



Bestway®

SUSTAINABILITY REPORT | **2022**



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Letter to stakeholders

Dear readers,

With this second edition of the Sustainability Report, we wish to reaffirm our commitment to achieving ever greater sustainability in all our activities. A journey that, together with our parent company, will lead us to achieve ever more challenging and crucial goals for the future of new generations. Bestway is in fact a unique case, being a small-to medium sized company with headquarters in Italy, but with 4 other offices in Europe and a parent company in China with as many as 5 production plants and over 10,000 employees. There is also a constant relationship with the US subsidiary and the others in Australia, South America, Russia and the United Arab Emirates. The constant exchange of ideas and our privileged perspective on international dynamics have allowed us to grow steadily over the years and to anticipate new styles and trends before they become established. Among these is the issue of sustainability, which is becoming increasingly important in directing purchasing choices towards responsible models, and something that Bestway has embraced as a cornerstone of its vision for many years now. Bestway Europe and its parent company are committed to contributing to the international goals set out in the UN's 2030 Agenda and actively combating climate change. Our commitment is as concrete as the goals we have set for ourselves globally, which include achieving challenging targets by 2025 in a number of areas, from the use of renewable energy and recycling materials to reducing water consumption and adopting better packaging solutions. Our contribution aims to have a positive impact not only on the environment, but also on the economy, for example by supporting projects that boost the economies of developing countries, and on society, including the social policies and training we continually promote for our employees. The well-being of people, be they our employees, stakeholders, customers or the communities in which we operate, is the ultimate goal of everything we do. While we want our products to deliver the greatest possible enjoyment and help facilitate moments of shared happiness and connection, we also want to generate positive indirect results that can create value and prosperity for the community at large. From our B The Change project to our outreach initiatives, from our contribution to the scientific and technological debate to our plans to develop individual skills, we want to be part of the change towards a more prosperous, equitable and sustainable society. This paper tells the story of our commitment and the challenges that lie ahead. Happy reading,

Simone Zesi

OUR HISTORY AND VALUES

Bestway, the world's leading manufacturer of outdoor recreation products, wants to ensure that people everywhere can enjoy pleasant moments of interaction and companionship through a wide range of innovative products. Since its inception, the company's strategy has been to develop and produce quality products at competitive prices, capable of responding in the best possible way to

market demands. Over the years, the continuous commitment to research and development has allowed Bestway to become an household name, able to anticipate new trends and create new market segments by constantly expanding its product portfolio. A natural inclination towards innovation, that the company has been able to leverage in order to consolidate its leadership in the global markets.

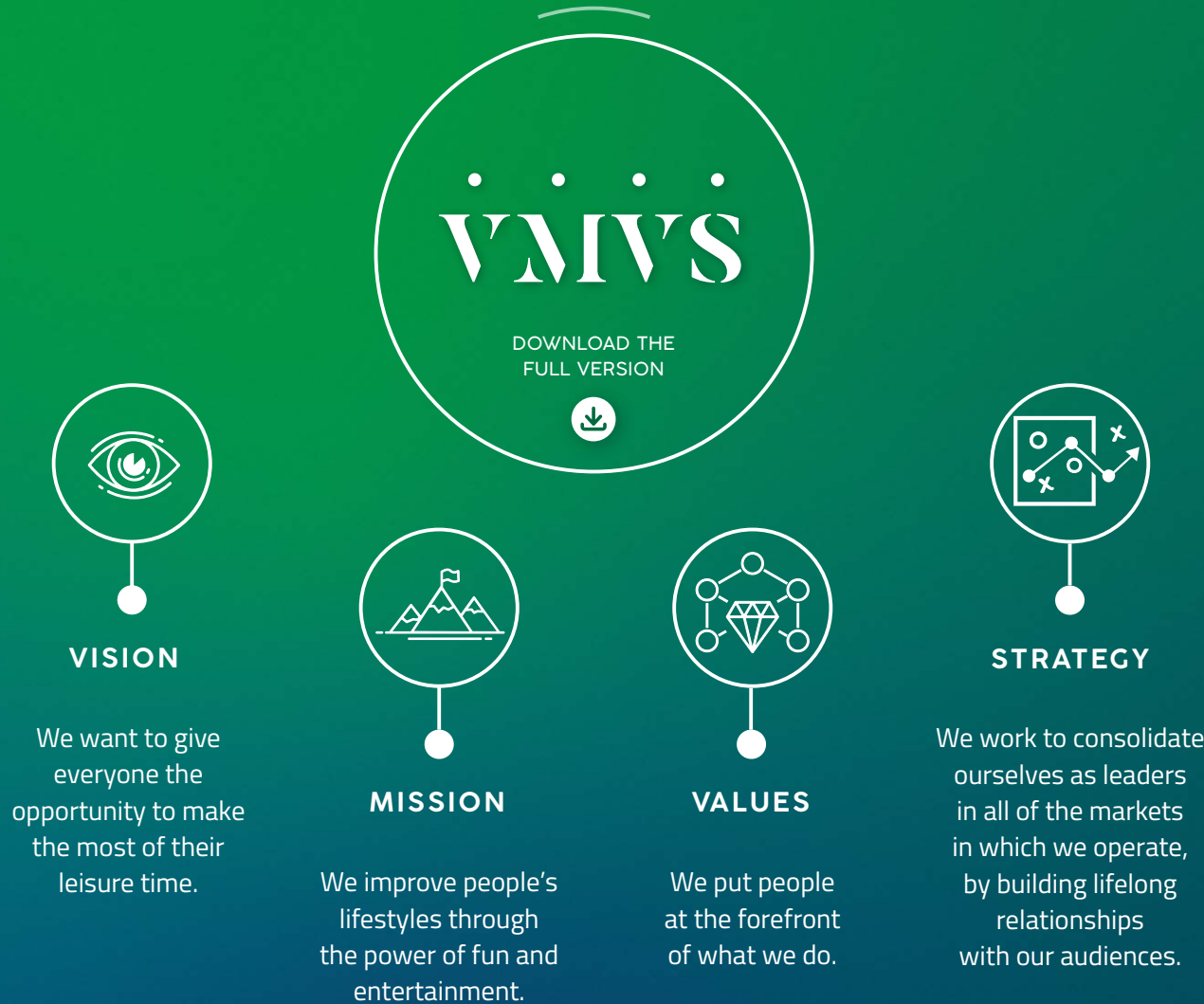
Our corporate culture is an interweaving of vision, mission, values and strategy that guide our daily decisions in a responsible way, so that we can meet our customers' expectations more effectively every day. We understand that our products help create unique experiences and moments of enjoyment that become part of people's lives and memories, everywhere.



Vision is how we want to contribute to people's happiness and well-being; the mission is the role we want to play in the world and in society; our values

are at the core of how we do business; and our strategy is how we translate all our efforts into action. The four key values that underpin Bestway's

business - Sharing, Responsibility & Sustainability, People, Community - have also guided the development of this document.





VISION:

We are committed to bringing fun into people's lives with innovative, quality products and to creating a rich and stimulating professional environment for our people. We strive to improve every day, in everything we do, for everyone. We believe in pursuing excellence in the achievement of our goals and creativity in the development of our products and services.

MISSION:

Through our products, we provide moments of well-being and companionship for people of all ages, everywhere in the world. Through our business philosophy, we foster a work environment that focuses on individuals in their uniqueness. Together with our colleagues, associates, suppliers and subsidiaries around the world, we strive to be the brand of choice in the leisure industry.



VALUES

PARTICIPATION

Transparency, respect and mutual trust are the foundation of all our business relationships. Sharing ideas, listening to each other and engaging in constructive dialogue are key to ensuring growth and wellbeing.



RESPONSIBILITY & SUSTAINABILITY

We place responsibility for people and the environment at the heart of our decision-making process, encouraging virtuous behaviors and promoting sustainable choices.



PEOPLE

Our people are the driving force behind Bestway, and the source of our inspiration in meeting the needs of our customers. The universal principles of inclusion, equality and meritocracy guide our policies.



COMMUNITY

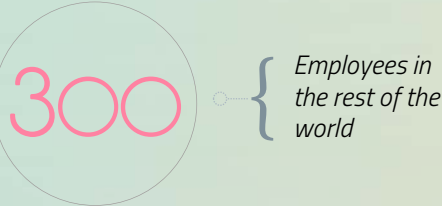
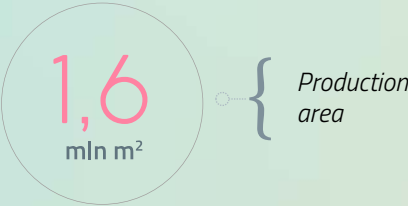
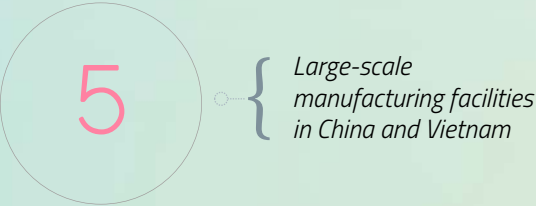
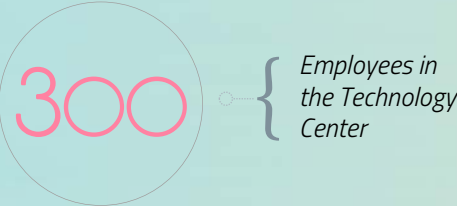
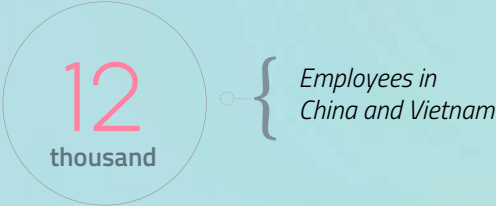
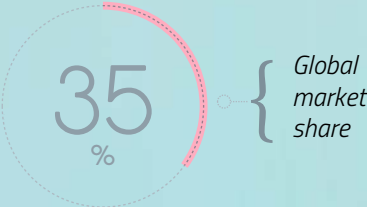
We value the communities in which we operate as part of them and as the social fabric that we are committed to helping build and sustain. Colleagues, customers, suppliers, parent company and subsidiaries are and will continue to be our anchor points.

STRATEGY

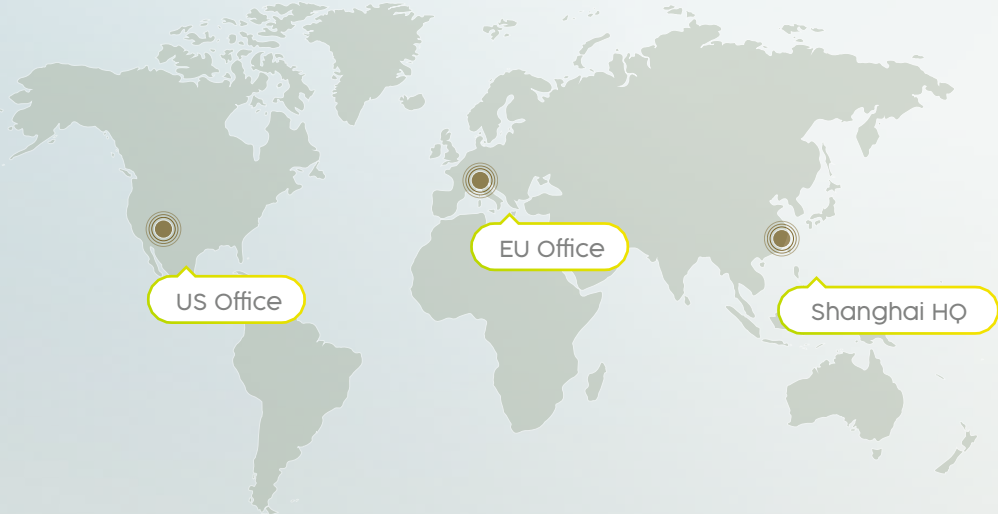
Strengthen the brand, through careful management of sales, distribution, customer service, marketing, e-commerce and product development.
Innovate with new and high quality products.
Continuously improve products, develop new market segments and offer new inspirations for living life to the full.
Seize opportunities in different markets, listening to new trends to anticipate customers' needs.
Cultivate a stimulating work **environment** based on respect, training and specialization of all resources.
Promote digitization of all organizational processes.



Since its establishment in Shanghai in 1994, the company has always invested significant resources in **R&D and the design of its products**, continuously increasing its production capacity. Over the past few years, the market and customer habits have undergone a radical transformation. Strengthened by its solid foundation and presence across over 110 countries on all 5 continents, Bestway has managed to adapt to the changes and continue on its virtuous and steady path of growth.



