system. To heighten all the workforce's awareness of fair conduct.

Indicator

1. Nil percentage of reports on discrimination.

Final verification time.

1. December 2018

Person-in-charge

1. RSA8000

6. Disciplinary practices

The SA8000:14 standard lays down that:

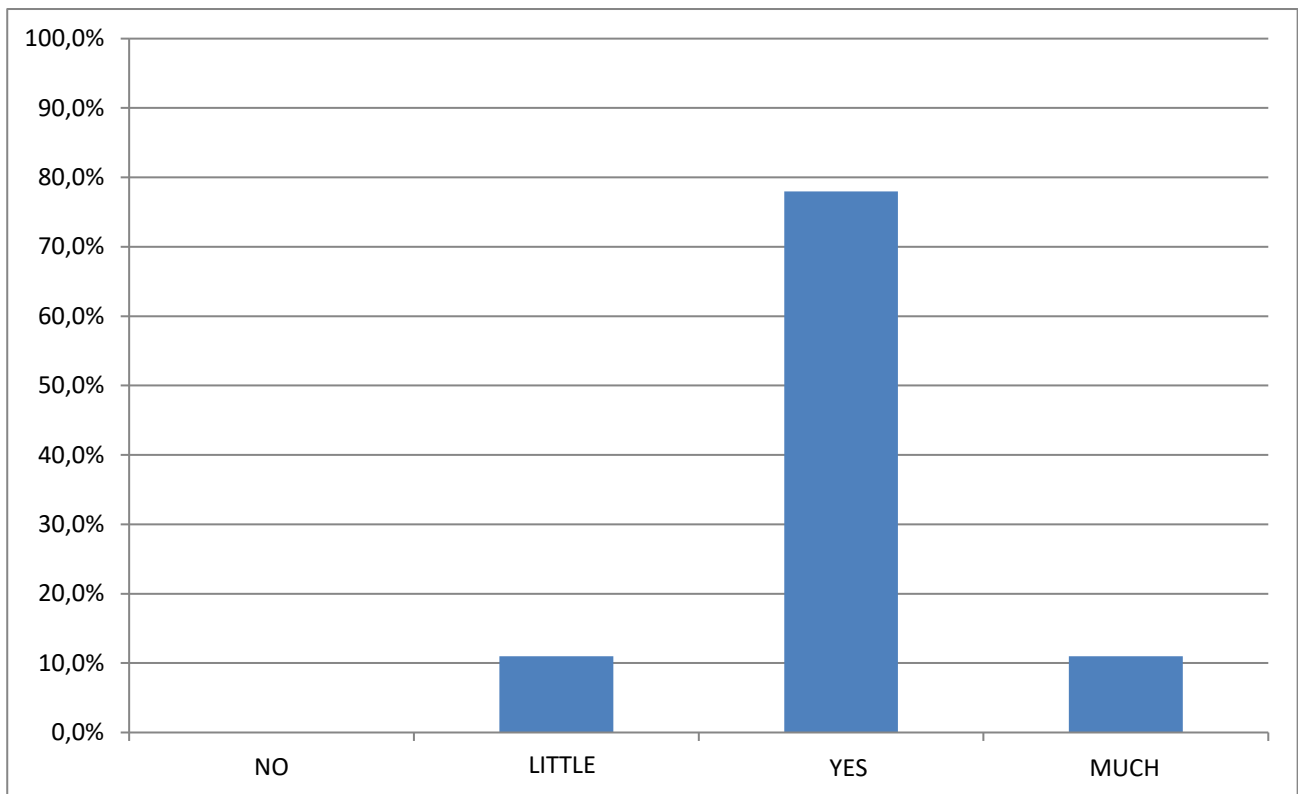
6.1 The organisation shall treat all personnel with dignity and respect. The organisation shall not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

2017 Objectives and the progress made:

1. To keep disciplinary actions at zero. Objective achieved.

Charts and analysis

1. Perception from employee questionnaire (19 total replies out of 24 in March 2018). Satisfaction with every aspect of disciplinary practices in use.



