FATER
CORPORATE
SOCIAL
RESPONSIBILITY
Dear Stakeholders,

What you are about to read is a brief report of how we interpret being responsible and how we do things. “What” we do through our brands, Pampers, Lines, Tampax, Ace, is already expressed in the many communication and commercial activities we develop.

Here we want to give you a perspective on how we want to contribute to improving people’s lives and be a respected company in society. We will accompany you through relevant topics such as safety, quality, innovation, environmental impact and support to society. Above all, we will talk about people: citizens and consumers, women and men of the Fater Team, thus emphasizing what goes beyond the choice and experience of using one of our products. We want to openly communicate our approach to social responsibility.

First of all, we will tell you about what we have done in recent years: from the design and construction of the first machine capable of extracting secondary raw materials from used absorbent products; to the safety programs for workers and families which have allowed accident rates in our plants to be substantially zero, to the continuous programs for checking and improving the quality of products.

Committing ourselves to writing down our activities has also given us the opportunity to have an overview of our progress, but above all to realize there is still a long way to go. Starting from an aspiration: we want to be a point of reference for environmental and social sustainability, aware that this is a challenge to innovation, a virtuous race and above all a responsibility towards future generations.

Fater’s social responsibility report makes us aware that we have set off on a long journey. It is now up to us, with your feedback if you wish, to do more and more to help solve the most relevant issues for the future. There is a lot of work to do together.

Enjoy your reading.

Piero Tansella
Fater spa General Manager

That is why we want to:

• Reduce the environmental footprint of Fater products in the next 5 years with the “LCA” (product life cycle) approach
• Develop a circular “zero waste” approach to production
• Contribute to reducing post-use impact by helping people understand how to dispose of waste correctly
• Develop innovative environmental assessments of home care products
• Continue reducing the energy consumption of our activities year after year
• Promote inclusion, gender balance and work-life balance
• Support social solidarity and knowledge sharing projects
Fater has been part of Italian families for more than 60 years with its products: Pampers diapers and wipes; Lines and Tampax for feminine hygiene absorption; Lines Specialist incontinence products; Ace home care and laundry products.

And it’s been 27 years since we became a 50:50 joint venture between Procter & Gamble and the Angelini Group. Since that distant 1958, many things have changed. The world has undergone a radical transformation. New paradigms have been established both for those who do business and for those who are users of consumer goods.

We have changed as well, and it is in this process of personal and professional growth that there is an increasing awareness of what we do. But the most important question for us is: why do we do business? We tried to keep our answer short.

The result is a kind of manifesto that we have collected in these brief sentences, which we think are the right introduction to this document:

“We do this job because we want to contribute to improving people’s lives through innovative, safe and appropriate products, aiming to minimize the environmental footprint resulting from our activities and post-consumption. In our work we respect and feel responsible towards the people in our team and encourage their growth. We are an active part of the social and economic fabric of the communities where we have our offices and plants and we support people in difficult situations. We are committed to doing the right thing, complying with the law, maintaining high ethical standards, supported by our principles and values and our code of ethics. Improving people’s lives, being open to dialogue.”

That is why we do this job and how we do it.

5 plants worldwide
836 million turnover
4% of annual turnover invested in innovation

Fater produces and markets personal hygiene absorbent products in Italy, fabric and home care products in Italy and 38 other countries in Western and Eastern Europe, Middle East and Morocco.

We employ more than 1,600 people across 2 production plants in Italy - Pescara and Campochiaro (CB) - and 3 plants worldwide (Portugal: Porto; Morocco: Mohammedia; Turkey: Gebze); besides obviously the Headquarters in Pescara.

836 M of turnover in Italy in the fiscal year 17-18, about 4% of turnover, on average each year, is invested in innovation and research.

This is Fater and this is us. All we have to do now is give you the coordinates of this journey that we are all taking together.

