Letter to the stakeholders

Sustainable development and corporate social responsibility are important commitments for Miko S.r.l. and this year we want to renew our promises and future goals by publishing our second sustainability report.

Miko’s commitment has always been to use and create materials with a high ecological content; from this idea in the 90s the Dinamica® by Miko product was born, in partnership with the Japanese company Asahi Kasei. Dinamica® is, in fact, the product that still today represents the company the most because it intrinsically demonstrates its commitment to environmental responsibility, attention, use, and processing of raw materials, to respecting the consumer, and to the possibility of being recycled to 100% at the end of its use.

In the medium term, the international entrepreneurship and Miko, too, have strongly felt the need for greater transparency in the management and for behavioral correctness. It is understood that only through a voluntary assumption of responsibility by the companies towards all the subjects involved and through a correct management, it is possible to reach the planned economic and financial goals, as well as to help reducing pollution and adopting governance models that contribute to the well-being of the community where the company resides.

This document - inspired by the drafting of the GRI Sustainability Reporting Standards Guidelines issued by the “Global Reporting Initiative” which today represent one of the most widespread international standards on sustainability reporting - and the development plans show clearly the attention of the Group, to which Miko Srl belongs, on sustainable development and on the production of recycled materials by using innovative processes.

The search for sustainable strategies is becoming increasingly important, affecting and supporting the activities of companies that follow the same line. The sustainability of a company can be considered as an expression of a rethinking of the relationship between the various economic-financial, environmental, and social spheres.

We know that the future will bring us new challenges but we turn our gaze with enthusiasm and determination, well aware of the goals we have achieved so far. Always with greater attention we take care of the environment and of corporate social responsibility by placing our customers and the local community at the center of our development.

The Chief Executive Officer
Lorenzo Terraneo
In particular, the strategic objectives of Miko can be related to the following SDGs:

Miko, in carrying out its activity, is committed to contributing to achieving the goals of sustainable development established by the 2030 UN agenda in order to reach a better and more sustainable future at a global level.
Index

01 Corporate profile
02 Organization and governance
03 Strategy for sustainability
04 Profiles of social responsibility
05 Profiles of environmental responsibility
06 Profiles of economic responsibility
07 Goals for the future
The Company
Miko S.r.l. is a leading company in its sector specialized in the production of high-tech microfibers. Quality raw materials, constant investments in research and continuous development of its production systems guarantee a product with unique aesthetic characteristics and higher performance values than those of the market standards.

Dinamica, the eco-friendly Made in Italy microfiber produced by Miko S.r.l., is our brand for a product with unique characteristics: exclusivity, elegance, beauty, and glamour are the emotions it can provide.
Who we are

Established in 1997, Miko S.r.l. is the Gorizia-based company which produces Dinamica®, the first ecological microfiber with high performances and suitable for many sectors of application.

Over the years Miko S.r.l., which started its business as a producer of a non-woven fabric (a textile material produced with advanced technology different from the common weaving, consisting in the dense union of artificial or synthetic fibers, to form a veil, held together thanks to mechanical, thermal or chemical treatments) for the furniture sector, has broadened its product range to respond to the demands of other areas of application including the automotive sector. Today, internal car coverings constitute the 90% of Miko’s production and represent a strong growing market.

For the future of the brand Dinamica®, the purchase of company shares by Sage in 2015 represented a great opportunity not only for consolidation but also for further growth, thanks to the solid global network of this majority shareholder.

The company has been and continues to be chosen by some of the most recognized automotive manufacturers for car interiors, by virtue of its ecological credentials, unparalleled technical qualities and unique aesthetic characteristics.

Today, although car interior is the main area of use for Dinamica®, Miko is also present in the aerospace, furnishing, contract, marine and fashion sectors.
Miko S.r.l. with its administrative, managerial and productive heart has always been based in Gorizia / Italy. The modern building, equipped with photovoltaic panels and built in the respect of the most recent ergonomic requirements, is located in the industrial area of the city:

Via Giuseppe Ressel, 3
34170 GORIZIA – Italia
Ph. +39 0481 523232
Fax +39 0481 20668
info@dinamicamiko.it
www.dinamicamiko.com
Miko S.r.l. is constantly committed to caring and maintaining the state of its corporate spaces: all the infrastructures necessary to the functioning of the processes and to the conformity of its products and services are available and maintained in an adequate state of efficiency.

The company employs 85 workers divided among the administration and commercial departments (in the area dedicated to offices), dyeing, finishing, quality control, recipe preparation, laboratory, service, shipping and warehouse.

The infrastructures consist of:

- the building, which in turn consists of an office area, production area, laboratory, warehouse area, toilets and dining area, electrical and thermal system, compressed air, treatment plant, IT infrastructure
- production facilities and equipment
- workstations
- hardware equipment (PCs, peripherals, telephones, etc.)
- software

Miko S.r.l. uses a multidisciplinary approach that involves the identification and management of risks in the planning, development and improvement of the plant, the means and the equipment. It has designed the layout of its own site considering:

- optimization and synchronization of the flow of materials and relative movement
- the optimization of the available spaces, which include a special quarantine area for suspect products, an area dedicated to the material to be reworked, the second-choice material and the waste material
Miko S.r.l. considers the work environment, understood both from a physical, social and psychological point of view, essential for its staff for an efficient management of the work flow.

Temperature, humidity, lighting, ventilation and hygiene are monitored and maintained through appropriate infrastructures and services provided externally.

During this last year, the internal layout of the offices and workstations has been revised, in order to create a new workstation for the human resources manager and to allow a better distribution and functionality for the other employees. At the entrance of the building a garden corner made with Dinamica® has been created; in addition to providing a positive first impact to the visitor, it shows the possible uses of the product. Finally, in the reception and meeting room area, vending machines for beverages and food have been added, managed by a Friulian company particularly attentive to sustainability, the CDA S.r.l. of Talmassons (UD).
1997

From 1998 to 2003
The upholstery sector grew rapidly: sold 578,000m
Miko approaches Recaro, a company that produces car seats, and the secondary market.
From Italy to the USA: Miko expands its automotive network in Detroit.

2004
The first Malibu GMX380 with Dinamica® interiors is presented in the USA, Miko bet on the automotive industry: first steps towards a new commercial network. Main markets of interest: France, Germany, United Kingdom.

Since 2005
Crisis in the marine and upholstery sectors

2007
New distribution of Miko’s shares: Arofin 86% and Asahi Kasei 14%.
A Japanese Research and Development manager starts working at Miko (and then continues until 2013) to improve Dinamica® Auto and to develop new products.
The first cars with Dinamica® interiors came out in Europe: Audi A4 RS6 and Passat R36.

Since mid-2008
Crisis in the automotive sector
The first Mercedes programs started; PSA, Ford US, JLR, Smart, GM, VW and Opel followed.
More and more cars covered by Dinamica® interiors were presented all over the world at the most important car shows.
2011
Miko opened a design sector to propose new collections, technologies and products.

2012
Miko also started collaborating with KIA, Alfa Romeo, Chrysler, Mini and Volvo.

2013
Miko also started collaborating with KIA, Alfa Romeo, Chrysler, Mini and Volvo.
Dyeing cycles increased from 200 to 300 meters dyed in the pipeline, reducing the consumption of energy, water and chemicals.
Miko adopted the Organization and Management Model (Supervisory Auditors) together with the important Code of Ethics and Conduct.
Miko doubled its turnover: 1,200,000 m. sold
Main sector: automotive (87%)
Target sector: aviation
Major markets: Europe, North and South America, Asia and Australia.

2014
Miko improved its EPD (Environmental Product Declaration) data for Dinamica® Auto: 5.6 kg of CO2 per sq.m.
Miko worked to finalize future programs with VW Europe and China, Hyundai / KIA Korea and USA, Nissan Europe.
Target markets: China and Brazil.

2015
Sage Automotive interiors acquired a majority share in the Group, a choice given by the desire to have a more global approach to the car world by offering a better service to customers.

2016
The car market continued to grow. The first new projects started with VW for the entire Golf, Polo, Tiguan, Touran, UP and Caddy. New customers were approached thanks to the Sage network that made Dinamica® closer and closer to the Ford brand.

2017
The microfiber in the automotive market grew of importance and Miko continued to grow. From Japan, the third new production line of the raw material was approved; it ensured Miko would reach new markets and increase its production and its turnover.

2018
During the year 2018 Sage was acquired by Asahi Kasei, in order to follow the entire supply chain even more closely and to further develop the Dinamica® brand. New automotive brands came into contact with Miko S.r.l. and some brands brought Dinamica® as a distinctive success factor in the launch of current projects, to highlight the sustainable approach of the respective car manufacturers.
Since its foundation, Miko S.r.l. has always been focusing its production efforts on microfiber fabric, treated with water and not with solvents. To reach this result, the path has been long, with inevitable and important investments in research and development. The resulting product is Dinamica®, a technology developed by the Japanese industrial giant Asahi Kasei, dyed and finished by Miko S.r.l.

The Dinamica® microfiber is a material suitable for various sectors, but in recent years it has firmly established itself in the automotive sector, where it is chosen by some of the most important car manufacturers in the world.
02 Organization and governance
Miko S.r.l. is a limited liability company and belongs to Sage Global Automotive Srl - fundamental to give a global boost to the Dinamica® product -, in turn controlled by Asahi Kasei Corporation, producer of the raw material.