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As regards the foregoing aspect, 0 persons deemed it important.

The following should be specified:

- No recourse to disciplinary actions was made in the last three-year period.

The analysis of the chart shows that on average persons are satisfied with the aspects of disciplinary practices although room for improvement exists.

Objectives 2018

1. To keep disciplinary actions at zero.

Strategy and Resources

1. To heighten awareness among the entire workforce on respect for occupational regulations with a proactive attitude towards improving the corporate climate.

Indicator

1. Annual cases of contestation 0

Final verification time.

1. December 2018

Person-in-charge

1. RSA8000

7. Working hours

The SA8000:14 standard lays down that:

7.1 The organisation shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours.

7.2 Personnel shall be provided with at least one day off following every six consecutive days of working.

Exceptions to this rule apply only where both of the following conditions exist:

a) National law allows work time exceeding this limit; and

b) A freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods.

7.3 All overtime work shall be voluntary, except as provided in 7.4 below, shall not exceed 12 hours per week, nor be requested on a regular basis.

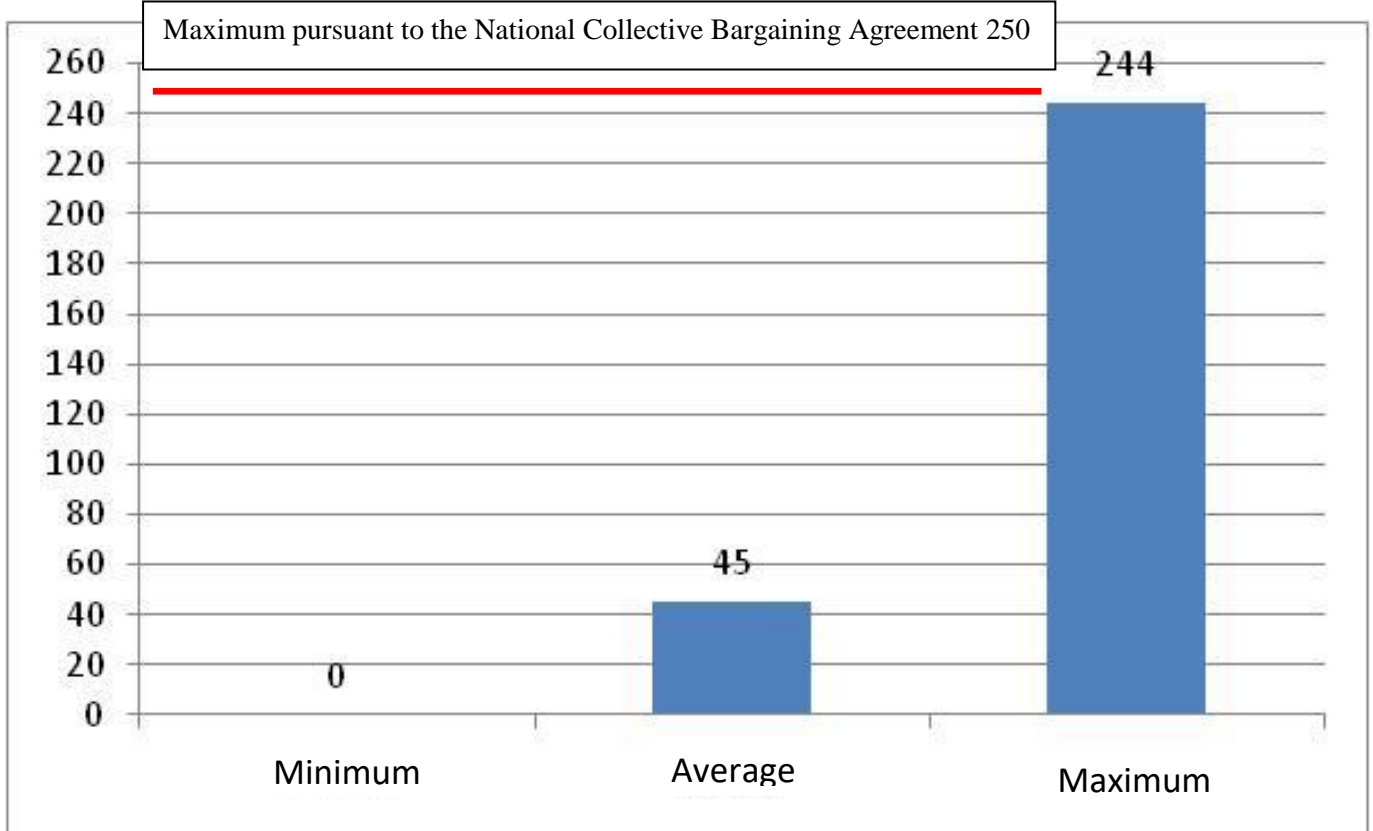
7.4 In cases where overtime work is needed in order to meet short-term business demand and the organisation is party to a freely negotiated collective bargaining agreement representing a significant portion of its workforce, the organisation may require such overtime work in accordance with such agreement. Any such agreement must comply with the other requirements of the Working Hours.