CONTENTS

- Growing Together
- Safety
- Quality
- Innovation
- Commitment to the environment
- Production Processes
- Logistics
- Recycling
- Citizens among people
As in every journey, you need a destination and, more importantly, you need extraordinary companions. This is why we start from the heart of every company: the resource that allows us to design the future: the people.

“People make the difference” is not a catchphrase, but a concept that we nurture with facts. It means enabling every single person to enhance their “know-how” while creating the virtuous conditions for working together as a team; this is how we want to achieve great accomplishments.

That’s why in the year 2017-2018 Fater people attended training courses for a total of about 30,000 hours (+10% versus the previous year). Staying up-to-date is a necessary condition to grow professionally and above all as people.

We support the skills of our people in line with our values and our vision. Behaviors are inspired by collaboration, entrepreneurship and the pursuit of excellence, to look to the future with courage and build value for the community. We would like to have a positive impact on every person who comes into contact with us.

We are constantly working to ensure that the people who work with us feel good.

There are more than 1,600 people in Fater (of these, 1,468 work in Italy) and we had a positive balance of 60 units in 2017/2018 between the people hired and those who left the company in Italy.

We intend to strengthen the gender balance as we believe it is an irreplaceable pillar capable of supporting the company’s action and especially because it is the right thing to do. Today, women at Fater make up 12% of executives, 28% of middle managers and 45% of managing clerks. The goal is the total balance. Fater promotes work-life balance for its people.

There are plenty of tools to facilitate this balancing process. They range from work hour flexibility, part-time work, even temporary and with varied schedules, to smart working. The latter, introduced in 2016, allows employees to work from home and in the most convenient hours for them. In 2018, Fater reinforced its smart working plan by allocating one work day a week to specific roles (e.g. for the entire marketing department).

Today smart working involves 13% of the Fater people who can join the program. The internal climate is inspired by respect and solidarity and is even reinforced thanks to a special “leave donation” program. All Fater employees can donate hours of leave from work, which can then be used by colleagues with family care needs (within the first degree of kinship), if they have used their total hours. Since February 2018, 512 hours of rest have been donated.

In addition, for fathers, Fater has extended by one day, 100% paid by the company, the compulsory paternity leave of five days required by law.

Finally, the possibility of transforming the “productivity bonus” into a welfare credit with a concrete advantage for the employee has been very successful in the last two years.
SAFETY

For all the people on the Fater Team safety always comes first. What we do is important, but working safely is even more critical. The result we always strive for is, in fact, to ensure the highest occupational safety rates.

The two plants are OHSAS 18001:2007 and ISO 14001:2015 certified. Over time we have created a virtuous circle that also involves our suppliers, as we share with them technical knowledge and procedures, thus contributing to safety along the whole supply chain. We believe that safety in the workplace is inseparable from the company’s mission, but we also want to go beyond that and develop a constant focus on prevention. For this reason, with the Safe Start project we have made available to the families of employees the knowledge of our experts in the prevention and protection service and in the health, safety and environment service. In the last 3 years, we have organized training and recreational days with families at the Pescara plant, during which prevention issues have also been addressed in relation to life outside the company. 95% of the company population (Pescara plant) took part in the initiative.

We believe that prevention is first and foremost a mental attitude and that is why it constantly applies to all situations. Every person at Fater is a driver for improving safety, too.
One person from our team often quotes a phrase from Henry Ford: “Quality means doing it right when no one is looking.” This quote perfectly represents our approach to quality. Quality as a consequence of work done with responsibility, involving everyone in the company, based on objective evaluation parameters and with the support of the most advanced technologies. But let’s talk about facts:

The plants in Pescara, Campochiaro (CB) and the headquarters in Pescara are ISO 9001:2015 certified. Here Fater has defined, applied, maintains and continuously improves a “Quality Management System” (QMS) and the related processes. The checks carried out range from the choice of suppliers and raw materials, to after-sales sample checks.

