

4. Moleskine

4.1. BUSINESS DESCRIPTION

Moleskine is a global, multi-category, multi-channel brand, dedicated to supporting the users in expanding knowledge, creativity and individual expression. Its ecosystem is made of products and services, content and stories, people and partners, places and channels, which combine, enable and nurture creativity and self – expression: notebooks, diaries, journals, bags, writing instruments, reading accessories and hybrid products that migrate content from paper to digital devices and vice versa. They provide open platforms to create, communicate and share ideas.

Moleskine has its fingers on the pulse of contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine.

Moleskine is a creative company enjoying steady growth. It has about 550 employees and a vast network of partners. With its headquarters in Milan, Italy, the Moleskine Group also includes, among others, Moleskine America, Inc. (established in 2008); Moleskine Asia Ltd (2011), which controls Moleskine Shanghai and Moleskine Singapore; Moleskine France (2013) and Moleskine Germany (2013).

The Group designs and sells its products through a multichannel distribution platform in more than 115 countries. The production itself is outsourced to partner suppliers.

4.2. OUR APPROACH TO SUSTAINABILITY

With a mission statement dedicated to supporting our users in expanding knowledge, creativity and individual expression, the question of sustainability has always been at the heart of Moleskine's concerns. Moleskine's most valuable creative capital is of course its own people, for whom it aims to provide a fair and enriching work environment.

In 2019, Moleskine's People Strategy focused primarily on reconnecting and engaging staff with the Company purpose. To pursue this objective, the Leadership Team identified the Corporate culture as the prime motor for embracing and manifesting the Company's purpose in everyday life.

2019 therefore has seen numerous initiatives designed to enrol the entire Group into embodying the core cultural values that are essential to "leading the Moleskine way".

The non-profit Moleskine Foundation was launched in 2017. The Foundation – which is fully aligned with the values and beliefs of the Company – fosters creativity for social change through a number of educational initiatives, with a focus on communities affected by cultural and social deprivation, such as At Work (<https://moleskinefoundation.org/initiative/atwork>), a Quality Education program carried out in several African countries.

The Company is also aware that its products use natural resources. It therefore seeks to balance economic benefit and environmental protection in its activities, developing them with respect for current environmental regulations while bearing in mind the rights of future generations. As the Company operates primarily as a distributor, most of its environmental footprint comes from the operations of its suppliers. It therefore ensures that its values are respected throughout the supply chain.

To further investigate and develop on sustainability Moleskine built an ECO-Team joining people from different departments and with different perspectives; including both at executive and employees' level. It meets periodically to set up priorities and monitor Moleskine's sustainability ambitions. Moreover, the company is engaging with its stakeholders in order to elaborate further on its materiality analysis and is currently in the process of making a Life Cycle Analysis (LCA) of one of its core products. The results of these analyses will help Moleskine in 2020 further define its priorities and sustainability ambitions.

4.3. MATERIAL ASPECTS:

- Environmental impact of product design
- Sourcing of materials and natural resources
- Energy efficiency and CO₂ emissions
- Social and ethical supply chain
- Innovation
- Employee well-being and satisfaction
- Community engagement
- Ethical principles
- Respect for human rights
- Zero tolerance for corruption and bribery
- Inclusion and Diversity

> Environmental Impact of Product Design and Packaging

WHY IT IS MATERIAL

Moleskine's business model is based on the conception and creation of consumer goods. Therefore, a substantial part of the environmental impact stems from the design and manufacture of new products. Taking environmental criteria into account and considering the products' full lifecycle at the design stage is crucial to minimizing waste and increasing the recyclability of materials. This perspective goes beyond the product to include the packaging.

Adapting to the growing demand of clients to reduce the environmental footprint of the products they are using also creates a great business opportunity for Moleskine. Moreover, failure to comply with environmental standards and regulations can lead to additional costs and potentially harm the Company's reputation.