In addition to compliance with mandatory standards, Miko S.r.l. has obtained and is committed to maintaining various certifications, guaranteeing stakeholders an integrated Quality-Environment-Safety-EPD® policy; the company pursues a Life Cycle Thinking approach for the Dinamica® product, in addition to adopting the Organizational Model 231/01 and the Code of Ethics.
In 2015 the company Sage Automotive Interiors - one of the world leaders in the automotive sector for the supply of car interior fabrics, with Headquarters in South Carolina (USA) - acquired the majority shares of the Miko Group together with Asahi Kasei Corporation. Sage is a multinational company with production premises located in various parts of the world: North America, Brazil, China, Japan, Korea, Europe. Asahi Kasei, Japanese industrial giant, is a world leader in the production of substrates for the production of Dinamica®.

Miko S.r.l. is a limited liability company and belongs to Sage Global Automotive Srl, which is in turn controlled by Asahi Kasei Corporation.

The upward trend in Miko S.r.l.’s production and the growing sales projections over the next few years (estimates up to 2020 have been observed) show that the product is achieving great success in the automotive sector. The role of Asahi Kasei is decisive as a producer of the raw material in support of Miko’s productive activities. In 2017 Asahi approved the plan for the plant of a third production line that will help Miko S.r.l. manage the increasing production requests. It will be in function starting from June 2019.
The role of Sage is, ultimately, to coordinate the activities of Miko S.r.l. and monitor the trend, leaving sufficient freedom for the commercial / strategic choices made within the company. In addition, thanks to Sage’s sales network and production sites in various countries around the world, Miko has had the opportunity to get a global push and be represented in other countries where it was not present before, without making further commercial investments. An important aspect is that Sage works for the growth of the group all over the world and the various offices are not in competition with each other but rather in continuous expansion.

During 2018 the entire Sage Automotive group was acquired by Asahi Kasei, to follow the entire supply chain even more closely and further develop the Dinamica® brand. Miko S.r.l. is therefore 100% controlled by Asahi Kasei Corporation. This company, based in Japan, has a year-end closure that does not correspond to the calendar year, therefore also Miko S.r.l. from now on will be closing its businesses on 31/03 each year. For this year of transition the management will last 15 months, i.e. from 01/01/2018 to 03/31/2019. Consequently, unless otherwise indicated, the indicators presented in this document are calculated over this period of time.

The fact that now the whole Dinamica® production chain is part of the same group, can give a considerable competitive advantage to the development of Miko S.r.l. increasingly linked to the automotive world. Asahi Kasei itself has justified the acquisition of the Sage Group as a precise desire to become an increasingly important player in the automotive sector in the coming years.

The company is managed by a Board of Directors consisting of 6 members, the President Pieper Dirk Raymond, the managing directors Terraneo Lorenzo, Terraneo Leopoldo, Reed Paige Allen and the advisers Russian Daniel Frank, Nakajima Yasuyoshi and Lowrance III Edgar Johnston.

In April 2018 the supervisory body represented by the Board of Auditors was replaced by a Single Auditor.
Compliance with the regulations

The reference standards for the performance of Miko’s activities belong to the following different cases:

• those represented by Italian legislation, the Civil Code and regulations and laws concerning the environment and safety
• industry standards, consisting of all those laws, decrees, regulations and directives that define the construction characteristics of road vehicles
• the non-mandatory standards required or strongly desired by the main stakeholders and customers, such as the IATF 16949 certification and the EPD® - Environmental Product Declaration
• the Öeko-Tex Standard 100 class 1 (in the furnishing sector, the compliance with this product certification is a guarantee of great quality and safety, for products suitable for direct contact with the skin)
• the 231/2001 organizational model together with the Code of Ethics

Miko S.r.l. integrates a quality - environment - safety - EPD® policy through the certifications listed above.

In relation to the management of environmental risks and related communications, since 2010 the company has adopted a “Life Cycle Thinking” approach, through the EPD® Management System, with the following goals:

• to communicate objective, accurate and scientifically proven environmental data on products
• to monitor the environmental impacts related to the entire life cycle of the products through the LCA method
• to improve the environmental performance of products through eco-design and the principles of the circular economy
• to activate partnerships with the entire supply chain to obtain information on the environmental performance of the materials during the various phases and to assess potential improvements
• to guide stakeholders towards a responsible behavior of their activities from an environmental point of view

Certifications and risk management

Miko has adopted an approach towards Life Cycle Thinking and credible communication of the environmental performance of its products (no greenwashing). The environmental performance of the Dinamica® Auto product has been assessed using the LCA (Life Cycle Assessment) analysis method “from cradle to gate”, in compliance with the ISO 14040 standards.

The first LCA analysis on the Auto product began in 2010, with the intention of communicating and making public the data about product environmental profile, through an EPD® certified declaration.

In July 2012, Dinamica® Auto and Dinamica® Auto Pure obtained the EPD® certification, the most advanced Environmental Product Declaration for products in compliance with ISO 14025 standards. This certification laid the basis for a wider project completed in June 2013 with the EPD® Process certification. The certification of the management system gives Miko the possibility to internally handle the process of verification and certification of EPD® environmental declarations for all its products.

To date, the automotive certified range of products has been expanded to include Dinamica® Auto Stretch, Wide and Nabuk, which thus complete all the microfibers for the automotive sector.
Together with the quality management system that integrates the standards relating to the UNI EN ISO 9001, UNI EN ISO 14001 and to the specific IATF 16949 standard for the automotive sector, all safety issues are of primary importance for the company. For this reason, Miko S.r.l. adopts the Organizational and Management Model in compliance with Legislative Decree 231/01 (Administrative liability of legal persons) and the related Code of Ethics, both revised in September 2018, integrating the procedure for reporting abuse pursuant to the whistleblowing law, the reporting procedures also via e-mail and closed envelope. The point of crimes against the individual (illicit intermediation and exploitation of labor) and the new tasks of the supervisory body have been adjusted in the OMM.
In particular, the company wants to focus attention on the following aspects:

- the approach adopted by the management to achieve the goals is aimed at seizing the opportunities and identifying eventual risks linked to the context
- customer satisfaction, and therefore market risk, is constantly monitored with the correct management of complaints and periodic satisfaction questionnaires
- new products are developed keeping in mind the aspects and the environmental impacts that could derive from them
- the staff is constantly trained and motivated, also on the issues of environment and accident prevention and under the ethical profile, with the aim of developing a correct, dignified and respectful behavior inside and outside the company

In general, the economic and market goals are pursued respecting the provisions of the law regarding the environment and guaranteeing the commitment to continuous improvement and the prevention of pollution.

With regards to the "precautionary principle", also adopted by the European Commission and which aims to ensure a high level of protection of the environment by taking preventive actions in case of risk, Miko S.r.l. observes it with determination not only during the planning of new processes or products, but daily during the various production phases and in the development of other operations, based on the perspective of a constant and continuous improvement.
To validate and emphasize the company’s approach towards the reduction of pollutants, the preservation of the environment, the commitment to continuous improvement, accident prevention, the fight against climate change and sustainable development, Miko S.r.l. has drawn up its own Code of Ethics, that is constantly updated.

This fundamental document is aimed at ensuring correctness and transparency in the conduct of business and in business activities and at protecting the company’s position and image.

The documentation is delivered to each employee and to each supplier, in order to stimulate an ethical behavior from a social and environmental point of view.
The ethical principles that have guided and still guide the production, naturally derive from the management of the entire organization with values that are strongly felt by the management, by the department managers and transmitted to all the staff:

**Loyalty**

The company adopts a behavior of fairness and honesty, maintaining the commitments made in relations with suppliers, consumers and competitors.

**Transparency**

Miko S.r.l. acts transparently towards consumers and customers, in particular through its Life Cycle Thinking-oriented approach.

**Consistency**

As highlighted in several points, not only Miko S.r.l. is constantly committed to the creation and improvement of the Dinamica® product, but also the values and principles underlying the preservation of the environment permeate the entire organization.

**Determination**

In a few years Miko S.r.l. has revolutionized the world of microfiber and this is the result of the determination of the management, of the founder and of those who believe and have believed in the possibility of changing part of this industry through a new way of conceiving car interiors, with environmentally friendly materials.

**Passion**

It is clear how passion is the engine of the company, passion and resolution towards the product, passion and perseverance towards the process, passion and attention towards its own collaborators, passion and determination in achieving results.
Management of customer relations
Privacy

In the management of privacy, Miko S.r.l. complies with Reg. (EU) 2016/679 of 27 April 2016 (GDPR). The data are processed according to the principles of lawfulness, correctness and transparency.

Miko S.r.l. avoids the collection and processing of personal data that violate the right to privacy, limiting the collection of personal data to information that is essential to provide the services and the products and that is provided with the voluntary and informed agreement of the consumer.

Employees are required to take all necessary measures to protect Miko’s intangible assets equity; in particular, with reference to theft, loss, improper use, destruction or accidental damage. Information, data, knowledge acquired, processed and managed by employees in the course of their work must remain strictly confidential and appropriately protected and cannot be used, communicated or disclosed, neither inside nor outside the company, unless in compliance with current legislation and company procedures.

Miko S.r.l. stipulates confidentiality agreements with some employees and managers with multi-year agreements for the non-disclosure of information. In this sense, Miko S.r.l. adopts all technical and organizational measures to guarantee adequate security of the data processed.

Handling Complaints

The proper management of customer complaints and the periodic monitoring of their level of satisfaction aims at identifying opportunities for improvement and at taking appropriate corrective actions so as to increase customer satisfaction over time.