Here is some information to help you understand our commitment to quality: 100% of the Ace bleach production in the Campochiaro plant is electronically controlled to verify the fill-level of the packages, labeling and capping quality, bottle cleaning (no stains or dirt), printing quality of the production lot for product traceability, printing quality on the carton container (secondary packaging), printing quality of the pallet label.

The formulas are prepared using software to ensure the exact compliance of the product. The Pescara plant carries out about 120 controls on 100% of the production, both in-line and continuously, using vision systems, auto-rejection systems, metal detectors, lasers, guided by advanced software.

There are 4,200 parameters checked for each shift on: production line, product, primary and secondary packaging and pallets. Quality production starts from the suppliers and the raw materials we choose. Fater suppliers must have implemented a quality management system that is qualified by Fater according to its standards. Fater also qualifies the supplier production process and raw materials according to Fater specifications. In addition, intermediate controls on processes and regular reviews of suppliers are conducted; the raw materials arriving at the plants must be accompanied by a Certificate of Analysis that ensures compliance with specifications.
INNOVATION

Within the Fater Team we constantly talk about innovation. It is a kind of mindset, linked to the awareness that growth will depend on the value that we will be able to generate in people’s lives.

Fater can also innovate in a “revolutionary” way, creating conceptually new products. Pampers Mutandino, launched in the last year, is an example: they are pant-shaped, easy to wear and change. The product, in different sizes, is available in both the Pampers Baby Dry and Progressi line-ups.

Cotone is the innovation in the Lines pads and liners range of products. The part of the product in contact with the skin is 100% cotton. Fater products have all undergone stringent tests in full compliance with the highest quality and safety standards.

The innovation for Ace Detergent has led to a different formula which has allowed a reduction in the dosage and 20% less plastic used for the bottle. We can estimate that in one year, based on the quantities sold, we will save the environment about 150 tons of plastic. It is an initial contribution to the reduction of disposable plastics.

Information on Fater products and services is available on: www.pampers.it www.lines.it www.tampax.it www.lines-specialist.it www.ace.it
COMMITMENT TO THE ENVIRONMENT

Some students visiting our production facilities asked us: “Are you doing everything you can to be a sustainable business?” A simple question, which one of our people accompanying them answered, as each of us would have answered: “I don’t know if we’re doing everything. We are doing a lot, but we know that it is our duty to do more”.

Environmental sustainability concerns everyone and must be translated into concrete actions because only facts are the testimony of our commitment.

Fater is gradually expanding the analysis of environmental impacts throughout the product life cycle, using the Life Cycle Assessment method (in compliance with the international standards ISO 14040 and 14044). In addition, for products sold through public tenders, we adopt the Environmental Product Declaration (EPD).

The EPD is an international instrument compliant with the ISO 14025 standard, with a certified management process, which communicates the environmental impacts by product, guaranteeing objectivity, comparability and credibility.

Thanks to the innovations developed, on specific incontinence products for example, Fater has reduced CO₂ emissions from the product throughout its entire life cycle by about 30% in the last eight years (source: Ambiente Italia 2017). Since 2016, Fater is “chain of custody certified” according to the PEFC standard. PEFC promotes sustainable forest management. In particular, the certification joined by Fater tracks the material from the forest to the finished product.

Incontinence products sold through public tenders are PEFC-certified: no less than 90% of the virgin cellulose pulp used for these products is sourced from sustainably managed forests that are periodically inspected by independent inspectors.

We want all the people who work with us to be a part of what we are doing for environmental sustainability. That is why we are working on a digital sustainability training project for the whole Fater Team, the Green Academy.

CERTIFICATIONS:
Fater has activated the following certifications:
- PEFC (absorbent incontinence products supplied through public tenders)
- EMAS (Pescara plant)
- ISO 9001:2015 quality management system
- ISO 14001:2015 environmental management system
- ISO 50001:2011 energy management system
- OHSAS 18001:2007 occupational Health and Safety Management System
- EPD Management Process
Our view is that a sustainable company must have an overall vision of its actions. So not only a focus on efficiency, but also a commitment to minimize environmental impacts in terms of emissions, waste, energy and water use.