KEY INDICATOR

- 93% of paper products in the 2018 catalogue have a reusable paperband.

UN Sustainable Development Goals (SDG)



Moleskine aims to contribute to reducing waste generation through prevention, reduction, recycling and reuse.

MANAGEMENT APPROACH AND WHAT WAS ACHIEVED IN 2019

In order for Moleskine to understand the environmental impacts of its products along the entire value chain (i.e. from design to production, use and end of life), the company aims to make a life cycle analysis of one its core products. This will enable to capture the possibilities for improving the ecological footprint of its products. Moleskine takes environmental criteria into account when designing new products. In Moleskine's sustainable product development process, a significant area of focus is packaging with the aim of reducing the waste:

- designing it for reusability (also in 2019 the Notebook paperbands carry B-side graphics that turn it from paper waste into an object or paper tool to be kept and used);
- looking for new solutions with low environmental impact (i.e. substituting paper bags stuffing with recyclable air bubbles, which allow significant save on weight and volume, both for storage and transportation).

WAY FORWARD

In 2020 the Company will continue working both on packaging and alternative materials for its core products in order to reduce its environmental impact.

> Sourcing of Materials and Natural Resources

WHY IT IS MATERIAL

Moleskine must exercise responsibility when choosing the materials it uses in its products, since such choices will inevitably impact the world's resources. Even though Moleskine does not produce its products, it designs them and initiates their production.

The use of chemicals can also affect the health of end consumers. This can represent a risk for the brand's good reputation as well as costs associated with the non-compliance with standards and regulations.



UN Sustainable Development Goals (SDG)



By ensuring that all its paper products come from responsibly- managed forest, Moleskine

contributes to SDG 15 which aims to promote the implementation of sustainable management of all types of forest, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.



The Company also contributes to SDG 12 as, by respecting the above-mentioned regulations,

Moleskine aims to reduce the impact of the materials it uses on the environment and human health.

MANAGEMENT APPROACH AND WHAT WAS ACHIEVED IN 2019:

Moleskine is aware of its responsibility to ensure the resources it uses are sourced with respect for the environment.

The main material used is paper (paper products represent roughly 83% of our net revenues in 2019).

Paper is a sustainable raw material when sourced responsibly. Given current deforestation concerns, Moleskine's policy is to ensure that the paper and wood used comes from sustainably-managed sources. Hence, since 2008 Moleskine is "FSC Chain-of-Custody" certified. The certification is renewed every five years and requires annual audits for validation.

One of Moleskine's priorities is to find a balance between ensuring high product quality and using sustainable materials to make those products. To this end, all its paper is acid-free and ECF (elementary chlorine free). Also, all products and materials comply to major international regulations such as REACH and Proposition 65.

KEY INDICATORS

- Moleskine has obtained and maintained the FSC Chain-of-Custody certification since 2008. All paper products in 2019 were sourced and supplied through the FSC certified supply chain.
- All paper used in Moleskine paper products is acid-free and ECF (Elementary Chlorine-free).
- Moleskine actively ensures that its products are compliant to international regulations in force - such as REACH and Prop65 - at all times, and that they do not contain any SVHCs (Substances of Very High Concern). Regular tests are conducted on finished products and materials, by third party accredited labs.

WAY FORWARD

The way forward is to continue applying the same high standards to all materials used to produce MSK products (paper, cardboard, polypropylene, polyurethane, polyester, nylon, fabrics and textiles, metals, ABS plastic, EVA rubber, real leather).

> Energy efficiency and CO₂ emissions

WHY IT IS MATERIAL

Climate change is one of the biggest risks facing society. Moleskine has a direct and indirect impact on climate change, which results respectively from the greenhouse gases emitted for its own operations (design, distribution) and for the activities of its supply chain, as well as direct emissions from day-to-day use of Moleskine's offices and mobility of Moleskine's employees.

WAY FORWARD

Based on the results of our CO₂ emissions calculations, we will look at the opportunities for further reduction.