2017 Objectives and the progress made:

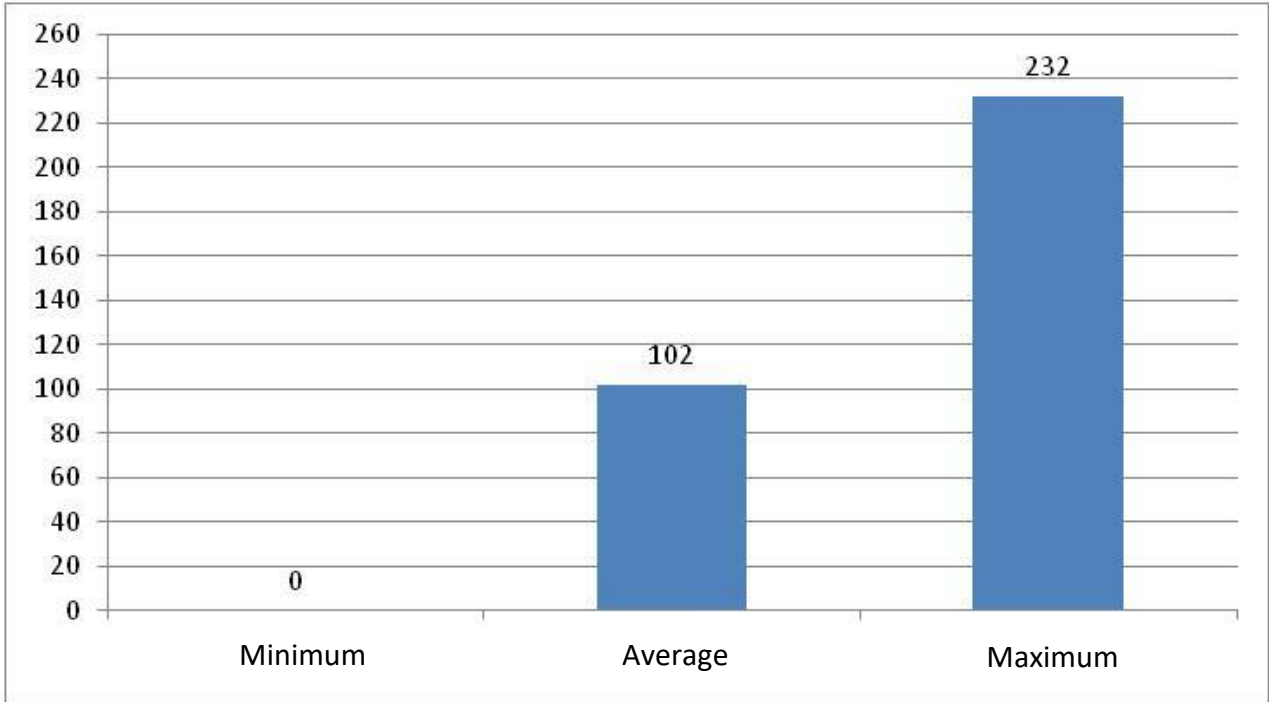
1. To keep overtime working hours constantly below the level of the National Collective Bargaining Agreement. Achieved.