Although the product has been mature and consolidated for years, Miko S.r.l. adopts measures to prevent, monitor and resolve complaints, through a series of actions:

- employees are given questionnaires to report critical issues and complaints and to promote the commitment to participate in their resolution
- complaints are mainly related to errors caused by the operator during quality control, and they are promptly resolved by sending pieces of compliant fabric
- in some cases, the damage is caused by the customer himself; in this case Miko S.r.l. passes the correct guidelines for its resolution
- each complaint is followed by an adequate internal corrective action to avoid repeating it

In 2018 the percentage of the complaint with respect to the meters sold was 0.02%, compared to the 2017 rate of 0.14%. The complaints did not bring the company to alert states or production stops for the customer. The product validation activities conducted by the company laboratory have shown compliance with the requirements requested by the customer and by the regulations.

Evaluation of customer satisfaction

The company monitors information related to the customer’s perception of how the organization has satisfied its requirements through:

- customer satisfaction questionnaires given periodically to all customers
- performance indicators
- monitoring of non-conformities detected in all phases of service delivery, since 2018 the audits have had a weekly frequency.
- management of customer complaints related to company products
- increase in the number of customers

Through the analysis of customer satisfaction, the company intends to make full use of the available technology and the experience gained to anticipate the customer’s needs and provide products that can satisfy them.

Consumers’ needs

The automotive sector is the core business of the company, it has represented and still represents a significant opportunity for continuous development. It requires a high level of competence and investment in terms of means / infrastructure, by the organization.

The specific requirements of customers represent a critical issue, which Miko S.r.l. has faced over time structuring the company in order to be able to meet both technical, organizational and service requirements. As already highlighted, in the company an ISO TS / IATF 16949 quality management system is in function and it provides documented procedures for the correct analysis and management of CSRs.

Technological innovation is part of Miko’s DNA: it always shows an approach of continuous optimization of the production process, continuous search for new raw materials, innovative solutions from the design point of view and in compliance with the impacts on safety and health.

In the management of privacy, Miko S.r.l. complies with Reg. (EU) 2016/679 of 27 April 2016 (GDPR). The data are processed according to the principles of lawfulness, correctness and transparency.

Miko S.r.l. avoids the collection and processing of personal data that violate the right to privacy, limiting the collection of personal data to information that is essential to provide the services and the products and that is provided with the voluntary and informed agreement of the consumer.

Employees are required to take all necessary measures to protect Miko’s intangible assets equity; in particular, with reference to theft, loss, improper use, destruction or accidental damage. Information, data, knowledge acquired, processed and managed by employees in the course of their work must remain strictly confidential and appropriately protected and cannot be used, communicated or disclosed, neither inside nor outside the company, unless in compliance with current legislation and company procedures.

Miko S.r.l. stipulates confidentiality agreements with some employees and managers with multi-year agreements for the non-disclosure of information. In this sense, Miko S.r.l. adopts all technical and organizational measures to guarantee adequate security of the data processed.

The proper management of customer complaints and the periodic monitoring of their level of satisfaction aims at identifying opportunities for improvement and at taking appropriate corrective actions so as to increase customer satisfaction over time.

Although the product has been mature and consolidated for years, Miko S.r.l. adopts measures to prevent, monitor and resolve complaints, through a series of actions:

- employees are given questionnaires to report critical issues and complaints and to promote the commitment to participate in their resolution
- complaints are mainly related to errors caused by the operator during quality control, and they are promptly resolved by sending pieces of compliant fabric
- in some cases, the damage is caused by the customer himself; in this case Miko S.r.l. passes the correct guidelines for its resolution
- each complaint is followed by an adequate internal corrective action to avoid repeating it

In 2018 the percentage of the complaint with respect to the meters sold was 0.02%, compared to the 2017 rate of 0.14%. The complaints did not bring the company to alert states or production stops for the customer. The product validation activities conducted by the company laboratory have shown compliance with the requirements requested by the customer and by the regulations.

The company monitors information related to the customer’s perception of how the organization has satisfied its requirements through:

- customer satisfaction questionnaires given periodically to all customers
- performance indicators
- monitoring of non-conformities detected in all phases of service delivery, since 2018 the audits have had a weekly frequency.
- management of customer complaints related to company products
- increase in the number of customers

Through the analysis of customer satisfaction, the company intends to make full use of the available technology and the experience gained to anticipate the customer’s needs and provide products that can satisfy them.

The automotive sector is the core business of the company, it has represented and still represents a significant opportunity for continuous development. It requires a high level of competence and investment in terms of means / infrastructure, by the organization.

The specific requirements of customers represent a critical issue, which Miko S.r.l. has faced over time structuring the company in order to be able to meet both technical, organizational and service requirements. As already highlighted, in the company an ISO TS / IATF 16949 quality management system is in function and it provides documented procedures for the correct analysis and management of CSRs.

Technological innovation is part of Miko’s DNA: it always shows an approach of continuous optimization of the production process, continuous search for new raw materials, innovative solutions from the design point of view and in compliance with the impacts on safety and health.
Miko S.r.l. considers the environment, the fight against climate change, the corporate climate, safety and hygiene at workplaces, and generally sustainable development strategic factors in the performance of its activities and determining factors to consolidate its leadership in the market of automotive.

It is committed to protecting the environment, improving and promoting the environmental performance of products and services and to creating value for the company. It pursues and gives priority to work safety, accident prevention, pollution prevention and environmental preservation, always guaranteeing the health of employees, customers and the community.
The relationship with stakeholders

The company strategies start from analysing the context and from listening attentively to the various stakeholders; then they are elaborated and declined in the three responsibilities for sustainable development: environmental, economic and social.

To understand the needs and expectations of the various corporate stakeholders is fundamental for a governance system focused on corporate social responsibility, and it requires the ability to integrate into its own company strategy, based on creating value, the sustainability issues.
For this reason, Miko S.r.l. has identified, through the analysis of the context provided by its quality manual, both external and internal factors that are relevant for its aims and its strategic directions. These factors are regularly monitored and reviewed at least once a year, usually within the Management Review activity, providing, if necessary, corrective actions to continuously improve the quality of management.

The company goals for the three dimensions of sustainable development can be defined by Miko S.r.l. along the economic, environmental and social dimensions.
To listen to the various stakeholders is very important for Miko S.r.l., and this is the starting point to identify the issues to focus the sustainability report on. Through the analysis of the outcomes of the engagement activities, it is possible to identify the materiality of the aspects relevant for the stakeholders and measure their impact. And thanks to the analysis of materiality it is possible to implement the action plans necessary to achieve the improvement goals.

The material aspects of sustainability

In the following scheme the main stakeholders of Miko S.r.l. are listed with their expectations or relevant aspects and with the initiatives implemented by the company to develop dialogue and correct relations over time.
<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>EXPECTATIONS</th>
<th>TOOLS AND INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td>• Safety and quality of service&lt;br&gt;• Environmental sustainability of the product&lt;br&gt;• Clear communication&lt;br&gt;• Transparent complaints handling&lt;br&gt;• Listening to the customer&lt;br&gt;• Communication on product, company and supply chain sustainability management through CSR (customer specific requirements)</td>
<td>• Customer satisfaction surveys&lt;br&gt;• 2nd year of publication of the Sustainability Report&lt;br&gt;• Revision of the Code of Ethics and organizational model 231&lt;br&gt;• Comparisons with competitors by taking into consideration objective and non-subjective parameters&lt;br&gt;• Communication from the company based on the sustainability of the Dinamica® product&lt;br&gt;• Opening of corrective actions in the event of customer complaints&lt;br&gt;• Confidentiality agreements with collaborators and employees. Some executives have non-disclosure agreements even for years</td>
</tr>
<tr>
<td>MEMBERS</td>
<td>• Transparent governance based on certified management systems&lt;br&gt;• Maintenance of economic and financial balances&lt;br&gt;• Investments in improving sustainability communication&lt;br&gt;• Research and development of increasingly eco-sustainable products&lt;br&gt;• Worldwide development of the Dinamica® product</td>
<td>• Organization of shareholders' meeting&lt;br&gt;• Periodic BoDs&lt;br&gt;• Exclusive meetings&lt;br&gt;• Annual publications of budgets and program budgets&lt;br&gt;• Publication of the sustainability report&lt;br&gt;• Transfer of know-how to the majority shareholder for worldwide marketing&lt;br&gt;• Revision of the Code of Ethics and organizational model 231</td>
</tr>
</tbody>
</table>
### STAKEHOLDER EXPECTATIONS

#### COLLABORATORS (EMPLOYEES AND NOT)
- Training to raise skills
- Compensation and incentive plans
- Work-family reconciliation initiatives
- Respect for gender equality and diversity
- High standards of health and safety at work