UN Sustainable Development Goals (SDG)



By implementing climate change measures, Moleskine contributes to SDG 13, which involves

taking action to combat climate change and its effects.

MANAGEMENT APPROACH

Moleskine takes steps to shrink its own—direct - environmental footprint by investing in renewable energy and by promoting sustainable mobility for its employees.

In 2019 the Company has started to reflect on ways to assess Moleskine's global – indirect - environmental impact and decided to start calculating direct CO₂ emissions arising from energy consumption in Moleskine's offices and stores, all over the world (scope 1 and 2 emissions).

WHAT WE ACHIEVED IN 2019

In line with Moleskine's resolution to invest in renewable energy 60 solar panels covering a total of 97,50 square meters were installed in 2018 on the roof of the Milan headquarter.

In 2019 the electricity meter has been installed to start tracking from 2020 the green energy kWh produced by the solar panels.

Moleskine also reached several agreements with Milan's public transport operators (Azienda Trasporti Milanese and Trenord), including favourable conditions for Moleskine employees who buy season tickets.

A new Courier service started working in Milan, where Moleskine's headquarter is located: through "bike messengers" it provides a sustainable courier service that tracks CO₂ emissions saved for each trip.

KEY INDICATOR

> For the first time Moleskine published its CO₂ emissions

Direct CO ₂ emissions	tCO ₂ e	
Scope 1	183,82	32%
Scope 2 (market based)	394,02	68%
	577,84	

> Social and Ethical Supply Chain

WHY IT IS MATERIAL

Moleskine's products are sourced entirely by external suppliers. Therefore since the beginning of the development process Moleskine defines with these suppliers a set of social and ethical standards to be applied at all times.

In terms of risk, failure by suppliers to comply with these standards of ethical conduct could have a negative impact on Moleskine's reputation. Moreover the shutdown of a key supplier, by consequence of non-compliance, could also disrupt business continuity.

UN Sustainable Development Goals (SDG)



Moleskine's procurement policy contributes to SDG 8, which aims to protect labour rights and to promote safe and secure working environments for all workers.

MANAGEMENT APPROACH

Moleskine has processes in place to ensure their suppliers' commitment to social well-being.

Moleskine's aim to reaffirm the Group's deep-seated commitment, to meet the highest standards of legal and ethical conduct in its commercial dealings, is clear from the General Conditions of Supply which contain a term where Moleskine asks its vendors to comply with the Company's Code of Ethics. In addition, Code of Ethics agreed compliance is reminded in the footer of any Purchase Order.

Next to this, Moleskine's General Conditions of Supply require suppliers to guarantee that every stage of their production chain complies with the SA8000 International Responsibility Standard (or equivalent, such as SMETA or BSCI). This standard applies to all working conditions and covers safety, hygiene, under-age workers and non-voluntary work (exploitation), the legitimacy of employment contracts and the environment. The Company verifies whether suppliers are certified, by asking them copy of the certifications. Moleskine asks companies that are not certified to begin the certification process and monitors their progress.

KEY INDICATOR

In 2019, 91% of purchases (in EUR) from significant suppliers of goods come from companies that are compliant with Moleskine Corporate responsibility guidelines.

WAY FORWARD

In 2020 Moleskine will actively work to ensure that all its significant suppliers of goods reach full compliance with Moleskine Corporate Responsibility Guidelines.

> Innovation

KEY INDICATOR

In 2019, Moleskine took further steps for strengthen the skills of its innovation team. +20 Employees of Moleskine received a specially designed Innovation Course, delivered by the Politecnico of Milan to be awarded MIP – Masters of Innovation. In 2019 Moleskine increased its direct investment in the digital category. This was done through direct investments in projects in the innovation pipeline, as well as investment into new ventures. The ventures include the Moleskine Digital Studio JV and the EDO.IO start-up. In total this means a doubling in terms of investment over 2018 into projects that will enter the market throughout 2020 and early 2021.