Charts and analysis

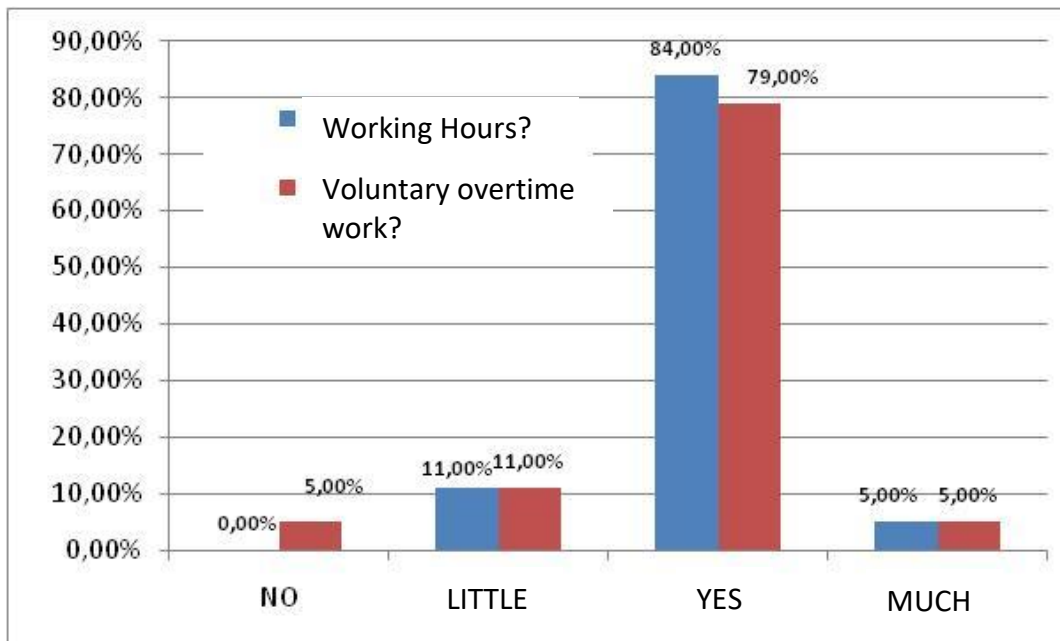
1. Annual hours of overtime work



2. Outstanding holiday hours



3. Perceptions emerging from the employee questionnaire (19 total replies out of 24 in March 2018) : Satisfaction with every aspect of working hours and the voluntary nature of overtime work.



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As regards working hours, 11 persons rated them to be important, 17% more than last year.

As regards the voluntary nature of overtime work, 2 persons deemed this important compared to 1 person last year.

The following should be specified:

- Overtime working hours in excess of the 250-hour limit laid down by the National Collective Bargaining Agreement have not been recorded in the last three years.

Objectives 2018

1. To keep overtime working hours constantly below the level of the National Collective Bargaining Agreement.

Strategy and Resources

1. The personnel manager conducts quarterly monitoring on the amount of overtime worked by each employee.

Indicator

1. Overtime working hours < 250.

Final verification time.

1. December 2018

Person-in-charge

1. RSA8000

8. Remuneration:

The SA8000:14 standard lays down that:

8.1 The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable).

Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.