3 product development centers, in the U.S., Europe and China



1,100 products in the range



Risks and opportunities

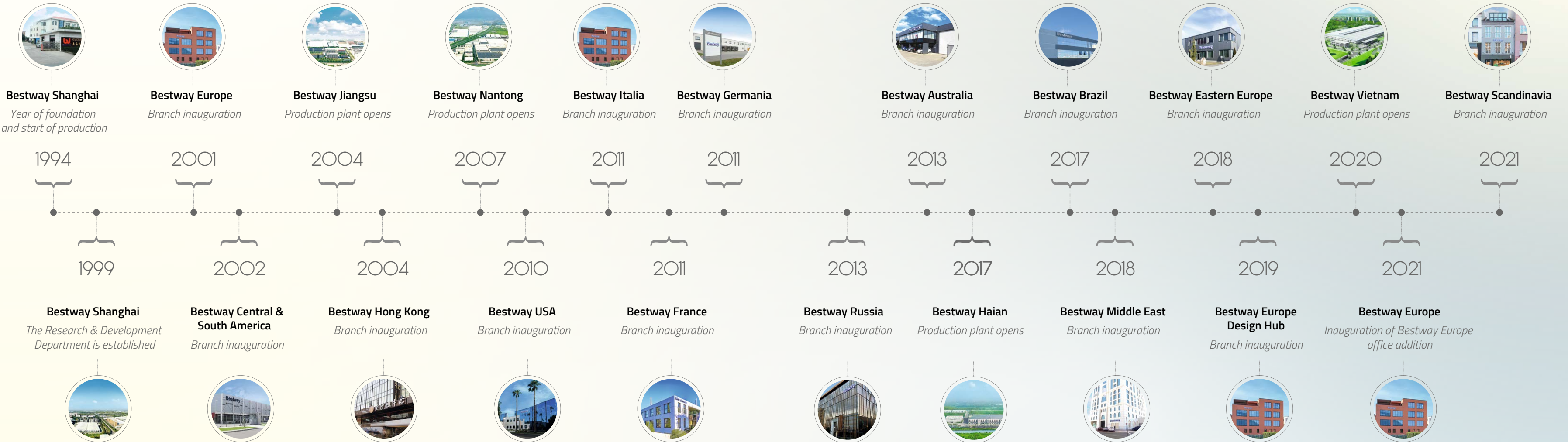
Opportunities

Description	Impact	Probability	Time horizon	Primary Benefits
Expansion of existing product lines: development of new innovative products in line with market trends	Medium - High	High	Medium term (1-3 years)	- Revenue protection /growth - Competitive gap - Better margins
Creation and development of new product categories exclusively for the e-commerce channel	Medium	Medium	Medium term (1-3 years)	- Dedicated product range - Market differentiation
Fast-growing online market (e-commerce, web retailers) compared to traditional channels	High	High	Short term (1 year)	- Increased consumer awareness of the products - Better delivery service for medium/large size products
Increased use of the Internet, social media channels and digital services	Medium	High	Short term (1 year)	- Increased consumer knowledge of products - Better brand awareness
Opening of new European and global branches for greater local presence	High	Low	Long term (3-5 years)	- Maintain and grow revenue and improve margins - Expand service offerings - Greater competitive gap
Increased demand for specialty garden and indoor products	High	High	Short term (1 year)	- Volume growth for the company's core product lines

Risks

Description	Impact	Probability	Time horizon	Possible consequences
Increased awareness of sustainability issues	Medium	Medium	Long term (3-5 years)	- Creation of new product lines - Greater sustainability and improvement of the brand
Fluctuating energy and transportation costs in response to global geopolitical conditions	High	High	Medium term (1-3 years)	- Increased production costs - Reduced sales volumes
Global shortage of raw materials	High	High	Short term (1 year)	- Increased production costs - Reduced sales volumes
Increased labor cost	Medium	Low	Medium term (1-3 years)	- Increased production costs

Bestway timeline



Bestway Europe

In Europe¹ the Sales, Marketing and Product Development, E-commerce and Customer Service activities fall under the responsibility of **Bestway Europe**, which also manages the distribution in the wholesale, retail and web

retail sectors. Once in Europe, Bestway products are purchased and resold to end customers by a variety of distributors, such as

- MMR, mass market retailers
- Large specialist retailers (DIY stores, toy stores, etc.)
- Importers

- E-commerce retailers

In this way, the company is able to offer an **extensive range of products in all segments**, where the historical products that have contributed to Bestway's success over the years are complemented with

innovative solutions capable of responding to new trends and the needs of an increasingly discerning clientele. A rich and ever-evolving catalog combining practicality, strength and durability with excellent value for money.

In addition to Bestway branded products and licenses with Disney, Mattel and Marvel, Bestway Europe is also present with the following brands, which differ in context, distribution channels and target consumers.

1) Excluding Russia and Ukraine.

For Bestway Europe, 2022 ended with 89% growth over the last three years, confirming the positive trend seen in recent years:

12.2 million in economic value creation
242 employees (+29% compared to 2021)
8,272,723 million products distributed in Italy
60,135,913 million products distributed in Europe

Organizational changes in Bestway

Several investments have been made over the past two years, starting with the inauguration of the new **Bestway building** in the second half of 2021, which, in addition to providing more space for offices and meeting rooms, is an exceptional **exhibition space**

for Bestway products. But that's not all: in line with the company's core values, the new premises were built with **sustainability in mind**, using mainly geothermal energy for sustainable heating, cooling and hot water production. A 15 cm layer of exterior insulation prevents heat loss, while the entire roof is covered with photovoltaic panels to produce the energy needed to power the building and heat the tap water. The **Bestway Scandinavia** subsidiary was also inaugurated in 2021 to ensure greater oversight and proximity to customers in a region that is strategic for the company's development in Europe. A development strategy that had already led to the addition of the Bestway East Europe subsidiary to the European team 3 years before. The development and

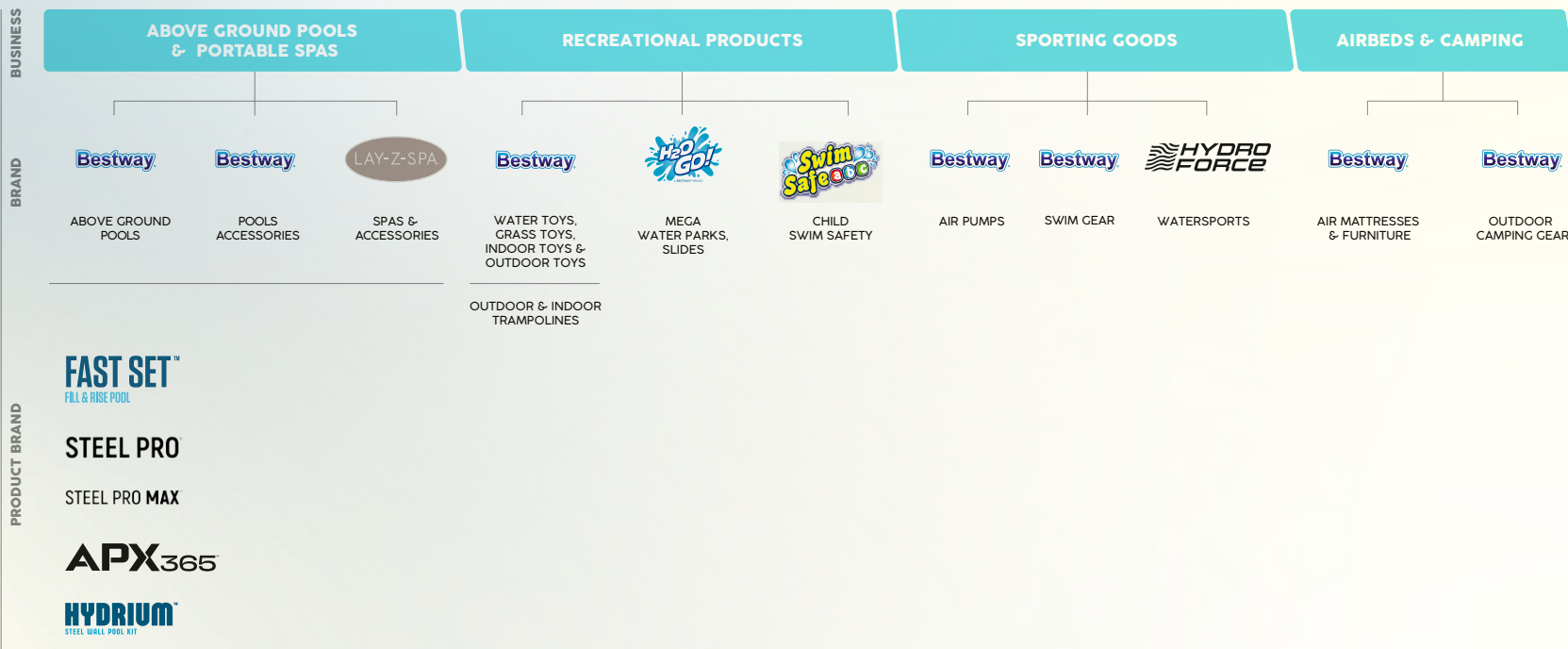
consolidation plan has been complemented by **major investments in digitalization**, which has been the real driving force behind growth in recent years and has been identified as one of the trends that will continue to be central in the near future. Investment management, for example, is carried out exclusively through a dedicated project management system that plans and monitors all flows so that the entire budget approval and expenditure cycle can be tracked for each activity or area. The management system also incorporates a **B2B platform**, which the sales department uses to analyze and monitor sales data at European level, extrapolating insights to improve business strategy. A similar approach is used to manage marketing activities. The platform gathers and

aggregates all data related to promotional campaigns in a single dashboard. Finally, in the last few years, dedicated online stores have been launched for a number of European countries. Following the successful launch of the e-commerce site for the Italian market in 2019, the experiment was successfully replicated in Germany, Spain and France, achieving excellent results in terms of direct sales. The launch of these B2C sales channels was also aimed at monitoring, analyzing and better understand the needs of end customers, in order to improve internal processes and products. As a result, information on end users' propensity to buy, targeted marketing activities and product selection allow the Company to identify end users' needs in an increasingly refined and structured way, in line with the progressive

growth of the online market. The digitization process continues with **three additional projects**:

- Europe-wide tracking and mapping of promotional flyers for mass market retailers; the flyers include products belonging to specific product categories which are also distributed directly by Bestway;
- The installation of the EDI module for the automated processing of orders by Bestway Italia;
- A new management module aimed at monitoring cash liquidity, which also integrates bank movements and asset/liability forecasting functions.

Despite the complexities that recent years have brought into all our lives - from the pandemic to the conflict in Ukraine - the company has continued to grow and invest, as seen with the **development**



of two new divisions:

- **Customer Service:** an independent department responsible for the management and coordination of all 19 customer service centers in Europe, covering 34 countries.
- **Product management:** created to foster dialogue with the parent company and the U.S. subsidiary, and a closer collaboration with Bestway Europe Design Hub, with the aim of implementing new products, materials and technologies.

Bestway has also obtained the **AEO (Authorized Economic Operator) certificate** from the Customs Authority, thus becoming an authorized economic operator by virtue of the constant monitoring on activities carried out over the years. In addition to confirming the soundness of Bestway's business model, the certificate is also an important competitive factor, as it allows for faster control and verification activities for imported products at Customs. The decision to pursue AEO certification stems from the

desire to offer customers the best possible service that is quick, efficient and rigorous: in fact, the certification proves that the logistics processes implemented by Bestway, from purchase to final delivery, are valid and reliable.

The desire to continually improve its performance and service to customers has led the company to develop new business and productivity tools, which have been rolled out over the past months:

- Development of a **PIM solution** to support the e-commerce site.

- **Expansion of the product database**, managed via the Product 360 platform, to include all product parts and components. Thousands of codes will be imported via Bestway Shanghai's Sap ERP, for a more efficient data transmission.
- Integration of the **marketing platform** with business management.
- Development of a **central platform** for the customer service **ticket management** (CSM).
- Further **development of systems related to after-sales management** from

- the perspective of content, F.A.Q., management system optimization.
- **Data collection:** establishing partnerships with third-parties to gain market insights (e.g., ActionFocus, NPD Group for the toys category).
 - Further expansion of the **Corporate Intranet**, a space for employees to exchange information and share news.
 - **Cloud** migration of the Server.
 - **Dematerialization** of all paper archives.

Corporate Governance and Organization Chart

The Board of Directors of Bestway Europe consists of 3 members:

Chairman:
Mr. Liu Feng
(parent company representative and majority shareholder of Bestway Enterprises)



Chief Executive Officer:
Mr. Simone Zesi



Councilor:
Mr. Libero Sellitri



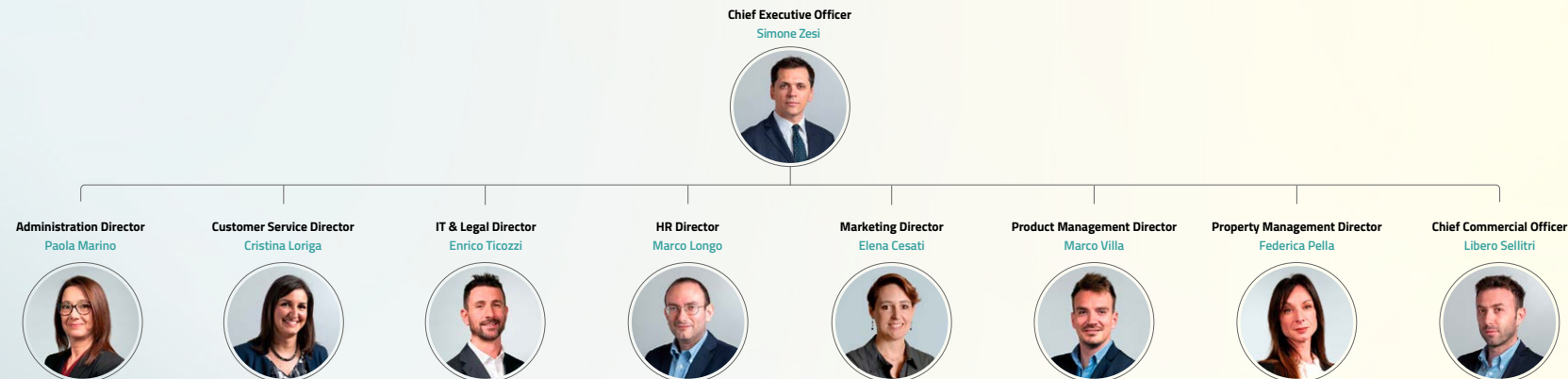
The structure of Bestway Europe
Bestway Europe, the main referent in Europe, was founded in Italy in 2001 and, thanks to its commitment to business development and the continuous expansion of its market share, has gradually established subsidiaries in several other European countries. The aim of these subsidiaries is to promote Bestway's sales and values by providing a better knowledge of each market, improving services and offering a more direct and immediate contact with customers.