WAY FORWARD

Moleskine will focus on consumers, deepening its understanding of how Moleskine can provide meaningful innovation. Focusing on both established and emerging segments, the company is laying the ground-work for continued consumer relationships in years to come.

UN Sustainable Development Goals (SDG)



By constantly innovating with the launch of new original products (including its M+ collection), Moleskine contributes to SDG 8, which aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.

Part of the product roadmap remains extending the value of Moleskine objects over time, making the objects non-disposable, while still ensuring industry best standards for recycling and materials sourcing.

WHY IT IS MATERIAL

Moleskine caters for creative consumers who are open to new ideas and ways of increasing productivity/self-expression. Among Moleskine’s target audiences are digitally-connected professionals, knowledge workers and students who are used to the convenience of digital technology but who still enjoy creating plans and developing ideas on paper first but have come to appreciate the convenience of digital technology. Increasingly Moleskine also caters to the audience delivering digital first or pure digital offerings.

By remaining relevant in both the analog and digital domain, Moleskine seeks to follow the needs of the users, and delivers platforms for creation that can travel and grow with the user over time.

The Pen+ Ellipse seamlessly combines the everyday experience of writing and creating by hand with the digital world.



MANAGEMENT APPROACH

The Company dedicates significant energy to identify areas for innovation across every product category, while also seeking ways to innovate internal processes, the business model and overall corporate culture.

Driven from a solid foundation in company purpose, brand evolution trajectory, technical capabilities, the teams explore emerging consumer needs – seeking to deploy the optimal solution, at any given time, designed to empower personal creativity and productivity.

WHAT WAS ACHIEVED IN 2019

In 2019, the Digital Development and R&D departments sought to identify solutions to bridge the analogue-digital continuum, creating a connection between digital and paper products. In addition the continued focus on digital first and pure digital solutions took form. This resulted in the launch of the Adobe Connected Paper Tablet and the Dropbox Smart Notebook.

2019 saw the full execution of the acquisition of EDO.IO a app services development company, which was identified through the Moleskine Open Innovation program in 2018.

2019 brought to market the third Digital App in the collection – Flow by Moleskine. Flow is a digital notebook that removes all the clutter and long list of choices, enabling the you to stay in your creative flow – giving you the tools to customize your experience to your own preferences. Flow was awarded the 2019 Apple Award for Design and Innovation as well as winning Apple Best App for iPad, 2019.

> Employee Well-Being and Development

WHY IT IS MATERIAL

Strong employees engagement with the corporate culture and goals, and staff retention are crucial to the long-term success of the business.

KEY INDICATORS

- In 2019 Moleskine dedicated more than 370 hours to staff training and development, involving more than 130 people.
- 2 Inspiring Mornings in 2019 in Milan
- 10 Culture workshops in EMEA, 3 in America

WAY FORWARD

An internal survey, to measure the effectiveness of the Culture Workshops showed a high interest and appreciation of the initiatives.

In Italy and in America several spontaneous Culture initiatives have been developed by internal staff.

Roll out of the Culture project in Asia planned for 2020.

Inspiring Mornings will continue also in 2020 across in all the countries.

UN Sustainable Development Goals (SDG)



Moleskine is committed to the development of its employees and wants to contribute to creating a decent working environment.

MANAGEMENT APPROACH

Since 2019, Moleskine took an integrated approach under the "Total Rewards System". The TRS implies that investment in people is not only related to monetary status (basic salary and variable incentive bonus), but is also related to a more general investment in the corporate well-being of staff (workplace, learning, engagement, work-life balance). In terms of learning, Moleskine provides its employees with professional learning, personal development programmes and technical training. Moleskine is also committed to using internal job rotation before hiring external candidates.