8.2 The organisation shall not make deductions from wages for disciplinary purposes.

Exceptions to this rule apply only where both of the following conditions exist:

a) Deductions from wages for disciplinary purposes are permitted by national law; and

b) A freely negotiated collective bargaining agreement is in force that permits this practice.

8.3 The organisation shall ensure that personnel's wages and benefits composition are detailed clearly and regularly in writing for them for each pay period. The organisation shall lawfully render all wages and benefits due in a manner convenient to workers, but in no circumstances in delayed or restricted forms, such as vouchers, coupons or promissory notes.

8.4 All overtime shall be reimbursed at a premium rate as defined by national law or established by a collective bargaining agreement. In countries where a premium rate for overtime is not regulated by law or there is no collective bargaining agreement, personnel shall be compensated for overtime at the organisation's premium rate or at a premium rate equal to prevailing industry standards, whichever is higher.

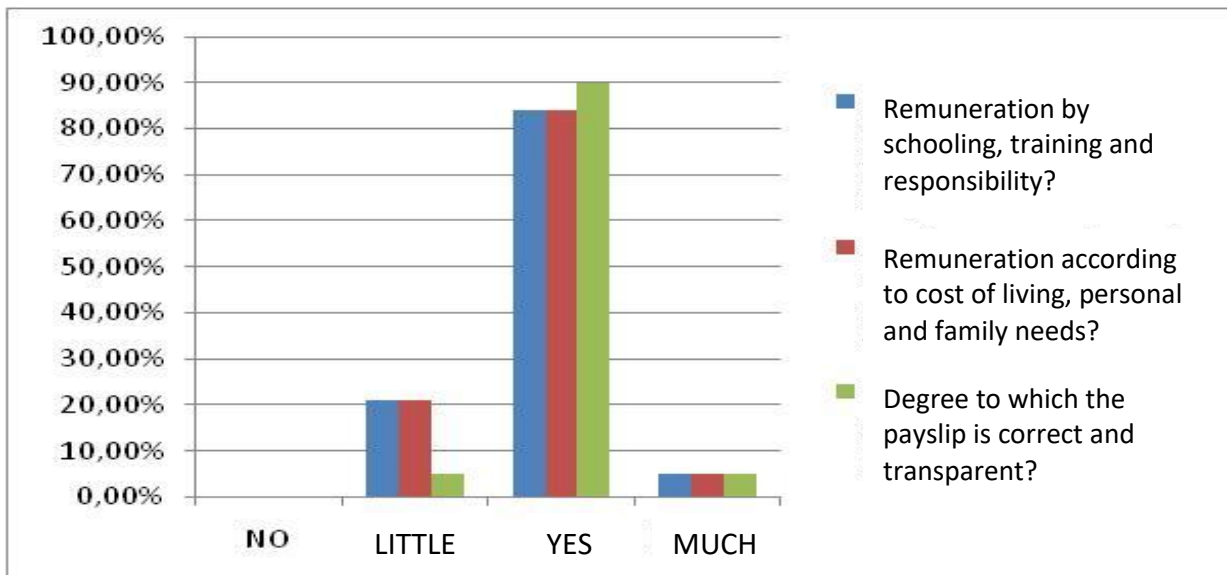
8.5 The organisation shall not use labour-only contracting arrangements, consecutive short term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.

2017 Objectives and the progress made:

1. No specific objectives were defined for this requisite.

Charts and analysis

1. Perceptions emerging from the employee questionnaire (19 total replies out of 24 in March 2018): Satisfaction with every aspect of remuneration.



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As concerns remuneration related to the level of schooling, this was deemed important by 9 persons, higher than the 33% that replied to the questionnaire last year.

As concerns remuneration related to the cost of living, 9 person rated this aspect important, more than the 33% who replied to the questionnaire last year.

As regards the correctness and transparency of the payslip, 2 persons deemed this important compared to 1 person last year.