Bestway Europe's subsidiaries are:

	Bestway Europe	Other subjects
Bestway Italy	100%	0%
Bestway France	75%	25%
Bestway Deutschland	51%	49%
Bestway Eastern Europe	51%	49%
Bestway Europe Design Hub	51%	49%
Bestway Scandinavia	100%	0%

Bestway Europe management

For the day-to-day management of different business needs, the senior management has **formalized a number of project approval procedures** so that specific workflows can be tailored for each business area. Decisions on general strategies or major investments (such as, for example, the opening of new branches or the management of real estate properties) are dealt with directly by the company's Shareholders, who form a special Internal Committee. The Board of Directors, on the other hand, can carry out all acts of ordinary or extraordinary administration, except those that are the responsibility of the Shareholders. All other business decisions see the involvement in the first instance of the entire executive team, consisting of all



department directors who form a second internal committee.

Suggestions, implementation proposals and the development of new ideas are welcomed and encouraged **to foster better communication and participation at all levels of the business environment.**

Collaboration is very fruitful and allows strategies and changes to be applied in the right way. Additional time is also set aside for discussions with the entire group of Supervisors, the second level of management who steer work groups and have direct knowledge of the situation of all colleagues in the

company.

Involvement and participation are just as important as the project approval process, which is streamlined so as to be responsive to market needs. The company has created more than 100 procedures, broken down by department, each with an associated project owner, which are available on the company's management system for quick access and use; these procedures allow a common set of guidelines to be shared by all colleagues.

2022 saw a major change in the structure of the company, which changed from Srl

(limited liability company) to Spa (joint stock company);

a choice that, among other advantages, allowed for the improvement and strengthening of the corporate governance process, partly thanks to the establishment of an Audit Committee that actively participates in any decision regarding investments or changes.

The Audit Committee is responsible for overseeing the management and operations of the Company as a whole, paying particular attention to the fulfillment of the obligations imposed by law, the Articles of

Association and the principles of good management. The Audit Committee, established in 2022, also consists of 3 persons:

- President: Massimiliano Sironi
- Statutory Auditor: Michele Pirotta
- Statutory Auditor: Riccardo Maffi

The conversion into joint stock company has strengthened corporate governance thanks to the implementation of a number of procedures:

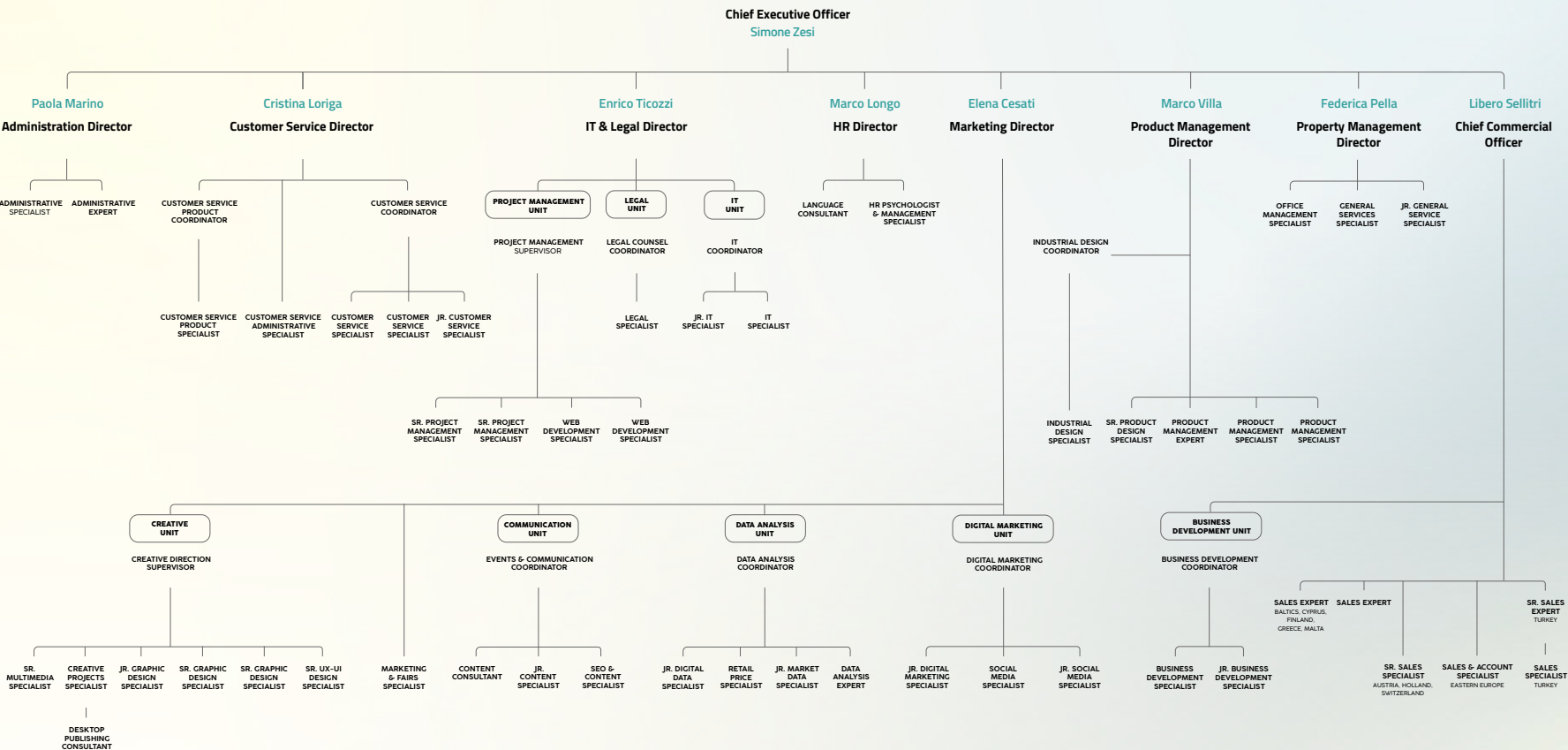
- Major investments and

changes are reviewed by the Audit Committee (strategic investments, new branches, credit lines, company performance) in monthly meetings;

- Bi-annual reports are issued to describe the progress of the company and its main strategies;

- Advice and suggestions are sought, particularly on how to make business processes more transparent.

The Audit Committee thus represents an additional "layer" that monitors and supports the company while protecting its key stakeholders.





PARTICIPATION

Transparency, respect and trust are the foundation of all relationships we build and maintain. Sharing ideas, listening to each other and engaging in constructive dialogue are essential to ensure growth and well-being.



Bestway stakeholders

For the company, **engaging and listening to its stakeholders is crucial to ensure business continuity, economic growth and the achievement of its strategic objectives**. The relationship with its stakeholders is based on mutual trust, which is reflected in Bestway's commitment to listen to their expectations and needs in order to best meet them. In fact, the company's medium and long-term

development can only be outlined by defining a common path that takes into account the needs of all the stakeholders involved. As shown in the diagram below, for each of the stakeholder categories that Bestway engages with, different types of consultations are arranged at different times, depending on the type of audience:

Employees

- Annual focus group;
- Team building/annual corporate events;

- Budget sheet;
- Bi-monthly general meeting;
- Monthly department meeting;
- Internal regulations;
- Continuous dialogue;
- Internal communication channels and social networks;
- Training courses;
- Charter of Values.

Community and environmental associations

- Support in events/projects;
- Web site, social network

- and newsletter;
- Interaction with the citizenry and its representative bodies;
- Corporate disclosure;
- Press releases;
- Charter of Values.

Legislature and Regulatory Agencies

- Supporting regulatory drafting through participation in working tables (Bestway is currently involved in the discussion of 20 working groups in Europe);
- Active collaboration with leading laboratories (among

them: TUV, SGS, Intertek, UL).

European parent company and subsidiaries

- Internal regulations;
- Continuous cross-disciplinary dialogue with different business functions;
- Training courses;
- Annual events;
- Reporting;
- Internal communication channels and social networks;
- Charter of Values.

B2B customers and end consumers

- Customer service;

- Meetings with clients;
- Fairs, conferences, events;
- Product documentation;
- Web site;
- E-commerce;
- Charter of Values;
- Newsletter;
- Visits to B2B customers;
- Product training and presentations (B2B customers);
- Customer portal;
- Customer Satisfaction Survey;
- Showroom;
- Social media;
- Research and focus group products.

Suppliers

- Daily reports (e-mail, telephone, etc.);
- Dialogue through periodic meetings

Partners in R&D

- Collaborations with the scientific community, educational institutions and University Research Centers;

The materiality matrix

Bestway's participation and dialogue with its stakeholders, both internal and external, continues in this second edition of the Sustainability Report. At the forefront of these efforts is the materiality analysis, further refined in this edition, which was conducted to identify the most relevant - i.e. "material" - issues in terms of the company's business development, and their potential to affect sustainability issues.

Themes

1	Customer satisfaction	9	Solid governance and transparent behavior
2	Product quality and safety	10	Brand image and reputation
3	Product innovation	11	Responsible consumption/emissions
4	Responsible production	12	Energy efficiency
5	Equal opportunities	13	Involvement of local communities
6	Career plans & training	14	Online presence (e-commerce, social media, websites)
7	Benefits	15	Digitisation (IT tools) & Data Security
8	Economic responsibility		

Specifically, material issues are those that are perceived as such by the various stakeholders because they can influence their expectations or behavior and have a significant economic, social and environmental impact. Already in the last edition of the Sustainability Report, the Bestway workgroup carried out a rigorous analysis of the most significant issues for the organization, starting with ESG (Environmental, Social and Governance) criteria. Once the most relevant issues were

identified and shared with the company's management, they were submitted to three stakeholder groups consisting of executives, employees and agents, with the aim of assigning a level of priority and relevance to each. Bestway has further consolidated the analysis by integrating it with the evaluation of issues in terms of their impact on sustainability variables, in accordance with the criteria identified by the Global Report Initiative (GRI) 3 in 2021.

Materiality matrix



The materiality analysis revealed the importance of issues related to **production and product innovation**. **Responsible production** practices, **energy efficiency**, and **emissions management and reporting** activities are central to Bestway's **social, economic, and environmental sustainability**, and therefore the commitment in this area is constant and deep-rooted: from the use of recycled and recyclable materials for products, to eco-design to reduce over-packaging; from the ever-increasing use of renewable energy to the reuse of waste materials. These aspects not only help monitor and reduce environmental impact, but also promote ethical relationships with suppliers, reduce operating

costs, and boost brand reputation. Additionally, Bestway aims to have **a positive impact on customer satisfaction by constantly striving to innovate and improve the quality and safety of its products** in order to best meet expectations. The quality and safety of Bestway's products have emerged as key issues for the management, which pinpoints supply chain control and innovation as the two key elements for the success of the company and its products. Another issue of social and economic impact is data security. E-commerce companies have access to sensitive consumer information, including financial and purchase

data, and managing this information is a challenge: on one hand, companies use data to improve services and the customer journey by tailoring them to consumers' preferences; on the other, they need to ensure privacy. Mismanagement can lead to costs and reputational risks, while effective and proactive management can build user trust and loyalty, key elements for long-term economic sustainability. This is another reason why Bestway has made significant investments and efforts in recent years to implement and structure its digital services, which has also led to the launch of online stores in several European countries.

The value for our stakeholders

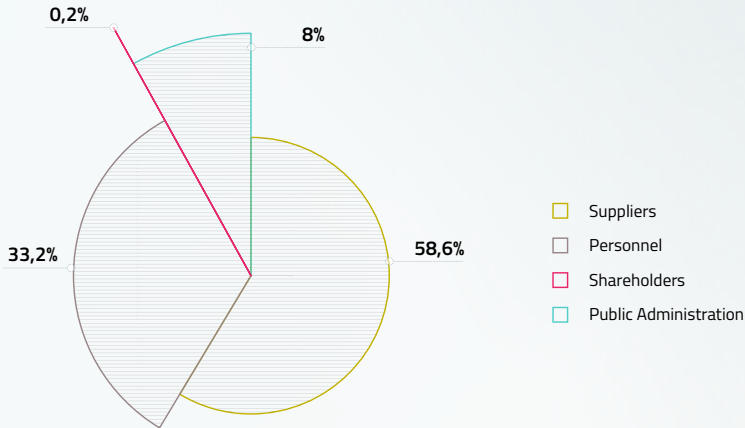
Bestway generates not only economic but also social value, as the wealth we generate helps to create new jobs, grow supplier and allied businesses, stimulate innovation and research, and reduce the environmental impact of production.

This commitment can be quantified using the "Value-added" indicator. This is the difference between the wealth generated by the company and the cost of production. The components that make up the value added statement and their distribution among the various stakeholders also make it possible to analyze the economic impact generated by the company and to link the Sustainability Report to the Annual Report, so that the latter can be read from the stakeholders' point of view.