### TOOLS AND INITIATIVES
- Listening activities brought on by the Human Resources Office with a dedicated desk and the presence of a supervisory body, independent from the company
- Programming of internal training and courses with external teachers
- Agreements with RSU
- Flexible working hours and transparent management of parental and extraordinary leave
- Incentive plan and various indemnities, benefits and wage supplements beyond the ccnl
- Maximum attention to the occupational hygiene and safety management system with higher measures than those required
- Administration of questionnaires to express freedom of opinion and expression
- Equal employment opportunities for all employees based on specific professional qualifications and performance skills
<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>EXPECTATIONS</th>
<th>TOOLS AND INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCAL COMMUNITY AND ENVIRONMENT</td>
<td>• Education for sustainable resource consumption</td>
<td>• Educational initiatives through the website and information material to raise awareness about the correct consumption of resources and the recycling of materials</td>
</tr>
<tr>
<td></td>
<td>• Education for the recycling of raw materials</td>
<td>• Initiatives with university students on sustainability and social reporting</td>
</tr>
<tr>
<td></td>
<td>• Dissemination programs for economics students for the dissemination of CSR</td>
<td>• Purchase and production of electricity from renewable sources</td>
</tr>
<tr>
<td></td>
<td>• Investments in new technologies</td>
<td>• Reduction and zeroing of CO2 emissions</td>
</tr>
<tr>
<td></td>
<td>• Comparisons for investments in the territory</td>
<td>• Initiatives and sponsorship especially in the sports world, to contribute to a healthy and environmentally friendly lifestyle</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Important investments in R&amp;D to reduce the environmental impact of the product. The goal is to improve environmental performance, with the same product for the customer, but better in terms of savings / recycling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Miko S.r.l. has a 1MW photovoltaic system that allows it to self-produce part of the electricity needs. Over the years it has implemented systems for reusing process water, etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dinamica® is made with significant percentages of recycled material</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• With the LCA studies on the Dinamica® product, the carbon footprint of the product was calculated throughout the life cycle, and all direct and indirect emission sources were identified to evaluate constant improvement actions</td>
</tr>
<tr>
<td>STAKEHOLDER</td>
<td>EXPECTATIONS</td>
<td>TOOLS AND INITIATIVES</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| PUBLIC ADMINISTRATION AND CONTROL BODIES | • Compliance with laws  
• Transparent communication  
• Dialogue for new investments in the territory | • Access to requested information  
• Procedures for managing relationships  
• Transparent publication of the results of the checks and analysis by external parties |
| SUPPLIERS                         | • Stability and qualification ratio  
• Compliance with contractual commitments  
• Correctness in payments | • Procedures regulated through the quality management system  
• Continuous comparison with the major supplier of raw materials to create increasingly eco-sustainable products, investing heavily in R&D |
| BANKS                             | • Transparency  
• Timely and accurate payment of commitments  
• Periodic reports on company performance | • Continuous reports and constant communications on company performance  
• Compliance with commitments  
• Production of requested material and documents |
Profiles of social responsibility
85 employees

75% 64 men

25% 21 women

+27% increase in employment compared to the previous period

64 permanent employment contracts

3 Part-time contracts

43 years average age of personnel

6 years average length of service
4,734 total hours of internal and external employee training.

55 low presence of injuries: 55 hours of training for each employee.
→ Survey questionnaire on the internal satisfaction of employees to improve the working atmosphere

→ Participation bonus as variable remuneration element

→ Corporate welfare initiatives (smart working, work / family conciliation, health agreements, etc.)

→ Initiatives to support the local community (Udinese Calcio, Scuderia Villorba Corse, ASD Dinamo Gorizia, University)
Miko S.r.l. pays great attention to relations with and between employees and collaborators; the goal is to maintain a corporate climate that stimulates the mutual respect, the desire for personal training and the safety of workplaces, machinery and practices.

The company submits periodically an internal satisfaction survey questionnaire to its employees with some questions based on the potential areas of improvement; Miko S.r.l. wants to evaluate the company organization and to respond promptly to the staff needs.

The questions are structured with answers in a numeric scale, and their purpose is to verify the effectiveness of the organization through some performance indicators (KPI - Key Performance Indicator). This evaluation allows the identification of corrective actions in order to improve the value registered by the indicators themselves.
Among the different items of the questionnaire, one of the questions asked to the employees during spring 2018 was the following:

"Are the environment, safety, and quality of your workplace controlled and adequate?"

32 questionnaires were collected, containing responses to the various items within a scale ranging from the minimum score "0 = NOTHING" to the maximum score "6 = TOTALLY"
Miko's commitment in relation to employees is attested by introducing into the company some Best Practices which can be summarized as follows:

- opening of a front office of the Human Resources Office
- planning of internal training and courses with external teachers
- agreements with RSU
- flexible working hours and transparent management of parental and extraordinary leave
- incentive plan
- correct management of career progress
- utmost attention to the occupational hygiene and safety management system through the provision of measures higher than those required by law
- in the workplace, the temperature, humidity, lighting, ventilation and hygiene are monitored and maintained through adequate infrastructures and services
- existence of a supervisory body independent of the company
- presence of the Code of Ethics, read and shared also by each collaborator
- administration of questionnaires to express freedom of opinion and expression
- agreement with a private clinic for exams and visits paid to employees and collaborators
- possibility for the workers to hold the meetings and assemblies considered necessary, even beyond the hours envisaged by the CCNL (provided that the production activity is not blocked)
- various indemnities, benefits and wage subsidies provided beyond the National Collective Labor Agreement
- equal job opportunities based on specific professional qualifications and skills
- selection, hiring and management practices of employees organized according to competence and merit, without any discrimination in relation to race, religious and / or political beliefs, sex, age, lineage, personal disabilities, in compliance with the laws and of the regulations in force.

About the composition of our staff we represent in schemes and, sometimes, in graphic form, some statistics necessary to make further considerations.
### Number of employees divided by age and gender. New hires from 31/12/2017

<table>
<thead>
<tr>
<th>Age</th>
<th>Men Employees</th>
<th>Of which new hires</th>
<th>Women Employees</th>
<th>Of which new hires</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>10</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>30-40</td>
<td>8</td>
<td>2</td>
<td>7</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>40-50</td>
<td>29</td>
<td>7</td>
<td>7</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>50-60</td>
<td>17</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>&gt;60</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>16</td>
<td>21</td>
<td>5</td>
<td>85</td>
</tr>
</tbody>
</table>

### Length of service at 31/03/2019

<table>
<thead>
<tr>
<th>Length of service</th>
<th>0-3 yrs</th>
<th>4-6 yrs</th>
<th>7-11 yrs</th>
<th>12-15 yrs</th>
<th>16-20 yrs</th>
<th>&gt;= 20 yrs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2018 to 31/03/2019</td>
<td>39</td>
<td>20</td>
<td>11</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>85</td>
</tr>
</tbody>
</table>
The table above about the length of service shows a high number of staff with seniority from 0 to 3 years, due not to a high turnover, but to the strong company growth recorded in recent years, which required new hires. Nevertheless, the average length of service is around 6 years and the personnel’s turnover, equal to 8.225% in 2018, is not a critical factor as there is a high degree of employee loyalty. There are 3 workers with part-time contracts, 64 permanent workers and they represent 75% of the total company. 100% of workers have been hired according to the national collective labor agreement for the sector.

Compared to the previous period, the staff is increased of 27%.

The distribution of the corporate population by age shows a prevalence of the male gender in the period in question, while the female gender represents 25% of the total.

There are no concerns in relation to any discriminatory actions in progress, as these figures can be easily explained given the type of activity carried out by the company, which leads to offering more employment positions in sectors / areas less attractive to women. In recent years, however, in Miko S.r.l. numerous women have been hired, including in the production department.

The average age of the personnel is just over 42 (years old): 40 for women while 43 for men. The figure indicates the presence in the company of a workforce that is still young but formed by people with a consolidated experience (gained above all within the same company) who have been joined by people more recently hired.
The previous table shows that 85% of the personnel lives in the former province of Gorizia, proving Miko’s link with the territory.

As highlighted also above, there is gender equality among the various roles, including management, apart from the production department, which is more relevant to male staff.
Managing human resources: training and incentive and evaluation policies

The human resource management policies adopted by the company include the following activities:

- definition of skills - structured methods are used, in particular the balance of competences, to identify the skills required in each area, and the training needs, and to ensure that resources with adequate level of training and skills are made available to departments

- identification of training and educational needs - a list of the skills necessary for the correct performance of the activities is developed for each job, including the minimum requirements about study and experience

- staff training - the training necessary to fill the identified skills gaps is provided, which may consist of operational support up to the achievement of autonomy or of internal / external training courses

- verification of the effectiveness of the training carried out through daily practice and at random using operational tools or exams

- awareness and awareness-raising of the staff on the importance of quality, technological innovation and of contribution of each person to achieve the established objectives and targets for quality, environment and EPD®

- pursuit of personal satisfaction through the motivation of employees in achieving quality goals and reaching continuous improvement, through the use of incentives linked to supplying services to customers and to reducing waste, as well as to improving the processes
The planning of training is formalized every year during the drafting of the company goals and is kept updated by the Management. In planning training activities, particular attention is given to customers’ needs and to the prevention of accidents and environmental accidents.

Particular attention is paid to the general and specific training given to each new employee.

Miko S.r.l. provides and promotes activities that empower staff to Quality and encourage active participation in the promotion effort of the Quality itself (work groups, improvement proposals, etc.). In addition, the company facilitates processes of personal development even regardless of the company function of employment.

The following is a summary table of the main training courses in which the staff participated in 2018 and first quarter 2019.