The following should be specified:

- The average gross monthly remuneration is based upon the trade union schedules (which set out a basic salary, based on a full working month) regardless of whether the worker is a man or woman, an Italian or a foreign national.

According to the charts and the strong points mentioned, there is a discreet level of satisfaction with remuneration.

Objectives 2018

9. Management system

The SA8000:14 standard lays down that the company must:

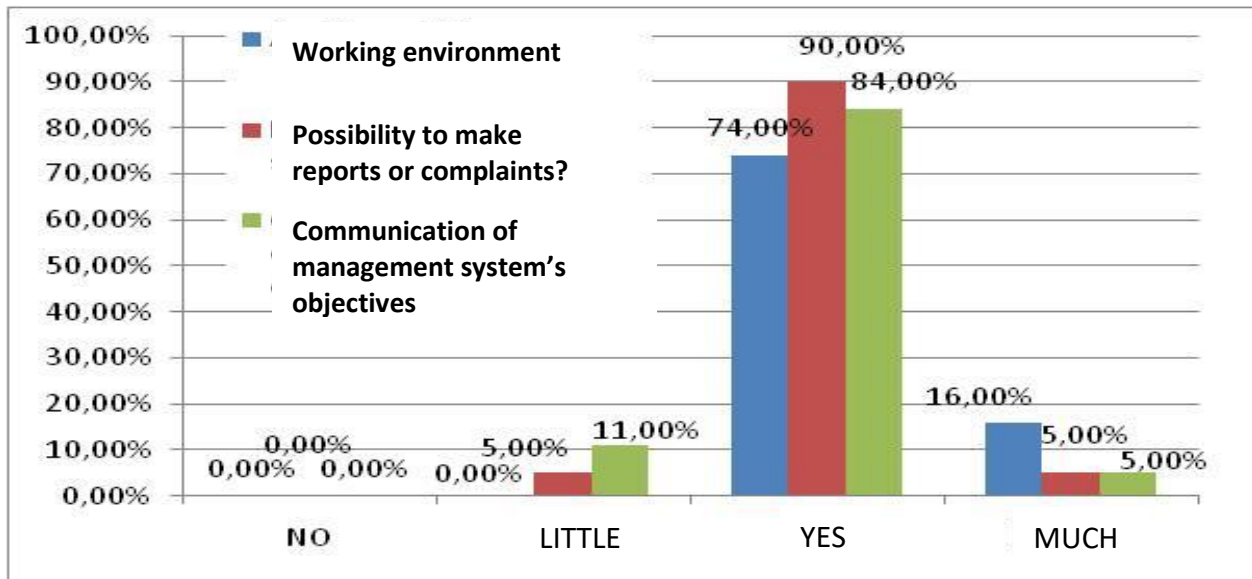
- 9.1 Policies, Procedures and Records
- 9.2 Social Performance Team
- 9.3 Identification and risk assessment
- 9.4 Monitoring
- 9.5 Internal involvement and communication
- 9.6 Claim management and resolution
- 9.7 External verification and stakeholder engagement
- 9.8 Corrective and preventive actions
- 9.9 Training and capacity building
- 9.10 Management of suppliers and contractors

2017 Objectives and the progress made:

1. To define a monitoring plan for all slightly or highly critical suppliers as required by the PRO ACQ. Objective achieved.

Charts and general analysis

1. Perceptions emerging from the employee questionnaire (19 total replies out of 24 in March 2018): Satisfaction with some general aspects



The questionnaire gave employees the chance to indicate the three most important aspects of their employment conditions. As concerns the working environment, 13 persons considered this important, 61% more than those that replied to the questionnaire last year.

As concerns to the possibility of submitting reports and complaints, 2 persons deemed this aspect important, with respect to 1 person last year.

As concerns the communication of corporate objectives regarding the Management System, 0 persons deemed this important.

Training and stakeholder involvement

In 2017, everybody underwent specific retraining according to edition 2014 of SA8000. Training was based on the key concepts of the SA8000 standard, and upon the operational directives on the procedures to be followed and the forms to be compiled by the external consultant Dr Giancarlo Bottaro.