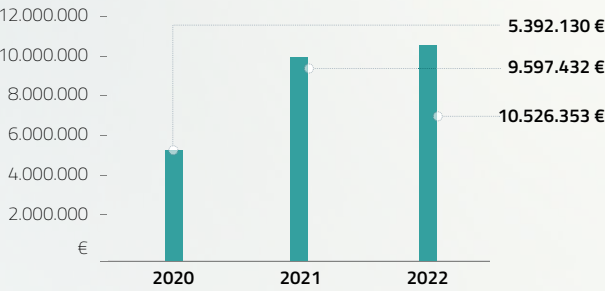
Bestway - direct economic value generated and distributed

	2022	2021	2020
Generated Economic Value	12.292.692,00	12.658.874,00	6.500.598
Revenues	12.292.692	12.658.874	6.500.598
Distributed Economic Value	10.526.353	9.597.432	5.392.130
Operating costs	6.069.347	5.373.201	2.406.741
Salaries and benefits	3.424.757	2.760.265	2.311.258
Payments to investors (shareholders)	700.000	300.000	200.000
Payments to the public administration	832.249	1.263.966	464.131
Withheld Economic Value	1.766.339	3.061.442	1.108.468

Breakdown of allocated economic value



Distribution of economic value



The economic value generated by Bestway Europe in the 3-year period 2020-2022 shows a significant increase of approximately 89%, also due to the post-pandemic recovery, while in 2022 it is stable compared to the previous year. The value distributed to stakeholders increased by approximately 10% compared

to the previous year and represents 86% of the generated value, distributed mainly to suppliers (58%), employees (33%, an increase of 24% compared to the previous year) and public administration (8%) through tax payments. Bestway's core business is the marketing of the parent

company's products together with the management of the various distribution channels and related marketing activities. Therefore, the steady growth in revenues over time is directly attributable to revenues from commissions and contributions to marketing activities received from the parent company.

The increase in personnel expenses is related to the increase in the number of employees over the last three years, as described in more detail in Chapter 4 "Human Resources", and to the implementation of the employee benefit plans introduced from 2020. In addition, bonuses are paid to employees who have

achieved the targets set in accordance with the requirements of the Board of Directors. Investments have also increased over time in response to the development plans outlined above.



Sustainable development goals

Bestway's commitment to protecting the environment and people is also intended to help achieve the challenging global goals set out in the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. The 2030 Agenda for Sustainable Development is an action agenda for people, planet and prosperity, signed in September 2015 by the

governments of the 193 member states of the United Nations. It includes 17 SDGs to be achieved by 2030, divided into 169 targets, and provides a framework for striving for greater sustainability and equity globally.



Bestway's commitment to the Sustainable Development Goals



GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable patterns of production and consumption

- Post-production PVC waste is reused in Bestway's manufacturing facilities: approximately 35,457 tons of PVC was reused in 2022.
- Bestway is able to meet 2.7% of its production needs using solar energy thanks to its photovoltaic systems.
- The first step towards not creating new waste and minimizing the environmental impact of a product is to extend its life cycle. For this reason, the website it.Bestway.eu has

a dedicated section for the purchase of spare parts, where consumers can search for and purchase only the replacement part they need. This approach has been replicated in other major European markets.

- Every year, around 500 products are tested and certified in independent laboratories according to 115 different safety standards, with over 5,000 tests being performed.



GOAL 13: FIGHT AGAINST CLIMATE CHANGE

Take urgent action to address climate change and its impacts

- As a concrete demonstration of its commitment to protecting the environment and combating climate change, Bestway has launched the "B the Change" campaign, which aims to inspire virtuous environmental behavior in each of us, encouraging us to become active agents of change. It is also a manifesto of the company's desire to contribute to a sustainable future on several fronts: from the use of clean energy, to initiatives aimed

at mitigating the impact of production activities, environmental protection projects, and using recycled and recyclable materials.



GOAL 15: LIFE ON EARTH

Protect, restore and promote sustainable use of the earth's ecosystem, sustainably manage forests, slow down desertification, halt and reverse land degradation, halt the loss of biological diversity.

- Bestway Forests were established in partnership with Treedom. This is a tree planting project in support of 6 agroforestry

projects in Guatemala, Ecuador, Haiti, Kenya, Cameroon and Tanzania. The trees were planted directly by local farmers to promote positive economic and social outcomes in their own communities. In addition to generating income for the local communities, each tree contributes to global CO₂ absorption, soil conservation and biodiversity.

- Bestway supports, develops and maintains an urban beekeeping project in the city of Milan. The protection of bees is essential to preserve the biodiversity of our ecosystems and improve their resilience.

Both projects are described in more detail at page 43.

Strategic goals

Bestway defines as "strategic goals" all those objectives that can increase brand value, distribution in Europe, corporate reputation, and overall efficiency, and which each Department is expected to achieve.

- 1) Increase brand value through its products, their quality and all related services;
- 2) Radical innovation, with the inclusion of ever new product categories;
- 3) Increased efficiency through digitization, centralized analysis of both quantitative and qualitative data held;
- 4) Strong commitment to sustainability:

- Reducing energy requirements by continuing to improve production processes and reduce waste, i.e. by increasing overall efficiency
- Consistent improvements in terms of product quality
- Increasing use of environmentally sustainable materials (such as for packaging and additional components)
- 5) Integration of After-Sales Service, Digital Marketing and E-Commerce to offer a single channel geared toward consumer satisfaction;
- 6) Innovative services designed for the B2B world to secure market share and increase Bestway's presence in all potential distribution channels.



RESPONSIBILITY & SUSTAINABILITY

We place responsibility for people and the environment at the heart of our decision-making process, encouraging virtuous behaviors and promoting sustainable choices.



Our customer focus

Responsibility is the word that best describes how we want to be in the marketplace and contribute to the well-being of the environment and people. Our commitment to sustainable development has a positive impact on the community as a whole; our customer focus and ongoing commitment to research and development enable us to reduce the environmental impact of our products.

Listening to customers is an essential component in seizing opportunities for continuous improvement and growth for the company, both in terms of product quality and related services. A relationship that is cultivated on a daily basis with the goal of providing an ever-better experience for those who choose Bestway products. To make this commitment a reality, the company has structured a customer service

department that covers every need, from purchasing assistance to after-sales, with operators active every day. **Customer Service has been** structured with the goal of offering quick and comprehensive responses for every possible need, from product information to spare parts, from maintenance to accessory compatibility. To meet the challenges dictated by the huge

increase in online business, Bestway has developed a new digital ecosystem for all of Europe. The goal is to improve customer satisfaction by providing increasingly detailed and timely product information so as to engage and retain consumers. The direct relationship with end customers in e-commerce and social media is another tool to meet their needs and provide the best possible service.



Our customer service numbers in 2022:

40
COUNTRIES REACHED

+150
OPERATORS

20
DEDICATED WAREHOUSES IN 20 EUROPEAN COUNTRIES

+92.000
SPARE PARTS SUPPLIED EACH YEAR

+3.000
ITEMS HANDLED

130.000
TICKETS HANDLED

565.000
EMAILS HANDLED

122.000
CALLS HANDLED PER YEAR

The benefits of Bestway Customer Service for sales centers and customers:

- **Easier and more immediate product identification** through serial number, keywords, or category navigation
- **Self-diagnostic** (FAQ) and troubleshooting features to reduce contact with customer service centers and increase their efficiency
- **Automatic ticket opening**
- Ability to monitor ticket status and track shipment
- **Faster and more efficient management** of customer service operations for **reduced response time**
- Facilitation of quality data **collection and analysis for production improvement**

The main tool deployed by Bestway to enable its client-centered approach is the website **www.bestwaycorp.eu**, which is linked to the new Customer Service Management System (CSM 2.0) software, Bestway Europe's centralized platform for internal ticket management.

On the website, customers can find:

- FAQs for each product
- User's manuals
- Video tutorials about the installation and maintenance of products
- Technical information

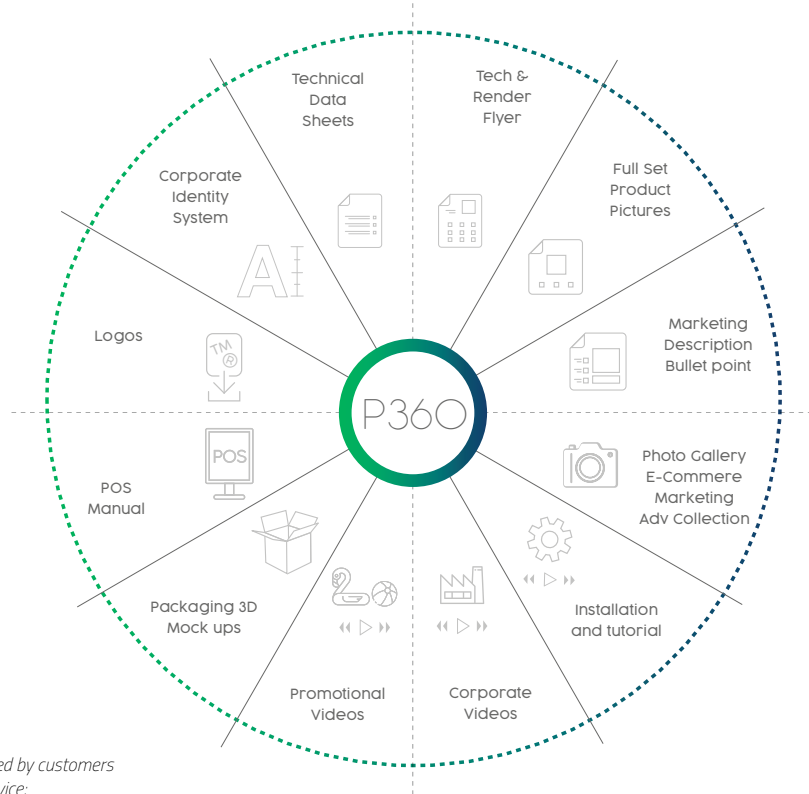
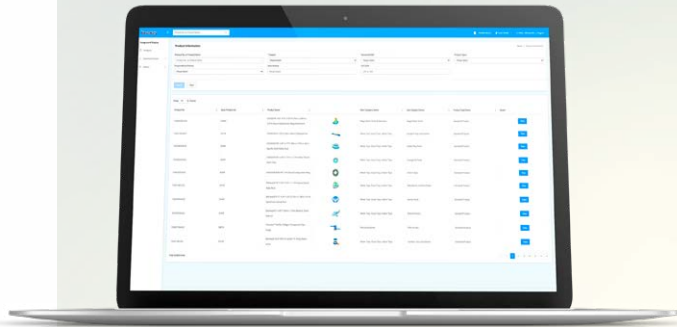
Should further assistance still be needed, customers can also request assistance via an **online form**. The customer is followed step-by-step and can independently check the status of their ticket in real time.



Alternatively, customers can contact the Service Center by phone or e-mail to receive all the information they need from Customer Service advisors. Pre- and after-sales customer service is handled by Service Centers located in every country in Europe where Bestway's products are distributed.

Categories and products covered by Customer Service

- Fast Set™ Pools
- Frame Pools
- Splash in shade Play Pools
- Hydrium™ Steel Wall Pools
- Hydrium™ Splasher Pools
- Flowclear™ Filter Pumps & Skimatic
- Flowclear™ Sand Filters
- Lay-Z-Spa™ Sets
- Lay-Z-Spa™ Entertainment Station
- Sierra Ridge Air Tent
- Flowclear™ Chlorinator
- Electrical Pool Heaters
- Electrical cleaning robots
- Constant Air:**
 - Water park, Play center 53310, 53301, 53303, 53305)
 - Swimfinity
 - Accessories (maintenance kits, ladders, covers, ground cloths included in the pool sets)
 - Hydro-Force™ Boats (65046, 65047, 65048, 65049, 65050, 65053, 65062, 65063, 65064)
 - Hydro-Force™ S.U.P. (Stand Up Paddles)
 - Electric Motors (65043, 65045)



The average rating assigned by customers to Bestway Customer Service:

2021	2022
3,51	3,74

Product 360

Customers are asked to rate the assistance they received from the Customer Service advisors from 1 to 5, so as to have an unambiguous and understandable figure of what their perception of the service is.

Given the multiplicity of markets in which Bestway operates and the many communication channels it uses, the company has developed P360, a global digital platform that provides each branch office, agents, B2B customers, and company

employees with all product-related information, from technical specifications to available multimedia assets. An official, comprehensive and reliable database to meet all kinds of needs, where users can find.

Research and development, innovation and sustainability in our products

We like to think of our products as promoting an active and joyful lifestyle and always meeting the needs of consumers. Despite this, we never stop **developing and testing new designs** and are committed to **continuously investing in research and innovation**.

We care about quality, creativity and efficiency, and set the strategy for our product lines based on these values.

The Product Development team comprises **more than 100 engineers on three continents**, and is the business unit that turns this vision into reality, combining market demands with production needs and striving to find efficient solutions that can accommodate both

production and consumers' needs. There is also a close collaboration with consultants, designers and planners who specialize in the development of specific product categories, so that the company's growth can be sustained through the implementation of ever-new solutions that respond to new trends and market demands.