<table>
<thead>
<tr>
<th>Course name</th>
<th>Nr. attending collaborators M</th>
<th>Nr* attending collaborators F</th>
<th>Course - total hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to a new employee</td>
<td>12</td>
<td>1</td>
<td>2000</td>
</tr>
<tr>
<td>Support for a new job</td>
<td>2</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>Internal courses related to apprenticeship</td>
<td>3</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td>External courses related to apprenticeship</td>
<td>2</td>
<td></td>
<td>732</td>
</tr>
<tr>
<td>Service</td>
<td>1</td>
<td></td>
<td>72</td>
</tr>
<tr>
<td>Training of managers</td>
<td>1</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Lean management</td>
<td>3</td>
<td></td>
<td>160</td>
</tr>
<tr>
<td>Product Data Owner</td>
<td>3</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>LCA</td>
<td>14</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Basic safety compulsory training</td>
<td>7</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td>First aid training</td>
<td>8</td>
<td></td>
<td>112</td>
</tr>
<tr>
<td>First aid update</td>
<td>8</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Pes Pav for electric operators</td>
<td>1</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Specific ASR</td>
<td>48</td>
<td></td>
<td>924</td>
</tr>
<tr>
<td>RLS update</td>
<td>1</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Staff training</td>
<td>7</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Staff update</td>
<td>5</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Forklift trucks compulsory update</td>
<td>24</td>
<td></td>
<td>104</td>
</tr>
<tr>
<td>Forklift trucks training</td>
<td>3</td>
<td></td>
<td>48</td>
</tr>
<tr>
<td>Implementation of new commercial flows on manage</td>
<td>2</td>
<td></td>
<td>18</td>
</tr>
</tbody>
</table>

TOTAL TRAINING HOURS 4734
To further support staff, an incentive program has been set up to achieve the Quality objectives.

As established by the Supplementary Company Agreement pursuant to art. 12 of the CCNL apparel industry of 4 February 2014 signed on 09/19/2017 for the period 2017 - 2019 and approved by the trade unions and the corporate RSU, Miko S.r.l. provides a participation bonus as a variable element of the remuneration which is divided into 4 parameters:

- profitability linked to the MOL index
- productivity linked to the ratio between the meters produced and the days of production
- safety and the environment - corporate decor with respect to certain assigned tasks
- quality linked to an indicator on non-conformities

The participation bonus is calculated differently if the employee has a part-time or full-time contract and is also paid in the form of corporate welfare.

The Company keeps employees informed on a monthly basis about the performance of the company by posting the indicators in production. As the accounting year of operation changed from 2018 (not corresponding to the calendar year, but from 01/04 to 31/03), the periods of calculation and disbursement of participation bonuses have been changed.

As written above, Miko S.r.l. has adopted a work organization and company policies regarding the hiring, management, remuneration, incentive, training and enhancement of male and female personnel so that there is no discrimination.

The company, through the adoption of specific conduct policies, is committed to combating the phenomenon of moral and psycho-physical harassment in the workplace.
According to Miko S.r.l., the efficient management of the workflow depends on the work environment, understood both from a physical, social and psychological point of view. Precisely for this reason the company invests constantly in the search for a better corporate climate. Thanks to the large production premises, and to the constant monitoring of temperature, humidity, ventilation and hygiene, working conditions are more than comfortable. The results of the latest questionnaires for internal satisfaction surveys highlight, among other things, that the company climate is globally positive.

The presence of a Code of Ethics represents a guide of conduct for all internal as well as external relationships. As already mentioned, it is in fact read and signed by all the personnel employed.

The internal satisfaction survey questionnaire was created to improve the company organization, but also to respond to staff needs. Miko S.r.l., among the various actions in progress, has the ambition to present, in a clear and simple way, to all the staff the corporate goals and to share them with the personal ones.

The Organization, Management and Control Model (OMM) was adopted in accordance with Legislative Decree 231/01 which aims, among other things, at guaranteeing non-discrimination on opinions, religions or nationalities of staff and equal opportunities for all employees based on specific professional qualifications and performance skills. Always in relation to Corporate Social Responsibility, the Organizational Model includes the anti-corruption policy, the code of conduct for employees and the "whistle-blowing" policy.

The competent staff select, hire and manage employees according to criteria of competence and merit, without any discrimination in relation to race, religious and/or political beliefs, sex, age, lineage, personal disabilities, in compliance with the laws and regulations in force. A supervisory external body, to which employees can refer, has been established.

We must also remember that in Miko S.r.l.: 

- there are 3 RSUs, a posted trade union official and an RSL
- there is a promotion of freedom of association (around twenty people are members of the trade union)
- each hired employee receives a book with the national collective agreement for the Italian fashion system
- also with regard to the chain of suppliers, possible cases of damage to the rights of freedom of association or non-application of the envisaged collective agreements are evaluated
Policies for corporate welfare

There are several corporate welfare initiatives in Miko S.r.l. among which:

- activation of smart working to facilitate those with particular personal situations or for women with at-risk maternity
- activation of other forms of work / family reconciliation
- activation of an agreement with an occupational health office to guarantee favorable prices for tests and individual visits to employees with benefits displayed on the notice board at the headquarters
- agreement for compensation replacing a meal of 5 euros for all employees, even for those who live near the work site
- guarantee of the right to study, granting working hours to allow the attendance of possible courses.
Occupational health and safety policies

The continuous search for operating conditions in respect of the health and safety of personnel and collaborators is a fundamental principle for all activities and a constant way of understanding the work of the company. For this reason, Miko S.r.l. is committed to preventing accidents at work and the causes of prejudice to the health of workers, continuously improving their performance in terms of safety and health at work.

Occupational health and safety risks are analyzed in the Risk Assessment Document (DVR). There are specific risks with reference to each individual task, divided into physical, chemical and ergonomic ones. Daily and weekly, visual inspections are carried out on some pressurized machines, to a significantly greater extent than what is required by current legislation, with the compilation of the relative reports.

For laboratory workers, difoterin (or anti-difoterin) is used, a substance that helps prevent serious damage from chemical risks; this substance replaces water through dispensers and eyewash.

Some showers have also been installed in correspondence of the acid / soda discharge department.
In case of an accident of any kind, all departments of the Sage group and the Board of Directors are notified. The report of the event must be presented in a special internal form, which is analyzed by the whole group, and data and corrective actions are displayed; they must be applied to the entire staff of the production department. A communication is sent to all the plants through the Sage intranet portal using the 5 W technique, to avoid other future accidents.

The RSPP, a professionally qualified external auditor, has established the next investments in safety (for training and technology) with a training plan on health and safety, for each person.

**Accident frequency from 2016 to 03/31/2019**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>01/01 to 31/03/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nr of accidents</td>
<td>1 man (administrated)</td>
<td>1 man</td>
<td>0</td>
</tr>
<tr>
<td>Severity index</td>
<td>0,00</td>
<td>0,04</td>
<td>0,00</td>
</tr>
<tr>
<td>(days accidents X 1000 h/worked)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severity index</td>
<td>0,00</td>
<td>7,38</td>
<td>0,00</td>
</tr>
<tr>
<td>(nr. Accidents for 1Ml h/worked)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The relationship with the territory

Miko S.r.l. has a very tight relationship with the territory where it is based. For this reason, it is committed to promoting some important initiatives linked to the local area.

The company is active with both financial sponsorships and sponsorships with supplies of objects and materials, intending to raise awareness on sustainability issues.
The company policies on the territory are addressed to different bodies and associations:

- Udinese Calcio. Visits and events are also organized at the new modern stadium with customers such as Dacia and Renault, to enhance the role of the Made in Italy
- Udinese “Primavera”. Boys aged 17 to 20 who compete at a national level
- Scuderia Villorba Corse that organizes races (also for women) on tracks for luxury cars; in addition to donations, Miko supplies fabrics for car interiors
- A.S.D. Dinamo Gorizia, silver C series, basketball team
- University, Faculty of economics, which have increased the visits to the company thanks to the publication of the sustainability report and the policies addressed to corporate sustainability. Several PhD students have written their thesis on this topic
- VFB Stuttgart. German soccer team, important for the visibility of Dinamica®
- Associazione Regionale Tersicorea. School of dance
- Old Star Game. On February 24th, the 4th edition of the Old Star Game took place in Trieste; it is an itinerant charity event, in which the champions of Basketball Gorizia, who in 1997 brought the team to A1, took the field and faced the old glories of Basketball Trieste.

Referring to the distribution scheme of global gross value added to the following paragraph 6.2, the total donations distributed in the territory by Miko S.r.l. amount to € 391,450.
Miko S.r.l. sponsors and participates in events related to the world of car interior designers, for example young interior designers who once a year in China are awarded the BEST ECO-SOLUTION AWARD, within the car show held in China.

At the University of Reutlingen (near Stuttgart), specialized in interior design for cars, a presentation of the product is carried out once a year to last-year students ready to start an internship at the car manufacturers.

On June 23rd 2018, Miko participated in the Green Style day 2018 organized by Oro Caffè in Udine, with focus on the circular economy, attending the intervention of the president of the National Institute of Oceanography and Experimental Geophysics Ogs of Trieste, together with leading companies and innovative products for the approach to sustainability, such as Tesla, Cussigh Bike and Cda (a company of vending machines awarded the Good Energy Award, which became a supplier of Miko Srl).
Miko S.r.l. has cultivated over the years a series of important relationships with financial intermediaries. In any case, Miko continues to finance itself mainly with its own means and makes minimal use of the banking world, a condition that allows Miko to support the research and development activities it has decided to pursue.

The main financial partners are highlighted in the following table:

<table>
<thead>
<tr>
<th>Credit institutions</th>
<th>Branch/agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unicredit Spa</td>
<td>Gorizia</td>
</tr>
<tr>
<td>Cassa di Risparmio del Friuli Venezia Giulia</td>
<td>Gorizia</td>
</tr>
<tr>
<td>Crédit Agricole FriulAdria Spa</td>
<td>Gorizia</td>
</tr>
<tr>
<td>Banca Monte dei Paschi di Siena Spa</td>
<td>Gorizia</td>
</tr>
<tr>
<td>Wells Fargo Bank N.A. London Branch</td>
<td>London</td>
</tr>
</tbody>
</table>
05 Environmental responsibility profiles
Use from 17% to 58% of recycled material to produce Dinamica®.