WHAT WAS ACHIEVED IN 2019

- In 2019, Moleskine launched the People&Culture Project to engage our people on the 5 corporate Values "Pillars": excellence, learning, care, resourcefulness, passion. The roll-out has been organized through many internal workshops, which involved Italy, France, UK, Germany and America teams.
- In 2019 Moleskine launched several learning & development initiatives:
 - Part-time collaboration and co-teaching with MBA International MIP;
 - Retail Experience Training Lab for EMEA Store Managers;
 - Individual coaching for Executive roles;
 - Technical training to enhance basic skills in languages and IT systems/tools;
 - Individual training to empower employee's soft skills;
 - Training to enhance technical skills in sales approach.
- In 2019 we have launched the Inspiring Mornings, an initiative shared with the Moleskine Foundation: thanks to direct contact with authors with significant personal stories in the contemporary creative scene Moleskine personnel have had an opportunity for personal enrichment on different themes, experiences and points of view, all focused on creativity as an engine of social transformation.

> Community Engagement

KEY INDICATOR

- 395,000 EUR were given to the Moleskine Foundation in 2019.
- Cultural Partnerships: London Design Festival, TEDx Milan, Asama Photo Festival, Power Station of Art Japan.T
- High-profile Cultural Figures Engaged: Ding Yi (world-renowned Chinese artist), Thirza Schaap (Artist known for her role in raising awareness on plastic problems), Alexia Tala (Curator), Giorgia Lupi (world expert on data design), Farshid Moussavi (celebrated architect), Camille Walala (famous designer), Liu Xiaodong (one of the most famous contemporary Chinese artists), etc.

WAY FORWARD

The 10 years of shared value and expertise have allowed Moleskine and the Moleskine Foundation to develop a new innovative partnership model of social engagement that brings together a non-profit organisation and a business to create a more significant social impact on a larger scale. The Moleskine Company is committed to collaborate with the Moleskine Foundation by putting its network, its people and its infrastructure at the disposal of the Foundation.

UN Sustainable Development Goals (SDG)



Through the Moleskine Foundation, Moleskine contributes to SDG 4, which aims to increase the number of youth and adults with relevant skills, including technical and vocational skills, that will create decent employment opportunities and encourage entrepreneurship.



WHY IT IS MATERIAL

Moleskine is a cultural icon, a brand that tells a story. A Moleskine object, service, content connects the owner to a heritage in art, literature, cultural and geographical exploration. It is part of Moleskine's DNA to sustain creativity and critical thinking in the community. Moleskine believes that community engagement can create opportunities to engage creative people.

MANAGEMENT APPROACH

Moleskine has a twofold approach to community engagement:

- sustaining culture and creativity (Moleskine Cultural Programming and Content): A number of activities aiming to nurture the brand's close relationship with leading cultural institutions and their communities. This involves curated events, cultural partnerships and content that take place in its physical and digital spaces. Through content platforms such as FOLD Magazine, we align with the forefront of contemporary culture and inspire personal development and positive social change. We bring our audience closer to emerging and established cultural figures through intimate and inspiring conversations. We create a space of inspiration, shared learning and creative exchange by speaking to thought leaders committed to redefining community by tackling such issues as equality, identity, inclusivity, sustainability, representation in art, etc.
- promoting education and critical thinking in communities affected by cultural and social deprivation (Moleskine Foundation).

The Moleskine Foundation is a non-profit organisation that provides young people with unconventional educational tools and experiences that help foster critical thinking, creativity and life-long learning, with a focus on communities affected by cultural and social deprivation.



The Company has recently strengthened its relationship with the Moleskine Foundation in a joint mission to create co-curated cultural formats that leverage creativity as an engine for positive social change.

WHAT WAS ACHIEVED IN 2019

Among initiatives in 2019 aimed at sustaining creativity within the creative audience, Moleskine established partnerships with London Design Festival, with TEDx Milan, and the Power Station of Art Shanghai. In its triennial 2018-2020 business plan, Moleskine has approved the yearly designation of a sizeable contribution that will cover the structural costs of the Foundation and allow it to have a sustainable, long-term vision. Henceforth, 100% of the resources received by the Foundation can go directly to creating a positive social impact.