USA & Europe

- Product managers
- Product Designers
- Industrial Designers
- Creative Team
- Strategic partnerships with leading global market research companies

Shanghai HQ

- Research and development
- Sampling
- Q&A and testing
- Intellectual Property
- Finance and costs
- Production



Our most innovative products



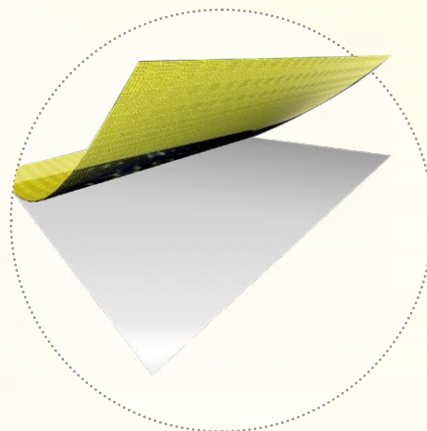
Lay-Z-Spa®

The Lay-Z-Spa® line of inflatable hot tubs combines energy efficiency and advanced technologies. Using Energy Sense™ technology, the covers are made with a double-layer insulation material that prevents heat loss and **provides up to 40 percent greater energy savings compared to traditional hot tubs**. What's more, some Lay-Z-Spa® AirJet™ models are entirely constructed with this innovative technology that ensures superior quality.

Efforts are also made to ensure the durability of the products, which is why the inflatable walls are made of DuraPlus™, a 3-layer, long-lasting material that is also puncture and damage resistant; it also reduces the expansion of the material, allowing the structure to remain the same shape even after multiple inflation and deflation cycles.

These advanced technical features are combined with state-of-the-art WiFi connectivity that allows consumers to control the hot tub directly from

their smartphone using the Bestway App. To allow for hot tub use even during the colder months, the company has developed its Freeze Shield technology: a purpose-built heating system that is automatically activated whenever the temperature drops below 6° C and heats the water in the tub, pump, and pipes up to 10° C to prevent it from freezing.



TPU TrailGuard™

Bestway has started to replace the material of several products by incorporating TPU (thermoplastic polyurethane), which gives products greater resistance to wear and tear, as well as puncture and abrasion.

This material finds application in some camping items, such as travel pillows and sleeping mats.



Bestway® Solar pool covers

These thermal covers are designed to generate a "greenhouse effect" inside the pool by retaining heat and simultaneously preventing water evaporation and the loss of free chlorine due to UV radiation. In addition to preserving the temperature inside, they provide a defense barrier against leaves and debris falling into the water. The covers are equipped with ropes and drain holes to prevent water from accumulating on the surface.



Bestway® solar heating panel

Bestway's solar heating panel is a cost-effective and sustainable system for **heating the water using solar energy**. Its ease of use makes it ideal even in spring or autumn: the solar panel is placed on the ground and connected to the pool's pump. Filtered water then circulates through the thin walls of the panel where it is heated by the sun's rays before being fed back into the pool. Depending on the pool size and weather conditions, the solar panel can increase the water temperature by 3 to 5° C. In addition, its design allows multiple panels to be connected in sequence, to boost the heating effect. The panel, with a heating area of 1.46 m², is compatible both with filter pumps up to 9,462 L and sand filter pumps up to 8,327 L, and is suitable for all above-ground pool models.

Product quality and safety
Our test laboratory

Bestway Europe, in collaboration with Bestway Shanghai, is committed to **ensuring the reliability and safety of its products**. In accordance with specific quality and safety procedures, Bestway's laboratories carry out multiple analyses by testing products during the development phase before they are released to the market. This ensures **maximum consumer safety and continuous improvement of product quality and performance. Additional compliance testing is also carried out during production and packaging:** products that do not meet the necessary requirements, or where potential problems are identified, are reused internally to minimize production waste. This commitment ensures 100% verified post-production quality on millions and millions

of products every year. The **Product Conformity Management Department** within our technology center includes an independent ISO /IEC 17025-certified section, the **Central Lab**, a 660-square-meter facility where a team of specialist engineers are tasked with testing components and products, both in their development and final phases. As a final step, the products are tested again by certified third-party laboratories, which verify their compliance with the safety requirements as defined by the different legislations of individual European and non-European markets, through more than 10,000 test reports issued annually. The ultimate goal is to market a product that is safe and complies with EU Regulations and Directives,

US Regulations and Directives, technical reference standards and customer requirements.

Bestway's commitment to creating and updating safety standards

Our products are tested by independent laboratories

Bestway is currently contributing to 20 different advisory groups, or Working Groups, in the European Union:

CEN/TC 402
WG1: EN 16582 (AGP)
WG2: EN 16713 (filtration systems)
WG3: EN 16927 (mini pools)
WG4: EN 17125 (SPA standard)
WG5: EN 17645 (New Standard on energy efficiency)

CEN/TC 136
WG7 EN 16805 (diving masks)
WG7 EN 1972 (snorkels)

CEN/TC 52
WG 03 - WG05-WG10: EN71 (Safety of toys)

CEN/TC 162
WG10: EN 13138
(buoyant aids for swimming)



and certified to 115 safety standards, with more than 5,000 tests conducted every year.

CLC/TC 59/61
EN 60335-1 (general electrical standard)
EN 60335-2-41 (filter pumps/sand filters)
EN 60335-2-60 (spa pumps/pool heater)

CLC/TC 64
WG22: HD 60364-7-702
(distance between pool and pumps)



ISO TC 83
WG 2: ISO 5912 (camping tents)
WG7: ISO 23537 (sleeping bags)
WG 08: playground articles
WG09: New ISO25649 on Floating Leisure Articles

ISO TC 94
SE 6/WG 5 ISO 18527 part 3 (swimming goggles)



It also cooperates with all major international laboratories such as TUV, SGS, Intertek and UL, to name a few. Furthermore:
- All products distributed in Europe are tested and certified to the latest safety standards
- Nearly 1,000 products are tested in independent laboratories each year
- The products are certified according to 23 different safety standards

As proof of its ongoing and fruitful commitment and expertise, since 2019 **Bestway has been leading the Technical Committee for the renewal of global safety standards for**

inflatable products (ISO 25649). Bestway Europe is also involved in an ongoing dialogue with EU experts for the development of new safety standards for key products. The commitment to product safety and efficient design and production have enabled Bestway to further reduce the average fault rate , which has fallen to 1.6 percent (down from 1.9 percent in 2020) in its flagship products:

- Classic Fast Set Pools
- Above Ground Frame Pools
- Pool Accessories
- Spas & Accessories
- Stand-up Paddleboards & Surf Boards

2) Data derived from analysis of top sellers in product categories covered by Customer Service for the 2021 sales year and 2022 replacements.

Awards and achievements



Icecat Toy Popularity Monitor 2020 - Benelux

Icecat is a global publisher and distributor of product content, particularly data sheets, distributed worldwide through various channels. In 2019, it launched the Icecat Toy Popularity Monitor, which aims to create a ranking based on the number of data sheet downloads or enquiries about a specific product in the 'toy' world. The products were divided into categories defined by NPD, an organization that provides data analysis and marketing tools, as 'Action Figures & Accessories', 'Arts & Crafts', 'Building Sets', 'Dolls', 'Exploration & Other Toys', 'Games & Puzzles', 'Outdoor & Sports Toys', 'Plush Toys' and 'Youth Vehicles & Electronics'. In 2020, Bestway was the winner in the Outdoor & Sports Toys category with 24% of searches related to its products, followed by Hasbro with 8% and Little Tikes with 5%, out of more than 1,000 featured brands.



Dobra Marka
JAKOŚĆ - ZAUFANIE - RENOMA

Dobra Marka 2020 - Poland

In 2020, Bestway participated in the Dobra Marka – Jakość, Zaufanie (Good Brand – Quality, Trust, Reputation) initiative in Poland, an annual award given to the most outstanding brands on the Polish market. The jury of the award selected the most influential, recognised and trustworthy brands in the various categories offered, and Bestway in 2020 was awarded the first place in the "Garden Pools and Swimming Accessories" category. For the final assessment, "Forum Biznesu" and "Biznes Trendy" (market research and trend companies, the organisers of the

awards) conducted research on the value, recognition and reputation of brands in various categories, taking into account the strength of the brand, its position on the market, the quality of the product and the level of consumer trust in the brand and its products. The award was an endorsement of the strong positioning of the Bestway's brand and the high quality of its products.



Toys Awards 2020 - Italy

The Toys Awards were created to reward companies in the toy industry that have excelled in the design and manufacture of innovative products, as well as in marketing or communication activities of particular interest. The awards comprise many different categories, from 'Outdoor and Sports Toys' and 'Licensed Toys' to 'Collectible Characters' and 'Plush Toys'. Bestway won first place in the Best Outdoor and Sports Toy 2020 category with the Hurricane Tunnel Blast water park from the Constant-Air line. Hurricane Tunnel Blast is the flagship product in the Constant Air range of water parks: equipped with a climbing wall, up to two water slides and a paddle pool, it can accommodate up to 6 children at a time for maximum fun in complete safety. Thanks to Constant Air technology, the water park is kept inflated and safe for children to play in at all times. The prestigious accolade was awarded by TG Tuttogiocattoli through a panel of judges that included buyers from major retailers (GD, GDO, GDS), general trade representatives and experts from the toy world. In 2018, Bestway was awarded the prize with the Rainbow Unicorn in the 'Best Ride-on of the Year' category.

Commitment to reducing energy consumption and co₂

We believe in making a positive impact. Our journey toward sustainability began over 15 years ago when we initiated several environmental sustainability projects. Since that time, we have made our commitment a daily habit so that we can build a more respectful future for all. Innovation, development and environmental sustainability are concepts that feed off each other for Bestway, generating well-being and prosperity for people, the environment and society as a whole. Therefore, the Chinese parent company has set 4 strategic sustainability goals that start from optimizing production processes to sourcing energy from renewable sources.

ENERGY	RENEWABLES	WASTE	PACKAGING	
Goal: Reduce energy consumption by 5% by 2025	Goal: 15% solar energy by 2025	Goal: Reuse or recycle 100% of solid waste, and 20% of water by 2025	Goal: 96% of packaging to be fully recycled by 2025.	
8-year participant in CDP	2.7% solar energy of the total electric consumption by the end of 2022. 2023 increasing to 7.5% .	Now 99.7% of waste is reused/ recycled.	Currently, over 85% of packaging are using post-consumer recycled material. All boxes/paperboards are 100% recyclable and from post-consumer recycled materials.	
Awarded "Outstanding Partner of CDP Supply Chain Project" by CDP	18 soccer field of factory roof covered by solar panel; total saved 12,616,348 Kw.h in 2022.	Recycled 35,457 tons of postproduction PVC in 2022	LDPE poly bags start using recycled materials as part of raw materials.	



1. Reduction of CO₂ emissions

For the past seven years, Bestway has been part of the Carbon Disclosure Project (CDP), the world's largest environmental survey, to assess the energy use and energy efficiency of its five manufacturing sites. From 2018 to date, the company has also launched seven energy efficiency and conservation projects (see opposite page), which together have avoided the emission of 171,713 tons of CO₂.

Goal: Reduce energy consumption by 5% by 2025 compared to 2019



2. Renewable Sources:

2.7% of the energy used in production is supplied by solar energy, thanks to the installation of more than 70,000 sqm of solar panels, an area equivalent to 12 football pitches. These photovoltaic systems generate 11 million kWh per year.

Goal: → to meet 10% of energy demand with solar energy by 2025.



3. Waste and water resource management

Good waste management achieves several objectives: Increasing the proportion of recycled and recyclable materials that can be reused; reducing the demand for virgin raw materials and the associated economic and social costs; and reducing indirect impacts such as



4. Packaging

Bestway's retail product packaging is made from 90% recycled material and the materials themselves are 100% reusable. The company has also worked on overpacking, aiming to reduce the use of plastic in favor of

cardboard. Finally, a project for the use of recovered materials in LDPE bags has been in place since 2021 and is underway.

Goal: → 96% of packaging obtained from recycled materials by 2025.

those associated with waste transport and recycling. It all starts with the correct separation of post-production waste, which at Bestway is divided into 38 different categories so as to facilitate recycling or reuse (PVC, copper, wood, fabric, etc.). Currently 99.7% of waste is reused internally or by third parties. Between 2021 and 2022, for example, the

company reused 82.209 tons of post-production PVC waste. Management of the water required to run the plants is also given the utmost attention. As much as 18 percent of the water used is reused, for example for outdoor product testing or for cooling production facilities. **Goal:** → Achieve 100% reuse of post-production waste and 20% recaptured water by 2025.



7 Energy-saving projects from 2018 to date

Project 1: Two 75 kW continuous frequency air compressors were replaced with a 160 kW compressor at the Nantong site.
→ Annual CO₂ emissions saved: **239 kgCO₂eq**

Project 2: Heat recovery from the set of 2 compressors, which is recovered and reused.
→ Annual CO₂ emissions saved: **180 kgCO₂eq**

Project 3: Installation of a 3 MW photovoltaic system in the old factory at the Nantong site, as part of the larger photovoltaic energy supply project.