Use of neutral and non-toxic dyes.

Reduction of energy, water and chemical consumption used in the various stages of production

Photovoltaic system from 1 MW installed on the roof of the plant

The water for the production is taken from a pumping well and treated in an internal purification plant

Use of the Life Cycle Assessment methodology

EPD® certification obtained in 2013

Reduction of energy consumption and CO2 emissions by 80% compared to traditional microfiber productions
Since its establishment in 1997, Miko S.r.l. has been applying the principles of the circular economy with the main goal of limiting the use of virgin raw materials in favor of secondary raw materials. In the case of Dinamica®, we can speak of real upcycling as plastic waste (PET) becomes a raw material of higher value than that possessed in the previous life. Indeed, Dinamica® is applied to products for the luxury, design and hi-tech segment. Furthermore, to guarantee circularity throughout the microfiber life cycle, Miko S.r.l. is advancing some proposals to recycle Dinamica® at the end of its life and transform it into products always addressed to the automotive sector, such as panels for thermal and acoustic insulation.

The attention of Miko S.r.l. to environmental issues is proven by the certification of the Environmental Management System (EMS) in accordance with the ISO 14001 standard, which allows systemic monitoring of the impacts due to the activities carried out in the various production phases and which guarantees the regulatory compliance of the organization.

To maintain the environmental certification, the organization has to fulfill a series of requirements, for example the planning and monitoring of environmental aspects related to atmospheric emissions, waste water discharges, acoustic pollution, waste, energy, water resources, soil and subsoil protection, as well as the periodic communication of the results of this activity to the competent authorities.
Miko S.r.l. considers the environment, the fight against climate change and sustainable development as strategic factors in the operation and development of its activities and fundamental to consolidate its leadership in the automotive, furnishing and aviation markets. It is committed to protecting the environment, improving and promoting the environmental performance of products and services and, ultimately, to creating value for the Company through these activities.

The main commitments include:
- pursuing the improvement of environmental performance, verifying that the impacts of its activities, products and services are in line with a conscious economic growth respecting the territory and the environment
- motivating workers to develop, at every level, the sense of responsibility towards the environment, towards their own health and that of their colleagues, also through training courses
- ensuring compliance with Quality, Safety and Environment
- preventing risks at the source, i.e. during the design phase, the choice of materials, the identification of methods and technologies
The management of indirect environmental impacts is applied during the definition of the contract for the supply of goods and services and may include:

- requirements of competence of suppliers or contractors also with regard to their possible Quality or Environmental system certification
- exchange of information, procedures and operating instructions in relation to the services performed

The significance of indirect impacts (product end-of-life management, waste coming from suppliers and other environmental aspects related to the supply, the use of dangerous substances and preparations, etc.) is evaluated in the following operating conditions:

- Planning and development
- Packaging and transport of products
- Distribution, use and end of life of the products
- Supply
- Supply of chemical products
- Environmental competence requirements and practices used by contractors and suppliers
- News and accident reports

Part of the resources invested in Research and Development are used to establish partnerships with Asahi Kasei, the supplier of raw materials, with the aim of increasing the product environmental performance by adopting solutions that include, for example, a greater use of recycled fibers. One of the projects born from this collaboration has led to the creation of Dinamica Auto Pure, a new product for the car where even the internal scrim of the raw support comes from recycled fibers.
Dinamica® is a microfiber for the automotive and furniture sectors produced with recycled materials. Its production process avoids the extraction of virgin raw materials because it is based on the recycling of waste that would otherwise be destined for disposal in landfills or incineration. The recycled polyester contained in Dinamica® derives from polyester fibers (T-shirts, fabrics, fibers) and PET (bottles, plastic, etc.).

Recycling polyester means reducing energy and CO2 emissions into the atmosphere by 80% compared to the traditional petrol-based polyester production process.

The content range of recycled material in the Dinamica products varies from 17 to 58% according to the type of raw material used for a specific product variant.

Moreover, unlike normal production cycles, solvents harmful to health and the environment are not added. During dyeing, the use of neutral and non-toxic dyes is a further guarantee of respect for health and environment.
In order to always supply cutting-edge products in the field of high-quality microfibers, Miko S.r.l. is advancing the idea of gradually replacing the Auto product with Auto Pure in order to guarantee its customers a microfiber with increasingly higher technical and environmental performance as well as an ever-increasing content of recycled fibers.

This product has already attracted the interest of some car manufacturers especially for the electric car segment, where there is a continuous search for components and accessories that limit the use of virgin raw materials.

In order to further improve its environmental performance and promote the systematic reduction of the product's carbon footprint, in recent years Miko S.r.l. has developed important projects that have contributed to optimizing production cycles, leading to a significant reduction in energy consumption, water and chemicals used in the various stages of production.

As stated in the previous CSR as one of the objectives of Miko S.r.l., during the period under consideration the company has started a partnership with Etifor, a spin-off of the University of Padua, to carry out the project of restoration and conservation of Bosco Sacile (Udine area), through reforestation and forest improvement interventions that guarantee the capture and conservation within 5 years of 5,600 tCO2/year, that is 100% of the annual environmental impact of Miko Srl.

Bosco Sacile is one of the last ancient forests that preserves the native species of the Friuli plain (it is a Special Protection Area belonging to the Natura 2000 network for the protection of biodiversity). In the past the area was damaged and now the aim is to bring the forest back to its original natural level. The project is ambitious, because it foresees for the next few years the active involvement of the territory, the reopening of an area to the public and dedicated events, and the commitment signed with Etifor is the starting point.

Regarding its energy needs, Miko S.r.l. covers part of them with the renewable energy coming from the 1 MW photovoltaic plant located on the roof of the production plant, further evidence of its commitment to the application of the basic principles of circular economy.
Water consumption related to the commercial and administrative structure can be subdivided from consumption exclusively referred to production. In fact, the supply for productive purposes derives from a regularly authorized pumping well, present inside the property of Miko S.r.l, while the supply for civil uses derives from a supply contract with the local aqueduct.

The water withdrawn for productive use is treated in a purification plant present inside Miko S.r.l.

### Gas and electricity consumption

<table>
<thead>
<tr>
<th>Consumption</th>
<th>u.m.</th>
<th>2018/03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuel consumption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>GJ</td>
<td>74.668</td>
</tr>
<tr>
<td><strong>Electricity consumption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-produced electricity (PV)</td>
<td>GJ</td>
<td>3.935</td>
</tr>
<tr>
<td>Purchased electricity</td>
<td>GJ</td>
<td>14.638</td>
</tr>
<tr>
<td><strong>Sold electricity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sold electricity (PV)</td>
<td>GJ</td>
<td>640</td>
</tr>
<tr>
<td><strong>Total of energy consumed</strong></td>
<td></td>
<td>93.241</td>
</tr>
</tbody>
</table>

### Withdrawn water

<table>
<thead>
<tr>
<th></th>
<th>u.m.</th>
<th>2018/03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underground water</strong></td>
<td>m³</td>
<td>387.715</td>
</tr>
<tr>
<td><strong>Water from the aqueduct</strong></td>
<td>m³</td>
<td>2.268</td>
</tr>
<tr>
<td><strong>Total volume of water withdrawn</strong></td>
<td>m³</td>
<td>389.983</td>
</tr>
</tbody>
</table>
Miko Srl, since 2011, has adopted an approach oriented to Life Cycle Thinking and credible communication of the environmental performance of its products through the use of the Life Cycle Assessment (LCA) methodology and Environmental Product Declarations (EPD®).

With the aim of making systematic the method applied for the EPD® certification of the Dinamica® Auto line (EPD nr. S-P-00351) to all the company's products, Miko S.r.l. obtained the certification of the EPD® Process in 2013. The certification of this management system gives Miko S.r.l. the possibility to internally manage the process of verification and certification of environmental product declarations (EPD®) for all its products, including the new Nabuk line.

This approach contributes to the development of eco-design, the design of products that are environmentally friendly.

In this perspective, the strategic goals pursued by Miko are the following:

- to communicate objective, accurate and scientifically proven environmental data on its products
- to monitor the environmental impacts related to the life cycle of the products using the LCA method
- to improve the environmental performance of products through eco-design, in synergy with environmental policy objectives
- to activate partnerships with its customers and suppliers in order to obtain information on the environmental performance of the products during the various stages of the supply chain and to evaluate the possibilities for improvement
- to direct the interested parties, through specific initiatives, towards a responsible management of their activities from an environmental point of view, and to update employees on the most important environmental issues
The greenhouse gas emissions generated by Miko’s activities essentially consist of carbon dioxide and are divided as follows:

Aim 1 - Direct emissions associated to the sources owned by the company given by the combustion of methane gas used in production and for the production of sanitary water

Aim 2 - Indirect emissions associated to the generation of purchased and consumed electricity.

The normalized GHG emissions are 1,57 kg CO2 per linear meter of Dinamica®.