ETHICAL PRINCIPLES

> Respect for Human Rights

WHY IT IS MATERIAL

Moleskine is committed to meet the highest standards of legal and ethical conduct in its employee management and commercial dealings. Non-compliance with standards and regulations can bring costs and reputational damages.

KEY INDICATOR

- In 2019 no Human Rights breaches were registered by the Supervisory Body.

UN Sustainable Development Goals (SDG)



Moleskine makes sure that individual rights are respected throughout the organisation

MANAGEMENT APPROACH AND RESULT OF THE POLICY

The legal and ethical standards that Moleskine adheres to are described in the Company's Code of Ethics, adopted in 2013. All of Moleskine's employees are requested to accept the Code when joining the Company, as the Standard of General conditions of Supply submitted to vendors that supply Finished products contains the acceptance of Moleskine's Code of Ethics.

The Company considers unacceptable any type of violence, harassment or undesirable conduct that violates the dignity of a person. All those who observe or are the victim of any form of harassment (sexual or linked to personal, cultural or religious diversity) are asked to report this to the relevant managers or to the Supervisory Body.

The Company aims to propagate and reinforce a safety culture by developing awareness of risks, and developing knowledge of, and compliance with, current prevention and protection legislation, promoting responsible behaviour on the part of all workers. No employee or contractor may expose others to risks and dangers that might cause harm to their health or physical safety, and each worker is responsible for and must act to ensure effective management of workplace health and safety.

As mentioned above, Moleskine requires its suppliers of Finished products to guarantee that every stage of their chain of production complies with the SA8000 International Social Responsibility Standard (which covers, amongst other points, working conditions, under-age workers and non-voluntary work).

> Zero tolerance for Corruption and Bribery

WHY IT IS MATERIAL

Any forms of attempted or actual corruption and bribes can represent a reputational risk and lead to legal fines.

KEY INDICATOR

- In 2019 no cases of corruption or bribery were registered by the Supervisory Body.

UN Sustainable Development Goals (SDG)



Moleskine contributes to global efforts to counter corruption and bribery in the corporate sector

MANAGEMENT APPROACH AND RESULT OF THE POLICY

In 2013, Moleskine implemented the Italian Legislative Decree 231/2001 by adopting the Organizational and Control Model aimed at preventing bribery and the corruption of public authorities and private entities.

It also complies with the Italian Entrepreneurial Association Guidelines (Confindustria Guidelines). A Supervisory Body oversees the efficiency of the Model and must be informed of any possible violation.

The Supervisory Board reports twice a year to the Board of Directors.

> Inclusion and Diversity

WHY IT IS MATERIAL

Moleskine promotes diversity, rejects all forms of discrimination and applies the same standard of treatment toward each employee regardless of their religion, nationality, origin, gender or beliefs. Any episode of discrimination would put Moleskine's reputation at risk. Furthermore, diversity within the organization greatly benefits the business thanks to the mix of different genders, mindsets, cultural and professional backgrounds.

KEY INDICATOR

In Moleskine's working environment 57% of the top and middle management are women.

UN Sustainable Development Goals (SDG)



Moleskine contributes to SDG 16, which aims, among other targets, to promote and enforce non-discriminatory laws and policies for sustainable development

MANAGEMENT APPROACH AND RESULT OF THE POLICY

Moleskine rejects all forms of discrimination and applies the same standard of treatment to all employees.

Moleskine recognises the importance of its employees as one of the fundamental factors in achieving corporate objectives, and adopts procedures and techniques for recruiting, development, evaluation and training aimed at providing equal opportunities without discrimination on the basis of gender, age, sexual orientation, religious beliefs or any other factor.

Staff are recruited on the basis of their experience, their attitudes and their skills. Recruitment and internal promotions are based exclusively on the correspondence between expected and required profiles.