→ Annual CO₂ emissions saved: **2.990 kgCO₂eq**

Project 4: Two 75 kW air compressors, now obsolete, were replaced with an energy-saving 120 kW compressor.
→ Annual CO₂ emissions saved: **202 kgCO₂eq**

Project 5: Old boilers were replaced by heat pump systems to heat the Shanghai factory laboratory.
→ Annual CO₂ emissions saved: **1.170 kgCO₂eq**

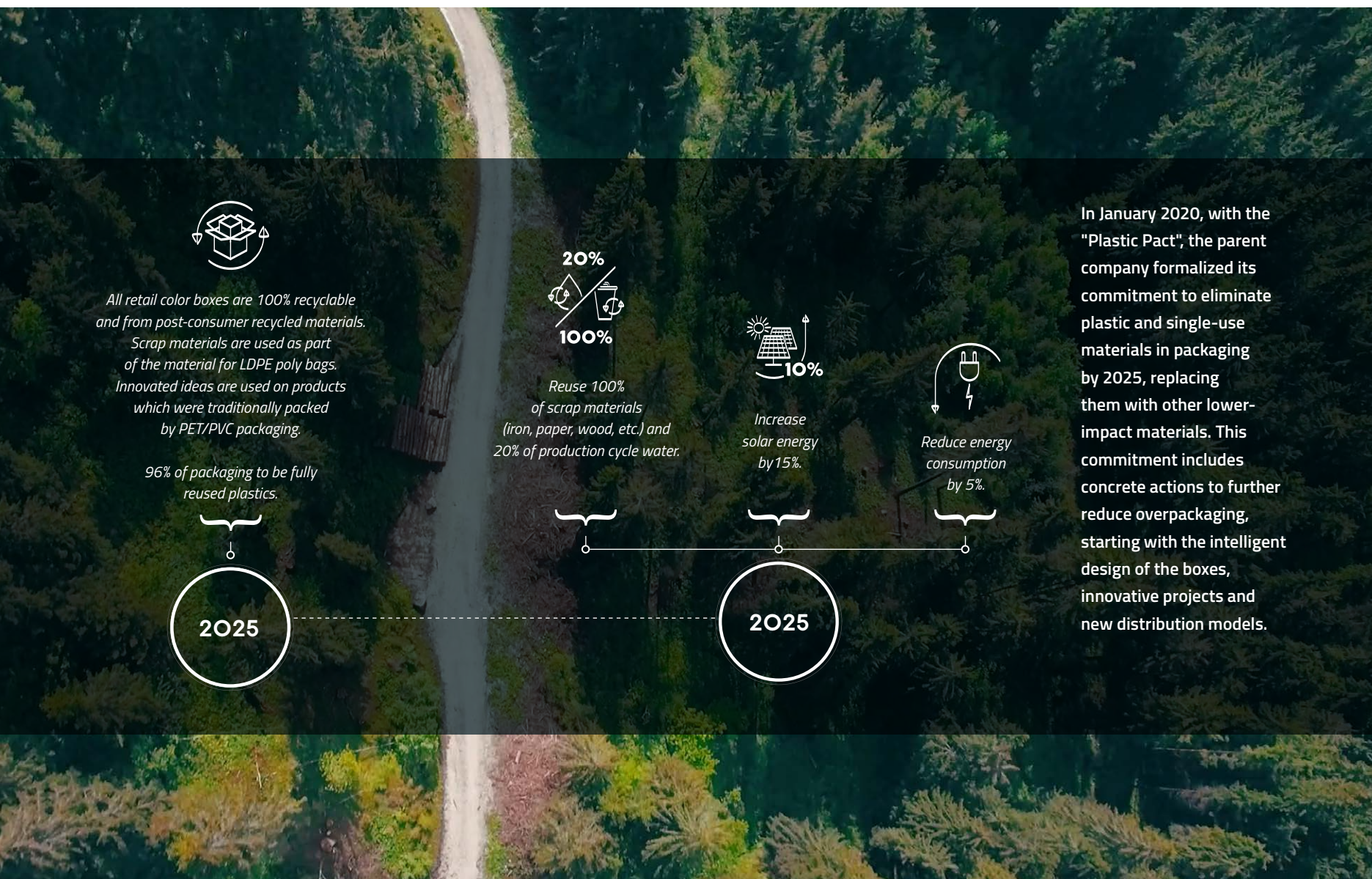
Project 6: Obsolete electric motors used at the Shanghai site (20 kW, low efficiency)

were replaced by 15 kW high efficiency motors.
→ Annual CO₂ emissions saved: **20 kgCO₂eq**

Project 7: Part of the waste hot air from an array of 185kW compressors is reclaimed for use in air conditioners in several laboratories at the Shanghai facility.
→ Annual CO₂ emissions saved: **65 kgCO₂eq**

Environmental performance awards

- 2021** Nominated GIGA-GURU for the Gigaton Project.
- 2020** Influence Award on Climate Impact from CDP in China
- 2019** China 2019 Top Performing Suppliers on Climate Action Award from CDP in China
- 2018** Influence Award on Climate Change Mitigation in China from CDP
- 2017** "Leading Supplier for Corporate Action on Climate Change in China" Award from CDP



Environmental initiatives



Sustainability, in its threefold definition of environmental, economic and social impact, encompasses all aspects of daily life and we are all called to play our part: institutions, companies, citizens. Indeed, there can be no economic sustainability without environmental sustainability and without taking into account the social impact of business decisions. Bestway wants to make a concrete contribution to safeguarding the resources of our Planet, calling everyone to be an active and courageous part of the change. This commitment to responsible stewardship underpins the "B the Change" campaign: the effects of climate change are there for all to see, and the consequences for the next generations will be dire if we do not correct our course today.

Each of us can contribute,

and with "B the Change" Bestway intends to promote precisely this message: "Who is ready to make a difference?" We want to encourage people to buy products with a reduced environmental impact, and we want to do our part through the many initiatives and actions we already have in place: from our commitment to R&D in the use of more sustainable materials, to planting projects, from renewable energy supply to urban beekeeping projects.

Protecting bees for biodiversity

Since 2019, Bestway has been working with **Urban Beekeeping** on the **Bees as a Service** project, which aims to protect and defend

bees, these "sentinels" of biodiversity. Their role is fundamental in maintaining the



balance of our ecosystems and pollinating plants and flowers, as they pollinate around a third of the food we eat. Apicoltura Urbana offers a comprehensive beehive adoption service, and Bestway has decided to donate 4 colonies housing a total of 30,000 to 60,000 bees. A good project in every possible sense of the word, as the honey obtained from the Bestway beehives is then labelled with the Bestway logo and message and donated to stakeholders and employees in Europe.

Growing forests with Treadom



An example of Bestway's 360-degree approach to sustainability is its tree planting project with Treadom, which combines

environmental, economic and social sustainability. The company decided to plant 2,500 trees and support 6 agroforestry projects in Guatemala, Ecuador, Haiti, Kenya, Cameroon and Tanzania, with the direct involvement of local farmers. In this way, a single project can create a virtuous circle whereby it stimulates the local economy, promotes social exchange and contributes to global CO₂ absorption, soil conservation and biodiversity: the Bestway forests are capable of absorbing 480 tons of CO₂.

It is a virtuous circle that also involves Bestway's end customers, who are given the opportunity to distance-adopt (or gift) one of the Bestway Forest trees for a minimum in-store purchase of €300. Each tree is geolocated and accompanied by an online diary where you can see photos of the day it was

planted, receive updates and learn about its history.

Bestway Germany and GLS for carbon neutral shipping

Bestway Deutschland and GLS have entered into an agreement that ensures that all shipments made by the carrier on behalf of the company are 100% carbon neutral. The CO₂ emissions generated by GLS Deutschland's parcel transportation and business activities are offset annually by certified reforestation and forest protection projects.



Consumption and emissions

Bestway's desire to make sustainability a strategic asset for its development cannot ignore a timely analysis of the organisation's consumption and emissions. In order to be able to report on the results already achieved and to be able to set medium- and long-term targets, a considerable effort has been made to extend the scope of the report compared to the last edition of the Sustainability Report to include the impact of other European sites.

While the last Sustainability Report only covered the Bestway Europe offices in San Giuliano Milanese, which include the administrative offices and warehouses as well as the offices of Bestway Italy and Bestway Eastern Europe, this year's report includes also: – the consumption and related emissions of the warehouses and cars at Bestway France's

headquarters – the electrical and thermal consumption (and related emissions), of Bestway Italy and Bestway Deutschland offices for the year 2020, while from 2021 and 2022 Bestway France is also included

It should be noted that due to the difficulty in data retrieval, the 2020 figure was used for the entire three-year period for what concerns the values of incoming logistics, office-related electricity and heat consumption, and the kilometers driven by Bestway Italia's company cars.

The energy used for various activities is divided into:

- Energy consumed within the organization (direct consumption)
- Scope 1: consumption directly controlled by the organization
- Scope 2: Indirect consumption from electricity, steam and heat

- Energy consumed outside the organization (indirect consumption)
- Scope 3: other indirect consumption

For Bestway, direct consumption includes energy consumption of the administrative offices in the headquarters and consumption associated with annual employee travel by company-owned vehicles for both business and private use, as it is not possible to separate the two contributions. A photovoltaic system with a capacity of 14.85 kW is also installed at the San Giuliano site (where however the amount of energy produced is not monitored). Taken together, these factors make up Scope 1, with a consumption of **1,494 GJ**. Scope 2, on the other hand, reports electricity consumption, which includes

energy purchased for the headquarters and warehouses. The consumption in 2022 is **2,532 GJ**. Thus, in 2022, Bestway's total direct energy consumption was **4,026 GJ**. Details of the methodology used to calculate GJ are described in Appendix II. Indirect energy consumption (Scope 3) is closely related to logistics activities. For outbound logistics, we have considered the movements from:

- The Bestway Italy warehouse at Via Cascina Fabbrica, 44, 27040 Arena Po (PV) from which "Customer Service" shipments also depart ³
- The warehouse at Via Guido il Grande 2, 28061 Biandrate (NO) from which e-commerce shipments depart

For the Bestway France office, we have considered the movements from:

- Alaine 3 Rue de Naples – 13230 Port St Louis du Rhone (France)

- Bestway Logique 2 Rue Gay Lussac, Ecopole – BAT P3 13310 St Martin De Crau (France)
- MHP Rue de la Roselière – ZAC des plaines – 42450 Sury le Comtal (France)
- Geodis Logistic Rhones Alpes 2, Rue Olivier de Kersauzon Plateforme Logistique CLESUD Bat G8/G9, 13450 – GRANS / (France)

Logistics is 100% outsourced. "Tkm" is an indicator obtained from the product between the weight of the transported goods and the distance in km between the warehouse and the destination. For inbound logistics, shipments from suppliers (mainly from Bestway's production facilities) to warehouses in Italy and France were considered. In 2022, Bestway's total indirect energy consumption was 155,873 GJ. Details of the methodology used to calculate GJ are explained in Appendix II.

3) Independent department for the management and coordination of all local service centers in Europe.

Energy consumption of the organization

		UM	BW Europe		
			2022	2021	2020
Scope 1	Methane headquarters	m³	7.435	7.653	2.598
	Methane warehouses	m³	nd	nd	13.068
	Cars	km	500.177	501.627	723.683
Scope 2	Electricity	kWh	231.001	243.667	146.605
	Electricity warehouses	kWh	472.435	617.333	298.602
Scope 3	Inbound Logistics	tkm	357.509.163	301.297.213	181.932.792
	Outbound logistics	tkm	6.330.233	7.652.308	5.518.591

Greenhouse gas (GHG) emissions scope 1, scope 2, scope 3

		UM	BW Europe		
			2022	2021	2020
Scope 1	Methane	tCO ₂ eq	16	16	5
	Methane warehouses	tCO ₂ eq	nd	nd	29
	Cars	tCO ₂ eq	84	83	124
Scope 2	Electricity	tCO ₂ eq	71	75	45
	Electricity warehouses	tCO ₂ eq	145	189	92
Scope 3	Inbound Logistics	tCO ₂ eq	3.893	3.266	1.970
	Outbound logistics	tCO ₂ eq	1.195	1.445	1.042
Total		tCO ₂ eq	5.404	5.074	3.307

Energy consumption of the organization

		UM	BW Europe		
			2022	2021	2020
Scope 1	Methane	GJ	267	274	267
	Methane warehouses	GJ	nd	nd	507
	Cars	GJ	1.227	1.228	1.746
Scope 2	Electricity	GJ	832	877	528
	Electricity warehouses	GJ	1.701	2.222	1.075
Scope 3	Inbound Logistics	GJ	145.610	122.609	74.019
	Outbound logistics	GJ	10.263	12.409	8.949
Total		GJ	159.899	139.620	87.091

From the consumption and using appropriate emission factors, it was then possible to calculate:

- Direct internal company emissions attributable to natural gas combustion and company vehicle travel
- The company's internal indirect emissions attributable to the purchase of electricity from the grid
- The company's external indirect emissions generated by outbound and inbound logistics

In 2022, Bestway emitted about **5,404** tons of CO₂eq. See Appendix II for more detail on consumption, emission factors, and GHG emissions.