Here is what we at Fater do:

**PESCARA PLANT:**
Between 2015 and 2017, the Pescara plant implemented an emission filtering system upgrade plan by eliminating 3 wet filters, which were replaced by dry filters with 99% abatement efficiency.

These interventions are part of the reason why the total dust emissions per standard unit decreased in 2017/18 by 55% compared to 2015/2016. Emissions from decoration and marking of finished products and packaging (VOC) are captured and sent to an abatement system consisting of a zeolite rotary concentrator and a regenerative afterburner. All systems are equipped with supervised alarm systems to prevent accidental leakage into the atmosphere.

The Pescara plant is powered by a cogeneration plant, built using the most advanced technologies in terms of construction, efficiency and safety and equipped with a BAT (best available techniques) filtering system with 93% efficiency in reducing nitrogen oxides (NOx).

The outlet is equipped with a continuous monitoring and recording system (SME) to monitor the critical parameters as per the Emission Summary Chart. The total waste produced decreased in 2017 by 18% compared to 2016 and by 4% in the fiscal year 2017/18 versus the previous year.

All industrial waste is recovered and treated chemically and physically. We don’t send anything directly to landfills. Waste is treated by authorized and certified companies which recycle it by producing secondary raw materials and forward a small part of it to other recovery plants or refuse-derived fuel (RDF) production plants. Fater carries out audits prior to signing contracts with the operators and periodic checks to make sure the delivered waste is sent to the proper destination. With regards to the by-products (wet cellulose pulp resulting from wet filter abatement), these are sent to a local paper mill for the production of packaging cartons which are partly purchased from Fater as part of a circular process.
Power:
About 85% of the Pescara plant is powered by renewable sources through an 8.9 MWe cogeneration plant that uses vegetable oil biomass, certified in accordance with the Interministerial Decree “National Biofuels and Bioliquids Certification System” of January 23, 2012. In 2017-2018, 46245 MWh were produced. The main performance and environmental indicators for cogeneration are positive: the used biomass to produced energy ratio is stable at 0.22; the generated CO to produced energy ratio is reduced by 27% over the previous year; the NOx to produced energy ratio is also decreasing, hitting -5% compared to 2016/17.

Water:
The consumption of industrial water per unit produced in the Pescara plant was reduced by 12% in 2017, following the completion of the upgrade plan, which began in 2015, for the replacement of wet filters with dry filters and the construction of a second cooling tower for the cogeneration plant. In 2017 there was a slight increase by 4% in the consumption of drinking water per standard unit produced due to the start-up of a new production line for wet wipes.

Power:
The Campochiaro plant is powered by a natural gas-fueled cogeneration plant (electricity and thermal energy), which produced 13285 MWh in 2017-18, thus covering 54% of the plant’s needs. Electricity consumption per standard unit has decreased by 39% compared to 2016-17. The efficiency indicators of the cogeneration plant increased by 10% to hit 97% in 2017-18.

Water:
The Campochiaro plant reduced its industrial water consumption by 27% per unit produced in 2017-18. The total water consumption grew by 10% as a result of the 52% growth in volumes produced.
One example is the Plus project, which has been implemented for a number of years: it consists of making more efficient use of the truck’s loading volume in height to carry out fewer shipments. Fater stacks additional layers of product placed on a second pallet on top of the standard pallet. Pallet building is defined by a proprietary algorithm based on packaging resistance as well as the product rotation at the customer’s premises. The advantage is double: Fater reduces, for the same volume, the necessary shipments (-1,000 trucks/year); it cuts the CO₂ equivalent by 600 tons per year and the PMx by 35.24 kg.