### Greenhouse gas emission

<table>
<thead>
<tr>
<th>Disposal method</th>
<th>u.m.</th>
<th>2018/03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery</td>
<td>kg</td>
<td>448,582</td>
</tr>
<tr>
<td>Landfill</td>
<td>kg</td>
<td>1,262,900</td>
</tr>
<tr>
<td>Total non-hazardous</td>
<td>kg</td>
<td>1,711,482</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery</td>
<td>kg</td>
<td>272</td>
</tr>
<tr>
<td>Landfill</td>
<td>kg</td>
<td>9</td>
</tr>
<tr>
<td>Total hazardous</td>
<td>kg</td>
<td>281</td>
</tr>
<tr>
<td>Total waste</td>
<td>kg</td>
<td>1,711,763</td>
</tr>
</tbody>
</table>

The normalized GHG emissions are 1,57 kg CO2 per linear meter of Dinamica®.
Communicating sustainability to customers

Miko S.r.l. supplies microfiber fabric mainly for the automotive market and to a small extent for the furniture market. The geographical sales areas are, in order of volume: Europe, North America and Asia.

Customers consist of OEMs (with which programs are developed and agreements are defined) and TIER 1 (direct customers in the automotive supply chain appointed by the OEM).
Their expectations and needs are above all linked to the delivery of the material within the established times and with the quality of environmental performance required. ISO TS / IATF 16949 certification is a mandatory request. Customers also expect the company to offer increasingly advanced solutions in terms of design and functional and performance characteristics, as well as environmental ones, on its products.

**Miko**’s customers appreciate the one-to-one relationship, clear communication and transparent complaints handling.

**During this last period, after the publication of the first sustainability report and some initiatives by automotive companies, the company aroused a lot of interest finding the increase in requests for interviews and articles by the automotive world.**

We saw the transition from "communicating sustainability to the customer" to "using Dinamica® by the customer to communicate its sustainability" as a critical success factor.

This was the thought of Land Rover, that used Dinamica® for the launch of the new Evoque in London: it created a specific campaign on the recycling of plastic, created inside the stand a bulletin board with the quantity of recycled bottles for each vehicle, and covered some benches in Dinamica® with some information on recycling.

In March 2019, during the Geneva Motor Show, Skoda presented the new Vision iV Concept model, the car manufacturer's first 100% electric model, in which the interior upholstery was an important element to present the ecological direction.
Miko S.r.l. uses different channels of communication:

- Website (that provides information about certifications ISO 9001, ISO TS/IATF 16949, ISO 14001, EPD, Öeko-Tex Standard 100 class 1 and MOG ex 231/01)
- Social networks
- Email addresses (info@dinamicamiko.it and press@dinamicamiko.it in order to be able to manage any kind of information request from anywhere)
- One-to-one relationships with the customer
- Customer satisfaction surveys

The staff is trained and able to interact with the customer; the main reference people are the key account managers. Communication with the customer is carefully taken care of and is aimed at strongly avoiding any deceptive, misleading, fraudulent or inequitable, unclear or ambiguous practice, including omission of important information.

The information is shared in a transparent way, so that it is easily accessible and comparable, and provides the basis for an informed choice by the consumer.

Miko S.r.l. promotes an effective education that allows consumers to understand the impact of their choices of products and services on their well-being and on the environment, considering the entire life cycle of the product, and to decide on the basis of a correct knowledge.

Possible comparisons with competitors are made only considering objective parameters with no subjective reference.
Profiles of economic responsibility
24 Million of Net Profit in 2018 - 2019

39 Million of Global Gross Value Added in 2018 - 2019

Full balance in economic and financial management
**Economic and financial performance**

Miko S.r.l. reached in 2018-2019 (the financial statements following the extraordinary corporate operations considered the period 01.01.2018 - 03.31.2019) excellent economic results thanks to the increase of turnover (linked to the performance in the European and Chinese markets) and to a careful cost management. All the main profit and loss margins show positive values and attest to the ability to manage the company according to efficiency and effectiveness.

The reclassified income statement, for the financial years 2019-2018 and 2017, is presented below; it is based on the data of the last approved financial statement, highlighting the main economic margins of the two years. In addition, the main indicators of corporate profitability, attesting to the performance achieved by the company, are set out.

<table>
<thead>
<tr>
<th>Income statement Reclassified with value added</th>
<th>31/03/2019</th>
<th>31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>€ 121,591,947</td>
<td>€ 80,402,417</td>
</tr>
<tr>
<td>External costs</td>
<td>€ 84,428,300</td>
<td>€ 56,757,802</td>
</tr>
<tr>
<td>Value added</td>
<td>€ 37,163,647</td>
<td>€ 23,644,615</td>
</tr>
<tr>
<td>Labour Cost</td>
<td>€ 4,687,788</td>
<td>€ 3,327,418</td>
</tr>
<tr>
<td>Gross Operating Margin (EBITDA)</td>
<td>€ 32,475,859</td>
<td>€ 20,317,197</td>
</tr>
<tr>
<td>Amortization, depreciation and provisions</td>
<td>€ 916,816</td>
<td>€ 751,662</td>
</tr>
<tr>
<td>Operating Profit (EBIT)</td>
<td>€ 31,559,043</td>
<td>€ 19,565,535</td>
</tr>
<tr>
<td>Other-Net</td>
<td>€ 941,192</td>
<td>€ 622,072</td>
</tr>
<tr>
<td>Income and financial charges</td>
<td>€ 404,189</td>
<td>€ (360,380)</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>€ 32,904,424</td>
<td>19,827,227</td>
</tr>
<tr>
<td>Net extraordinary components</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income before provision for income taxes</td>
<td>€ 32,904,424</td>
<td>€ 19,827,227</td>
</tr>
<tr>
<td>Income tax</td>
<td>€ 8,952,105</td>
<td>€ 5,453,017</td>
</tr>
<tr>
<td>Net Profit</td>
<td>€ 23,952,319</td>
<td>€ 14,374,210</td>
</tr>
</tbody>
</table>
Miko S.r.l. has an important ability to manage its activities while respecting a full balance from a financial point of view. The reclassification of the Balance Sheet and the indicators for the financial analysis, taken from the report on the management of the Financial Statements, clearly highlight this situation. In particular, a substantial capitalization of the company emerges to guarantee its solidity.

<table>
<thead>
<tr>
<th>Profitability indexes</th>
<th>31/03/2019</th>
<th>31/12/2017</th>
<th>DEFINITION OF INDICATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE net</td>
<td>2.43%</td>
<td>2.62%</td>
<td>Net Profit / Equity</td>
</tr>
<tr>
<td>ROE gross</td>
<td>3.33%</td>
<td>3.61%</td>
<td>Net Profit / Gross Assets</td>
</tr>
<tr>
<td>ROI</td>
<td>0.48%</td>
<td>0.43%</td>
<td>Operating Profit / Equity + Financial Debt</td>
</tr>
<tr>
<td>ROS</td>
<td>0.27%</td>
<td>0.25%</td>
<td>Operating Profit / Revenue from sales</td>
</tr>
<tr>
<td>Environmental responsibility</td>
<td>Goals for the future</td>
<td>Organization and governance</td>
<td>Strategy for sustainability</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>2018 CSR Miko SRL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31/03/2019</td>
<td>31/12/2017</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td><strong>Net Intangible Assets</strong></td>
<td>€ 117,398</td>
<td>€ 81,574</td>
<td></td>
</tr>
<tr>
<td><strong>Net Tangible Assets</strong></td>
<td>€ 7,710,169</td>
<td>€ 7,811,963</td>
<td></td>
</tr>
<tr>
<td><strong>Participation and other Financial Assets</strong></td>
<td>€ 516</td>
<td>€ 1,033</td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Capital</strong></td>
<td>€ 7,828,083</td>
<td>€ 7,894,570</td>
<td></td>
</tr>
<tr>
<td><strong>Inventory Stocks</strong></td>
<td>€ 15,543,722</td>
<td>14,722,121</td>
<td></td>
</tr>
<tr>
<td><strong>Receivables from customers</strong></td>
<td>€ 19,294,066</td>
<td>14,763,400</td>
<td></td>
</tr>
<tr>
<td><strong>Other receivables</strong></td>
<td>€ 4,359,484</td>
<td>€ 2,095,654</td>
<td></td>
</tr>
<tr>
<td><strong>Accruals and prepayments</strong></td>
<td>€ 248,713</td>
<td>€ 220,574</td>
<td></td>
</tr>
<tr>
<td><strong>Short-term Assets</strong></td>
<td>€ 39,445,985</td>
<td>€ 16,829,736</td>
<td></td>
</tr>
<tr>
<td><strong>Payables from suppliers</strong></td>
<td>€ 6,562,390</td>
<td>€ 36,803</td>
<td></td>
</tr>
<tr>
<td><strong>Down payment</strong></td>
<td>€ 7,626</td>
<td>€ 484,235</td>
<td></td>
</tr>
<tr>
<td><strong>Taxation and social security payables</strong></td>
<td>€ 716,933</td>
<td>€ 6,906,470</td>
<td></td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>€ 24,956,666</td>
<td>€ 61,356</td>
<td></td>
</tr>
<tr>
<td><strong>Accruals and Deferred Income</strong></td>
<td>€ 57,003</td>
<td>€ 248,713</td>
<td></td>
</tr>
<tr>
<td><strong>Short-term liabilities</strong></td>
<td>€ 32,300,618</td>
<td>€ 7,483,149</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>€ 7,145,367</td>
<td>€ 375,745</td>
<td></td>
</tr>
<tr>
<td><strong>Employees Benefits</strong></td>
<td>€ 464,677</td>
<td>€ 375,745</td>
<td></td>
</tr>
<tr>
<td><strong>Taxation and social security payables (others)</strong></td>
<td>€ 716,933</td>
<td>€ 6,906,470</td>
<td></td>
</tr>
<tr>
<td><strong>Other medium / long-term liabilities</strong></td>
<td>€ 248,713</td>
<td>€ 61,356</td>
<td></td>
</tr>
<tr>
<td><strong>Medium / long-term liabilities</strong></td>
<td>€ 936,041</td>
<td>€ 739,743</td>
<td></td>
</tr>
<tr>
<td><strong>Invested capital</strong></td>
<td>€ 14,037,409</td>
<td>€ 14,637,976</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>€ (33,821,046)</td>
<td>€ (19,868,727)</td>
<td></td>
</tr>
<tr>
<td><strong>Net financial position (m/l term)</strong></td>
<td>€ (851,669)</td>
<td>€ (1,225,891)</td>
<td></td>
</tr>
<tr>
<td><strong>Net financial position (short term)</strong></td>
<td>€ 20,635,306</td>
<td>€ 6,456,642</td>
<td></td>
</tr>
<tr>
<td><strong>Own resources and net financial payb.</strong></td>
<td>€ (14,037,409)</td>
<td>€ (14,637,976)</td>
<td></td>
</tr>
</tbody>
</table>
### Capital Ratios