HUMAN RESOURCES

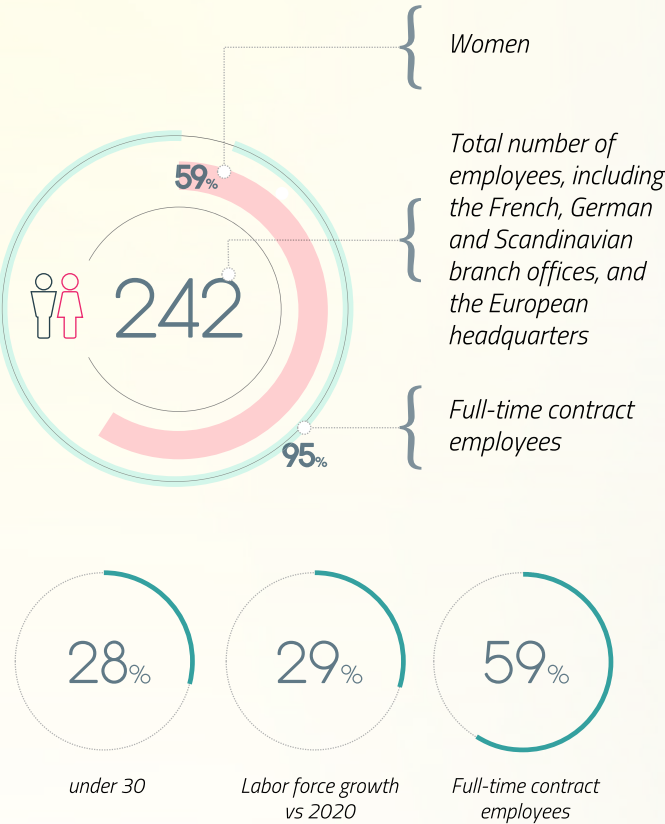
Our people are the driving force behind Bestway, and the source of our inspiration in meeting the needs of our customers. The universal principles of inclusion, equality and meritocracy guide our policies.

Our people

Human capital is a key asset for Bestway, because it is through the commitment and talent of its people that the expectations and needs of customers and stakeholders can be met. Creating a **stimulating and fulfilling working environment, developing personalized growth pathways, nurturing and attracting talent is therefore a daily commitment**, driven by the belief that only through the wellbeing of our own people can we

create so much externally. As of December 31, 2022, there were 242 employees at Bestway, considering the European, French, German, and Scandinavian offices (from 2021), an increase of 29% over 2020. The company constantly monitors and evaluates satisfaction within the work environment and fosters the creation of a relationship of mutual trust. This is also underlined by the types of contracts in place, which are predominantly permanent (87% of the total) and full-time (95% of the total). Of the total number of employees, 59% are women, a percentage that is slightly higher than in 2020. Furthermore, in the European and French offices all employees are under a collective bargaining agreement.

The employees of Bestway



Employees by classification

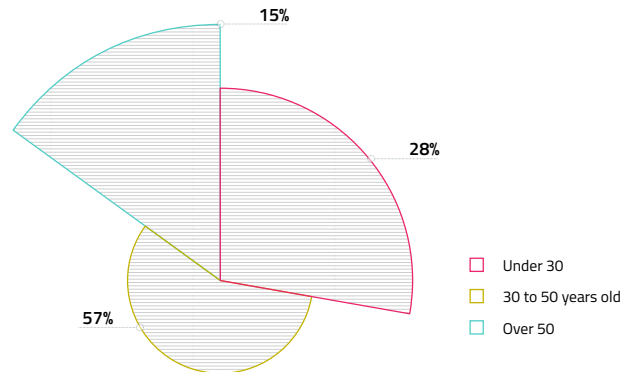
Of the total company population, 46% are in senior roles, 36% in junior roles, followed by 11% in managerial roles and 1% in executive roles. It is interesting to note that even in managerial and senior

roles, the percentage of women has always been and still is higher than that of men, except for executive roles, where the percentage of women has nevertheless increased from 27% to 29% in 2020.

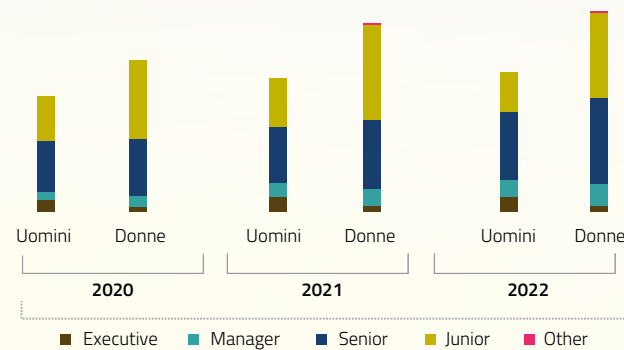
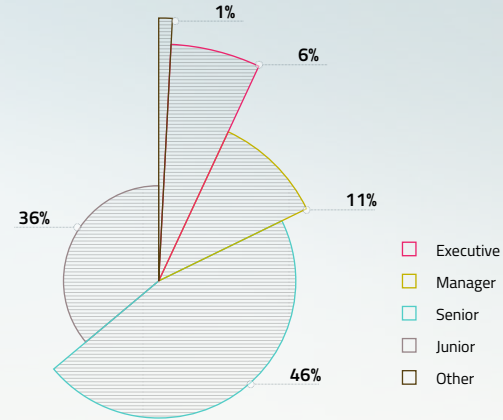
In 2022, in all categories of employees by qualification, the most represented age group was between 30 and 50 (57% of the total);

the exception is the junior category where the under 30 were the most represented age, accounting for 28% of the total employees.

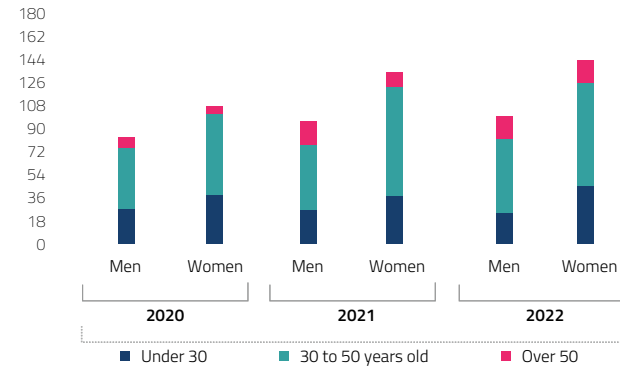
Age demographics



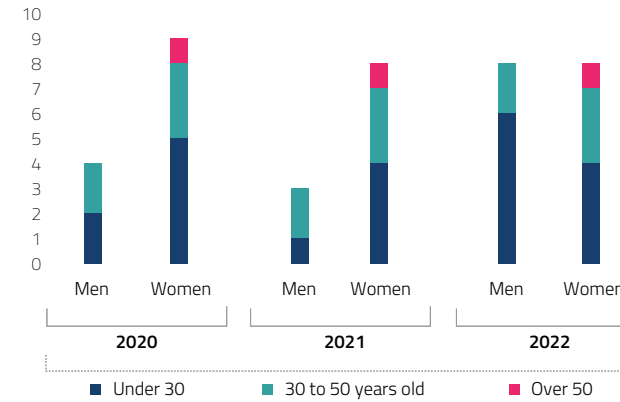
Employees by role and gender 2022



Workforce diversity



New hires by age and gender

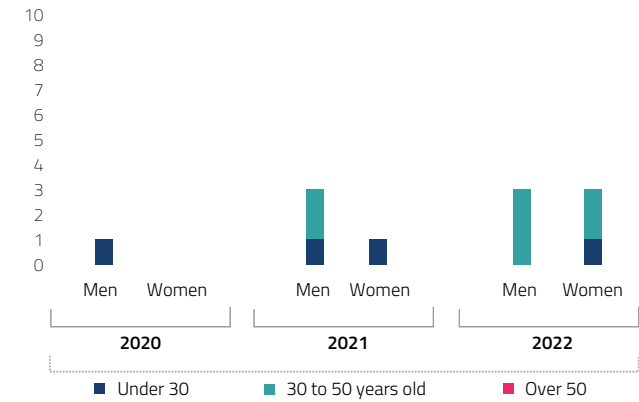


Turnover

In the European office during 2022, there were 16 hires, including 6 employees under the age of 30, an increase of 23% over 2020. The incoming turnover rate is 21% for the year 2022, up

from the previous year and stable compared to 2020. Also during the year 2022, 6 employees terminated their employment, making the outgoing turnover rate 29%, up from the previous two years.

Termination of employment by age and gender



Parental leave

In the European offices, 100% of employees are eligible to apply for parental leave. The 5 employees who applied for it in 2022 (4 women and 1 man), all returned to work by the end of the leave period and were still employed by the organization 12 months after their return to work.

	2022			2021			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees									
Total number of employees that were entitled to parental leave	48	29	77	43	24	67	35	25	60
[Total number of employees that took parental leave	4	1	5	2	2	4	2	0	2
Total number of employees that returned to work in the reporting period after parental leave ended	4	1	5	2	2	4	2	0	2
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4	1	5	2	2	4	2	0	2

Employees and training

Training at Bestway plays a key role in enhancing the skills of individuals, increasing knowledge on specific topics or areas, and ultimately ensuring continuous improvement throughout the facility. Specific training plans are outlined for the needs of individuals or specific work teams, designed to respond promptly to market needs and offer products and services that are increasingly valued by customers. All workers have access to career pathways that are defined during the annual performance review or job change, with the number of hours being agreed upon based on actual needs. The topics covered focus both technical and transferable skills, and training is provided by nationally-recognized certifying bodies. For example, Bestway employees had the opportunity to enroll in a professional development course promoted by AICE- Associazione Italiana Commercio Estero on international trade. The course included 26 seminars (6 of which were webinars):

- The challenge of international producer responsibility compliance for WEEE (Waste Electrical and Electronic Equipment Directive), battery and packaging directive
- Selling in Hungary: strategy and logistics
- Virtual reality and augmented reality: how can

they be used for business?

- The digitization of the bill of lading
- How to hedge against foreign exchange risk in international payments
- Italian customs: how to make the most of the competitive advantage related to e-customs

Looking at the average training hours for the European, French and German sites, the senior category accounted for 41%, followed by managers with

an average of 19.8 hours. These two categories have seen an increase in training

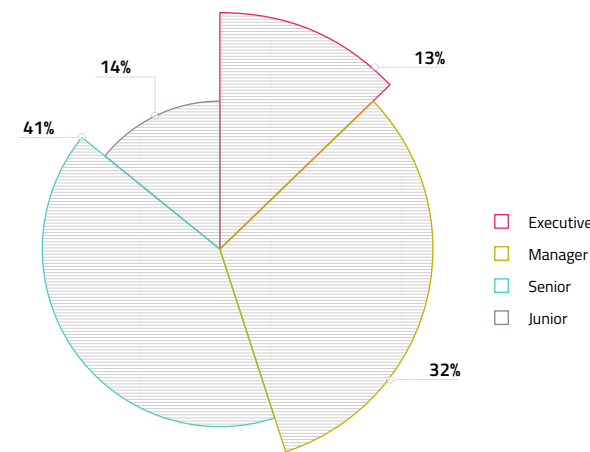
hours since 2020, the former by +2% and the latter by 14%. In 2022, around 724 hours of

training will be provided to the junior category and around 104 to managers.

Total number of training hours as of 31/12/22 by role

Training hours	2022				2021				2020			
	Men	Women	Total	Average	Men	Women	Total	Average	Men	Women	Total	Average
Executive	40	64	104	8,0	104	17	121	9,3	56	36	92	8,4
Manager	166	369,5	535,5	19,8	56	240	296	13,5	40	204	244	17,4
Senior	1.358	1.436	2.794	25,4	1.240	1.072	2.312	26,0	1.040	856	1.896	24,9
Junior	136	587,5	723,5	8,3	426	1.249	1.675	16,3	136	2.560	2.696	30,3
Other	0	0	0	0	0	0	0	0	0	0	0	
Total	1.700	2.457	4.157	17,5	1.826	2.578	4.404	19,3	1.272	3.656	4.928	25,9

Average hours of training by role



Welfare e benefit

Ensuring that the personal needs of each employee are respected is a central aspect of the **relationship of trust and collaboration** that Bestway wants to establish with its employees. For example, each resource has a budget provided by the company that they can manage and use as they see fit among numerous goods and services. Corporate benefits are managed at Bestway according to a **reward system** based on seniority in the company and management of work teams; therefore, there is no difference between employees hired on part-time, full-time or fixed-term contracts. There are also company rewards related to the use of the company's IT ticket management tool and project management tool: upon reaching 80% and 100% respectively (except for Directors and Supervisors who have 80% as a threshold), employees can access the reward. Anyone who joins the company is then eligible for the same **benefits**:



– Annual bonus convertible to corporate welfare (in its entirety or just a percentage of it, this is the employee's choice);

– coffee/beverage stick with a credit of €10 per month offered by the company;

– Ability to conduct training according to personal or company requirements;

– Company laptop and ability to work remotely.

– Meal vouchers

Benefits that are in addition to those already included in the National Trade Collective Contact.

Bestway grants ample flexibility to its employees, who can choose for themselves how to use the company bonus: through the "Welfare Pellegrini" platform adopted by the

company, they have in fact the possibility to convert it in these ways:

– Convert 100% of the budget to welfare services

– Convert a percentage of the budget to welfare services (75%, 50%, or 25%)

– Receive the credit in the paycheck with the corresponding 10% preferential taxation.

Thanks to the budget provided by the company, employees can then receive reimbursements through the Welfare Pellegrini platform. The services they can take advantage of are for example:

– schools and education

– baby-sitting

– home care

– mobility and transportation

– travel and leisure

– culture and education

– health care packages

– gift certificate

Bestway has also entered into an agreement with a banking institution through which its employees can access financing for the purchase of their first or second home, mortgage subrogation or personal loans on favorable terms.