New workers will receive initial SA8000 training on safety and instructions on how to read the payslip. New entrants will receive training in April 2018 simultaneously with the medical examinations.

Obligatory safety training is provided.

An information declaration, as stated above, has been sent to all stakeholders in order to obtain their involvement. This Social Audit will be published on the company's website so that all stakeholders can read it.

Supplier monitoring plan

As stated in the PRO ACQ Procedure "MONITORING SUPPLIERS" – part and parcel of SA8000 – all company suppliers, whether established or new, have been included in the xls file "SA8000 Suppliers".

The suppliers were first of all catalogued in this xls file on the basis of the following factors:

- Business name;
- Type of activity provided;
- Turnover;
- Place of production;
- Audits performed.

This initial overview produced a classification that enabled us to assign possible criticalities to them based upon the eight subsections of the SA8000 standard that suppliers are expected to observe.

In the file "SA8000 Suppliers" for each subsection of the SA8000 standard, a value has been attributed to each supplier, and this value, in its turn, is the result of three separate criteria:

- A= improbable non observation of the subsection of the standard
- B= probable non observation of the subsection of the standard
- C= highly probable non observation of the subsection of the standard

According to the values assigned to it and classification used in the following table, a supplier's probability of non-observance is rated as more or less critical, as follows:

SCORE	CLASSIFICATION	
No B	A	Not critical
At least two Bs but no C	B	Slightly critical
At least one C	C	Highly critical

The file "SA8000 Suppliers" also recapitulates Non-Conformities with respect to the SA8000 of each supplier. Just one non-conformity will make the supplier critical until such time as appropriate remedial actions of ascertained effectiveness are taken. At present there are no Non-Conformities attributable to suppliers.

All company suppliers have been sent the form entitled "Newsletter for suppliers" and "Suppliers' self-declaration".

The "Suppliers' self-declaration" requires suppliers to subscribe to the following principles:

- Compliance with SA8000 requirements;
- Participation in monitoring activities regarding the SA8000 standard;
- Identifying and applying immediate remedial and corrective actions in the event of SA8000 non-conformities;
- Inform the company of every significant economic relationship with other suppliers and sub-suppliers.

As concerns suppliers considered slightly or highly critical - with reference to the foregoing SA8000 requirements - additional information must be collected either through on-site audits or from information provided by NGOs, competent institutions, observatories, the media, and testimonial evidence.

Instead, for the suppliers indicated as "Slightly critical" or "Highly critical" in the xls file "SA8000 suppliers", an audit will be scheduled at their offices, which will commence with those with the highest critical values and continue according to their incidence on overall purchase sales volumes.

No supplier has been classified as "critical".

Suppliers classified as "slightly critical" are exclusively Chinese suppliers where productive activities take place.

It is forecast that on-site audits will continue and be concluded in 2018 on the premises of suppliers defined as "slightly critical". A special check list will be used for auditing activities with which strong points and aspects to be improved will be highlighted in order to define the targeted actions with the individual suppliers on a case-by-case basis.

Objectives 2018

Inspection checks

07 March 2018 saw the completion of the latest audit by the SGS Certification Body. This called for the implementation of some corrective actions, as detailed below in the corrective actions paragraph.

On 12 March 2017, an internal audit was performed on the entire Social Accountability Management System by our external consultant Dr Giancarlo Bottaro.

The checks failed to bring any non-conformities to light and nor were any observations made.

The audits are conducted annually. The next audits will take place in February 2019.

Corrective actions

No notification were received in 2017.

Following the latest check by the SGS Certification Body of **07 November 2017** no specific comments were forthcoming and only one observation was made, in addition to the standard communications, which is summarised below:

Points meriting attention

1. The internet site should be updated expeditiously (some out-of-date SA8000 documents are still visible).