<table>
<thead>
<tr>
<th>Structure Margin</th>
<th>31/03/2019</th>
<th>31/12/2017</th>
<th>Definition of Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Margin of Structure</td>
<td>€ 25,985,275</td>
<td>€ 11,966,119</td>
<td>Equity - Fixed Assets</td>
</tr>
<tr>
<td>Primary Ratio of Structure</td>
<td>4.32</td>
<td>2.51</td>
<td>Equity / Fixed Assets</td>
</tr>
<tr>
<td>Secondary Margin of Structure</td>
<td>€ 27,780,673</td>
<td>€ 13,939,791</td>
<td>(Equity + Consolidated liabilities) - Fixed Assets</td>
</tr>
<tr>
<td>Secondary Ratio of Structure</td>
<td>4.55</td>
<td>2.76</td>
<td>(Equity + Consolidated liabilities) / Fixed Assets</td>
</tr>
</tbody>
</table>

### Financial Indexes

<table>
<thead>
<tr>
<th>Structure Ratio</th>
<th>31/12/2019</th>
<th>31/12/2017</th>
<th>Definition of Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Liquidity</td>
<td>1.36</td>
<td>0.95</td>
<td>Immediate liquidity / Current liabilities</td>
</tr>
<tr>
<td>Secondary Liquidity</td>
<td>1.83</td>
<td>1.55</td>
<td>(Liquidità immediate + Deferred liquidity) / Current liabilities</td>
</tr>
<tr>
<td>Indebtedness</td>
<td>1.01</td>
<td>1.32</td>
<td>Third party equity / Equity</td>
</tr>
<tr>
<td>Coverage Ratio of Fixed Assets</td>
<td>4.49</td>
<td>2.72</td>
<td>Equity / Net fixed assets</td>
</tr>
</tbody>
</table>
Environmental responsibility
Goals for the future
Organization and governance
Social responsibility
Economic responsibility

Corporate profile
Strategy for sustainability

2018 CSR Miko SRL
To comprehend Miko’s ability to create economic wealth for its stakeholders, it is essential to present the analysis of data related to the generated and distributed value added.

The Value Added is provided by the difference between the final value of the goods and services produced and the value of the goods and services purchased to be used in the production process: the final product obtained through the transformation process of the raw materials records a gross increase of the economic value.

A quantification of the Value Added is obtained by reclassifying the Income Statement’s items aimed to highlight both the formation process of this indicator and its distribution, expressing in monetary quantities the relationships between the company and some of the main stakeholders that the company influences with its activities:

- Members
- Human Resources
- State, bodies and institutions
- Funding bodies
- Community
- Business system

From a methodological point of view, Global Value Added (G.V.A.) is the reference basis of this Sustainability Report. The following table highlights an analytical revision of the Income Statement that quantifies the amount of the Global Gross Value Added. To make the impact of the indicator on stakeholders more understandable to the reader, the Gross Value Added is divided into graphs according to its destination.
Table for the distribution of Global Gross Value Added (in thousands of Euros)

<table>
<thead>
<tr>
<th>DETERMINATION OF GLOBAL VALUE ADDED</th>
<th>2018 - 2019</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>€ 122,039</td>
<td>€ 79,087</td>
</tr>
<tr>
<td><strong>CONSUMPTIONS</strong></td>
<td>€ 84,101</td>
<td>€ 55,144</td>
</tr>
<tr>
<td><strong>NET ACCESSORY AND EXTRAORDINARY COMPONENTS</strong></td>
<td>€ 1,401</td>
<td>€ 322</td>
</tr>
<tr>
<td><strong>GLOBAL GROSS VALUE ADDED</strong></td>
<td>€ 39,339</td>
<td>€ 24,265</td>
</tr>
<tr>
<td><strong>DIVIDED AMONG:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEMBERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends distributed to members</td>
<td>€ 23,952</td>
<td>€ 14,374</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct remuneration</td>
<td>€ 4,688</td>
<td>€ 3,328</td>
</tr>
<tr>
<td>Indirect remuneration</td>
<td>€ 9,003</td>
<td>€ 5,494</td>
</tr>
<tr>
<td><strong>STATE, BODIES AND INSTITUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes and indirect taxes and property taxes paid to the State</td>
<td>€ 2</td>
<td>€ 2</td>
</tr>
<tr>
<td>Taxes and indirect taxes and property taxes paid to municipalities</td>
<td>€ 49</td>
<td>€ 39</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>€ 8,952</td>
<td>€ 5,453</td>
</tr>
<tr>
<td><strong>FUNDING BODIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial costs for receivable capital</td>
<td>€ 56</td>
<td>€ 61</td>
</tr>
<tr>
<td><strong>COMMUNITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>€ 391</td>
<td>€ 179</td>
</tr>
<tr>
<td><strong>CORPORATE SYSTEM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value adjustments on fixed assets</td>
<td>€ 1,249</td>
<td>€ 829</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td>€ 1,249</td>
<td>€ 829</td>
</tr>
<tr>
<td><strong>GLOBAL GROSS VALUE ADDED</strong></td>
<td>€ 39,339</td>
<td>€ 24,265</td>
</tr>
</tbody>
</table>
60.89% Members
22.89% State, bodies and institutions
11.92% Human Resources
3.17% Business system
1.00% Community
0.14% Funding bodies
Future goals

Given the sustainability policies
Goals taken from CSR 2017

a. To finance projects for the recovery and reforestation of areas of the national territory with consecutive release of certificates for the compensation of CO2 emissions generated by the organization.

b. To create a correlation matrix between the CSRs (specific customer requirements) and the MIKO quality system.

c. To update the table containing all the technical specifications of the customers.

d. Partnership with the German football team VFB Stuttgart.

Results

a. The partnership with Etifor, a spin-off of the University of Padua, has been started to carry out the restoration and conservation project of Bosco Sacile, through reforestation and forest improvement interventions that guarantee the capture and conservation of 5,600 tCO2 / year within 5 years, that is 100% of the annual environmental impact of Miko Srl.

b. The Matrix CSRs-IATF 16949:2016 has been created.

c. The table has been updated with the norms indicated from the technical specifications of the customers.

d. The partnership with the football team VFB Stuttgart has been activated; though this collaboration the sustainability principles will be transmitted to the German public.
Miko invests annually significant resources in the implementation of projects related to environmental sustainability. In addition to maintaining the System certifications and the EPD Process, the company is committed to the continuous search for initiatives that can increase protection measures and responsible management of the environment.

<table>
<thead>
<tr>
<th>Areas of the objectives from CSR 2018</th>
<th>Deliberate action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>- investment for a new finishing line</td>
</tr>
<tr>
<td>Sustainability and sustainability report</td>
<td>- acquisition of the first green certificates thanks to the new reforestation project</td>
</tr>
<tr>
<td></td>
<td>- EPD Nabuk update</td>
</tr>
<tr>
<td></td>
<td>- CSR update</td>
</tr>
<tr>
<td></td>
<td>- to maintain an open dialogue with Italian and German universities</td>
</tr>
<tr>
<td>Marketing</td>
<td>- to increase brand awareness with publications in specialized online and paper magazines on the automotive and design world</td>
</tr>
<tr>
<td></td>
<td>- to continue the partnership with Land Rover.</td>
</tr>
</tbody>
</table>

These projects, some active and some about to start, are currently included among the priority objectives for the two-year period 2019-2020.
Methodological note

The 2018 Sustainability Report by Miko S.r.l. intends to provide a representation of the social, environmental and economic impacts of the Company. The information contained in the document reports the activities carried out from 01/01/2018 to 03/31/2019, unless otherwise specified, and therefore no comparisons were made. This unusual reporting period is given by the new financial year closing obligation due to the new controlling shareholder of Miko Srl. For future years a period of 12 months will be announced from 01/04 to 31/03.

This second Report has been drafted according to the principles and editorial criteria established at international level that are called GRI Standards.

Credits

Editorial coordination – Mrs. Benedetta Terraneo
Accounting consulting:
Hospitality Team S.r.l. Società Benefit - Dott.ssa Lara Citon
Graphic project: Punktone!
Pictures: Internal Archive & Ph. Massimo Crivellari
Data update: 31 March 2019
The report is available on the website:
www.dinamicamiko.it