Bestway, Best Place to Work®

Bestway has always believed that creating a healthy, stimulating and attractive work environment is a necessary condition for cultivating the best talents and maximizing the potential of each person within the organization. It is part of the company's culture to put people first and provide them with the best conditions in an atmosphere of calm, trust and respect.

This is why Bestway has decided to participate in the Great Place to Work® program, which each year studies, measures and analyzes the quality of workplaces in thousands of companies in Italy and around the world, rewarding workplaces of excellence. A great place to work for all is an environment in which everyone, **regardless of personal characteristics, their role in the company**

and the tasks they perform, recognizes that they work in a place with an excellent organizational culture. In 2022 Bestway achieved Great Place to Work® certification in Italy, France and Germany. The company and its work culture are analyzed by Great Place to Work® with **ad hoc tools**, validated by forty years of research and analysis of business organizations worldwide, that **measure employees' opinions about their work environment (TrustIndex®) and review HR policies (Culture Audit®)**. Bestway employees were invited to participate in an anonymous survey on 5 essential dimensions for the company:

- Credibility
- Respect
- Equity
- Pride
- Cohesion

Responses on these five

areas earned Bestway a Trust Index score of 81 percent; the results for each segment are illustrated in the table below.

Analysis of the responses revealed these strengths in Bestway's organizational culture:



Credibility

81%

Average result



Respect

81%

Average result



Fairness

78%

Average result



Pride

81%

Average result



Team Spirit

89%

Average result

Benefits: People's appreciation for the benefits offered by the company shows an increase of as much as 34 points since the last survey (2019).

Flexibility: People say they are encouraged to find a work-life balance; same satisfaction rate (86 percent) also about being able to take time off work when needed.

Psychological well-being: A high percentage of employees (94%) say they can be themselves at work, directly benefiting psychological serenity.

Collaboration and team sense: Almost all (97 percent) of the population (97 percent) say they can count on their colleagues to cooperate.

Resource management and coordination: Respondents highly value the way resources are coordinated and the empowerment given to people.



COMMUNITY

We value the communities in which we operate as part of them and as the social fabric that we are committed to helping build and sustain. Colleagues, customers, suppliers, parent company and subsidiaries are and will continue to be our anchor points.

Building relationship with local communities

Our mission is to bring moments of happiness and enjoyment into people's lives, and in addition to our products, we also want to do this through a multiplicity of actions and initiatives that can have a positive impact on the communities in which we operate. To this end Bestway Europe supports:

SEA Onlus - Lodi Volunteer



and Civil Defense

Association: contribution to support the purchase of a minibus to enable children in the Lodi area, already placed in social projects, to travel for medical examinations, educational or recreational activities or simply for recreation and fun.

Pediatric surgery department of Sant'Orsola Hospital in

Bologna: thanks also to the collaboration with the Bologna Fire Department, Bestway

products were donated to the AGEOP associations, which assist children with cancer and their families, and the AMACI associations that follow the Sant'Orsola Hospital Pediatric Surgery.

St. Louis Oratory of Lodi:

donation of Bestway products for the Circolo Noi annual charity raffle.

Additionally, Bestway Europe oversaw the redevelopment of the green spaces adjacent

to the new headquarters in San Giuliano Milanese (MI), used for offices and showrooms. The company created the traffic island flowerbed along the road of the new headquarters, had the stalls on the sides of the road repainted, whose lack of maintenance had made the traffic signs illegible, and supported the restoration of the coloring of the crosswalks to promote road safety awareness for all citizens.

Online presence (e-commerce, social media, website)

The possibilities of customer contact offered by digital tools are constantly growing, both in terms of volumes and modalities: **digital stores, social networks, newsletters, websites**, are now fundamental tools for intercepting target audiences and market trends.

This trend has been underway for several years and has accelerated rapidly with the pandemic. Bestway was able to take advantage of this by upgrading its facilities in good time.

Indeed, the company has developed a new web ecosystem across Europe to provide increasingly detailed product information, including multimedia tools, with the aim of attracting and retaining customers and ultimately improving customer satisfaction.

E-commerce and social

media allow the company to communicate directly with its end consumers, listen to their opinions, meet their needs and serve them in the best possible way.

At the foundation of Bestway's digital presence is the online store (<https://bestwaystore.it/>), a true window into the Bestway world where consumers have the opportunity to access multiple services and information and the company to convey its values and corporate image.

The aims of the online store are:

- Showcasing the **full range of products**, providing information to customers and promoting new products and lines.

- Getting **direct feedback from the end user**, getting suggestions, listening to criticism.

- **Maximize the return on social media campaigns** by setting up ad hoc landing pages where instructions and

support can be provided.

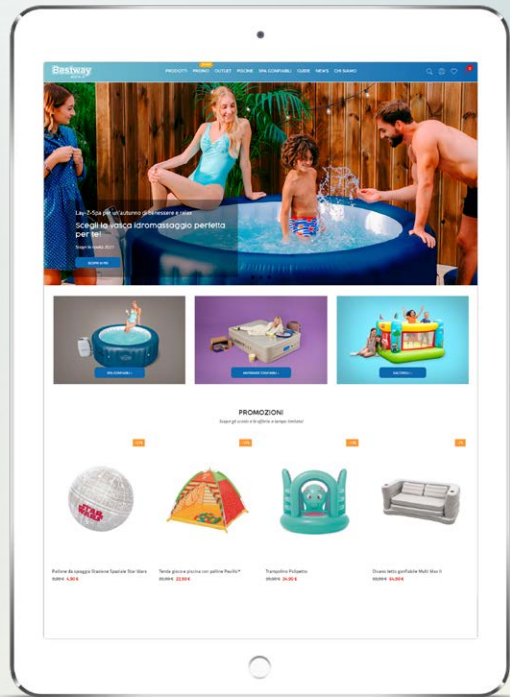
- **Providing a reliable after-sales service**, making sure that spare parts are re-stocked consistently with the life-cycle of products.

These activities are supported and managed by the Marketing Division, which coordinates at a European level all activities supporting sales and brand awareness, both offline and online.

Believing in the power of creativity and natural brand evolution, our European creative team works daily to enhance key brand assets for each product category, providing effective and inspiring marketing guidelines for impactful creative projects. The team works closely with the Shanghai and US creative teams to define the assets needed to best present the product range and appeal to different target groups, including photography, film, catalogues, packaging, brand design and guidelines

for marketing activities to be carried out within each individual country. This is complemented by the work of Data Analysis, the business unit responsible for collecting, analyzing and managing data from primary and secondary sources,

making it actionable so that other business units are enabled to make the best business and strategic decisions - such as when and which product to launch, which markets to focus on or customer clusters to target.



Appendix II –
methodological note

Data collection and calculation of GHG emissions related to business activities were conducted in accordance with relevant regulations:

- UNI EN ISO 14064-1 – Specifications and guidance, at the organization level, for quantifying and reporting greenhouse gas emissions and their removal;
- "The Greenhouse Gas Protocol – A corporate Accounting and Reporting Standard," prepared by the World Business Council for Sustainable Development (WBCSD).

The approach used in establishing the emission inventory is based on operational control, in that those sources whose decision-making processes the company has the ability/ capacity to administer were included.

To calculate energy consumption in GJ, we operated as described below.

- Natural gas. The consumption value in m³ was converted to GJ using the upper heating value reported in the bills, multiplied by 0.905 to

obtain the lower heating value.

- Gasoline, diesel, and LPG. The kilometers traveled by company vehicles are converted to kg by means of the following conversion factors, extracted from SimaPro Software 9.5.0.0:
 - 0.0621 kg/km for gasoline
 - 0.0556 kg/km for diesel.
 - 0.0578 kg/km for LPG

For gasoline hybrid and diesel hybrid vehicles, conversion factors were derived from the energy used in combustion

per km traveled (data obtainable from emission factors published by ISPRA and measured in TJ/km), and the calorific value of the fuel used expressed in TJ/kg:

- 0.0440 kg/km for gasoline hybrid
- 0.0486 kg/km for diesel hybrid

The kg were converted to GJ by means of calorific powers provided by ISPRA 2021:

- 43.128 GJ/t for gasoline
- 42.873 GJ/t for diesel fuel
- 45.858 GJ/t for LPG.

- Electricity. kWh of electricity

purchased from the grid are converted to GJ by means of the appropriate conversion factor of 3.6 MJ/kWh.

The method used to assess GHG emissions/removals is the IPCC 2021 Sixth Assessment Report. The following Global Warming Potential (GWP) was used to convert the emissions of each GHG to tons of CO₂ eq

- 1 tCO₂ eq/t for CO₂ ,
- 29.8 tCO₂ eq/t for CH₄ ,
- 273 tCO₂ eq/t for NO₂

GRI standards - Contents Index

APPENDIX I - Material Themes

Material theme	Customer satisfaction	Product quality and safety	Product innovation	Responsible production	Equality of opportunity	Career plans & training	Benefit	Economic responsibility	Solid governance and transparent behavior	Brand image and reputation	Responsible consumption/ emissions	Energy efficiency	Involvement of local communities	Online presence (e-commerce, social media, websites)	Digitisation (IT tools) & Data Security
Description	Implement alternative communication channels with the customer (digital). Develop strategies aimed at customer engagement. Develop customer support activities in case of problems/failures.	Developing strategies aimed at monitoring and analyzing the entire production chain. Developing new products characterized by the use of materials or innovations that make them more sustainable and at the same time safe.	Development of new products or services with high technological or innovation value, paying special attention to product design from a sustainable perspective with reference to the materials used.	Orienting production toward the use of recycled and/or recyclable materials. Installation of renewable energy production facilities to serve production facilities. Training employees with reference to their safety in the workplace.	Eliminate all forms of discrimination and moral or psychological violence based on gender, age, sex, religion and sexual orientation. Policies aimed at increasing women in business, fair pay, and ensuring equal access to management positions.	Personnel management policies and activities aimed at enhancing the different skills and peculiarities of each resource and ensuring that the company listens to the needs of employees. Training courses aimed at increasing the technical, managerial and organizational skills of employees.	Develop Policies, benefits (economic and non-economic) and actions aimed at meeting the expectations of the employees themselves.	Progressively and steadily improve economic and financial performance, financial stability, protection of profitability and economic value generated. Return economic value to the local community.	Management of business in compliance with the law including through the implementation of codes, procedures, contractual requirements and control systems. Training for employees and suppliers on legality issues.	Positioning/re-positioning the corporate brand in a sustainable way, developing an aptitude for risk analysis that also considers environmental and social factors to prevent possible damage to brand reputation.	Identification of major emission sources, planning of interventions to reduce them.	Install consumption monitoring systems in all company buildings. Based on data analysis, consider installing renewable energy systems or purchasing green energy from a distributor.	Ways of involving local communities, investing in the most disadvantaged, and creating value through the employment of employees in the territories where the Group operates.	Creating a dedicated plan to tell the story of the company's commitment to ESG issues. Maintaining high customer engagement in social channels.	Identification of integrated digital tools to develop cooperation, including remote cooperation, of the company's different divisions. Integration of internal systems with external ones. Measures to preserve the confidentiality, integrity and availability of internal and customer data.
Stakeholders to whom the issue is relevant	Customers Employees Suppliers	Customers Employees Suppliers Legislature and regulators	Customers Employees Suppliers Legislature and regulators	Customers Suppliers Employees	Employees	Employees	Employees	All stakeholders identified	All stakeholders identified	All stakeholders identified		Employees Customers	Community	Customers	Employees Suppliers
Aspects of gri linked standards	Customer health and safety Product Responsibility (G4) Marketing and etiquette	Environmental compliance Customer health and safety Product Responsibility (G4) Marketing and etiquette	Environmental compliance Customer health and safety Product Responsibility (G4) Emissions	Product Responsibility (G4) Emissions	Employment Training and education	Employment Training and education	Employment Training and education	Economic performance Socio-economic compliance Anti-competitive behavior Market presence	Economic performance Socio-economic compliance Anti-competitive behavior Training and education	Marketing and labeling Anti-competitive behavior Organization Profile	Organization Profile Product Responsibility (G4) Emissions	Environmental compliance Emissions Product Responsibility (G4)	Local communities	Marketing and labeling	Market presence
Perimeter	Interior and exterior	Interior and exterior	Interior and exterior	Interior and exterior	Interior	Interior	Interior	Interior and exterior	Interior and exterior	Interior and exterior	Interior	Interior and exterior	Exterior	Exterior	Interior

GRI - Contents Index

Bestway Europe S.r.l. has reported the information mentioned in the GRI Content Index for the period 01.01.2022 - 31.12.2022 with reference ("with reference") to the GRI Standards.

GRI 1 USED			
FOUNDATION 2021			
GRI STANDARDS	DISCLOSURE	PAGE	POSITION IN THE REPORT
GRI 2: GENERAL DISCLOSURE 2021	THE ORGANIZATION AND ITS REPORTING PRACTICES		
ACTIVITIES AND WORKERS			
GOVERNANCE			
STRATEGY, POLICIES AND PRACTICES			
STAKEHOLDER INVOLVEMENT			

GRI STANDARDS	DISCLOSURE	PAGE	POSITION IN THE REPORT
GRI 3: MATERIAL THEMES 2021			
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI-302: ENERGY 2016			
GRI-305: EMISSIONS 2016			
GRI-401: EMPLOYMENT 2016			
GRI-404: TRAINING AND EDUCATION 2016			
GRI-405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI-405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI-405: DIVERSITY AND EQUAL OPPORTUNITY 2016			



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