A further contribution to removing trucks from the roads was given by the concentration of the fabric and home care detergent production in the Campochiaro plant (CB). Fater has expanded the plant and built a modern automated warehouse in compliance with the natural constraints of the area. This allowed to redesign the logistic routes and cut the circulating vehicles by an additional 2,000 trucks. That means about 1,200 tons less of CO₂ equivalent going into the environment each year.

But the logistics department has also adopted, after a period of testing, an innovative software capable of helping operators to choose the optimal route for deliveries. The different options are analyzed not only in terms of cost but also considering the corresponding potential CO₂ equivalent. All the possibilities are explored for the route to be covered, including intermodal transport. The “green logistics” software contributes significantly to the awareness of the choices made by Fater people, proving that sustainability involves everyone to make a real difference.
Today, FaterSMART is a business unit of Fater spa focusing on the research, development and marketing of used personal hygiene absorbent products recycling technology and process. With its technology, FaterSmart is able to give a new life to the materials contained in personal hygiene absorbent products, ensuring the perfect sanitization and preserving the technical performance.

Every ton of this waste produces 150 Kg of cellulose, 75 Kg of plastic and 75 Kg of super absorbent polymer, which can be used in many production processes. No more landfills or incineration plants, but the recovery of materials which will come back to life and bring multiple financial, environmental and social opportunities.

The industrial-scale experimental plant for recycling absorbent products is operating at Contarina spa in Lovadina di Sresiano (TV).

For further information www.fatersmart.com

Post-use is a key issue in the sustainable approach through Life Cycle Assessment (LCA). The commitment of the people who work on the recycling project has made what a few years ago was only a visionary dream come true. The new Fater-patented technology can eliminate absorbent personal products from landfills, obtaining secondary raw materials.
If we were to think about what makes us at Fater happy to be part of the team, “Trust” is the word that best describes our feelings.

Three out of four families in Italy use our products; we live with an extreme sense of responsibility the trust of consumers in our products. The same awareness of people’s expectations also reflects beyond the business, to include the daily life of the communities we are based in.

CONCRETE SUPPORT

We have developed partnerships to offer discreet aid to citizens living in difficult situations and have supported important social responsibility issues over the years.

Fater and Banco Alimentare have been working together for years to help needy families in Abruzzo and Molise. Fater also collaborates with other organizations working in the field of solidarity, supporting their projects. The process is simple: Fater and Procter & Gamble donate to the organizations products which the same organizations sell in charity markets in the cities where Fater has plants and offices. A key role is played by the Fater people who volunteer to make the market successful: 280 volunteers in the last two years. That is how we have supported projects worth around 1 million euro over the last four years.

- **Save the Children 2016 and 2018**
  - objective: supporting child protection activities and helping the charity build a social and educational center in Amatrice
- **Fondazione Veronesi 2017 and 2018**
  - objective: supporting breast cancer prevention
- **ABIO 2017**
  - objective: improving child care in hospitals
- **Telethon 2015**
  - objective: supporting research activities, especially on Osteopetrosis
- **Telethon 2014**
  - objective: supporting research activities and contributing to the Nemo Centre project at the A. Gemelli hospital in Rome

KNOWLEDGE SHARING

Fater has developed an interactive multimedia course for digital training for all employees, with simple language, videos and animations, in 16 weekly lessons: the Digital Gym. In the last 3 years we have shared with some middle schools the customized course for young people. We have also held specific meetings with parents to focus on cyber-bullying and cyber-security. We will repeat the school-sharing experience with the Green Academy project, which is the sustainability training course we are developing.

Reaching out to kids led us to support the on-the-job training program organized by the Chieti-Pescara branch of Confindustria (General Confederation of Italian Industry). In the school year 2017/2018, Fater was involved in 6 events in the main schools in the area. Finally, sharing is also about making what we know and apply about safety available to families. The Safe Start project brought together in the Pescara plant 95% of the people working there and their families to learn safe behaviors at home.