

BRANDART

IN ACCORDANCE TO GRI

Sustainability Report 2023

BE TRUSTABLE

BE CIRCULAR

BELONGING

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1.0 INTRODUCTION

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INTRODUCTION

1.1 Letter to Stakeholders

Maurizio Sedgh

Brandart's President

Brandart, the leading partner in managing end-to-end procurement of packaging and visual merchandising solutions, focuses on the efficient use of resources, reducing its impact through sustainable practices at every stage of the value chain. Brandart is committed to reducing carbon emissions, promoting waste reduction, and fostering the circular economy, thereby contributing to environmental protection and the well-being of the communities in which it operates.

Brandart constantly innovates and anticipates market needs through the research and development of innovative and sustainable solutions. Collaborating with stakeholders and manufacturing partners who share its values, Brandart strives to create social and economic value, contributing to a better future for all.

The business model is based on solid principles of sustainability and innovation, such as eco-design, full traceability & transparency and eco-conscious sourcing: a combination that enables the creation of long-term value for all stakeholders, positively contributing to society and the environment, and allowing a firm and positive outlook on the future.

Brandart has not only met but exceeded expectations in an extremely challenging context, demonstrating the strength of a cohesive and

determined group. The challenges successfully faced have enabled the company to invest in research and development, process digitization, production partnerships, and sustainability initiatives. Despite the difficulties impacting the luxury sector in recent years, Brandart has shown remarkable resilience compared to its competitors, firmly asserting its strategy focused on high value-added services and related products.

Throughout 2023, Brandart continued to invest in innovative means to offer sustainable solutions, thus reducing the environmental impact of procurement processes. Brandart's Research & Development Hub studied new recycling and material reuse best practices, furtherly promoting circularity in the luxury industry.

Brandart has strengthened collaboration with manufacturing partners to ensure they also adhere to the same standards of social and environmental responsibility promoted by the company.

The long-term vision and commitment guiding the company provide the necessary resources to continue facing challenges and seize opportunities. Brandart is confident that, with its team of dedicated professionals, it can significantly contribute to creating a more equitable, inclusive, and responsible world for all.

For three consecutive years, Brandart has committed to improving its sustainability approach, a core pillar of the company, by adopting a reporting policy on direct and indirect emissions generated by organizational activities.

Brandart thanks all its employees, partners, and clients for their trust and collaboration. The company is confident that together, great milestones can continue to be achieved, and Brandart can grow as a strong and respected brand in the industry. Heartfelt thanks to everyone for their commitment and dedication.

Together, great achievements are within reach.

1.2 Message from the CEO



Dear Valued Stakeholders,

This is my first opportunity as CEO to have the privilege of writing to you and to introduce Brandart's Sustainability Report for FY 2023.

Since assuming this role, I already had the chance to appreciate and confirm the Company's good standing, extraordinary heritage of quality, innovation and sustainable creativity.

Brandart has become a reference in the packaging and visual merchandising procurement solutions and I am honored to lead this organization as its prestige is based on a long history of dedication to technological innovation, sustainable solutions and a proven ability to adapt to change, anticipating market's needs.

The world we operate in is not only changing rapidly, it's increasingly complex. The traditional expectations for price versus quality and sustainability tradeoffs are breaking down all across our economy. And yet, at the same time, customers expect and deserve outstanding service and world-class value.

The luxury market is rapidly evolving with a constant demand for innovation and a growing attention to sustainability and circularity: our commitment to sustainability in front of a new and wider stakeholder base allows us to further promote innovations centered on a

more sustainable product services to meet our current and future customers' desires and expectations.

We are leader in the packaging and visual merchandising sector as we have been continuously investing in R&D to be at the forefront of industry innovation, to expand and renew our services ahead of market trends, we have also been seeking innovative solutions involving the use of alternative eco-friendly materials to create sustainable products without compromising on quality and durability. Our path towards becoming a sustainable leader would not be possible without our corporate governance structures.

Significant progression on all ESG dimensions is a key component of the strategy. Reduction of carbon emissions, the introduction of more sustainable materials, second life use, circular economy, and the acceleration of our D&I journey are the key pillars on which we will focus our efforts, while fostering a result-oriented and talent-based culture.

I am satisfied with the results that Brandart has achieved this year. We have solidified our partnership with leading high-end brands across various industries and established a strong foundation to further enhance our global presence in the high-end market in the coming years. Every success we achieved in 2023 is just a reflection of the trust millions of customers and stakeholders.

At Brandart, we have embraced, and even championed, the concept of "sustainable solutions" for stakeholders—an approach that contributed to our record-breaking results.

As in the opening of this letter, this is my first opportunity to share with you my first thoughts, challenges, and ambitions for our company.

On behalf of the entire Board I will close with a sincere thank you to our long-term stakeholders. Your trust and confidence in Brandart helped us build a remarkable company, I strongly believe that our best days are in front of us.

For many reasons, I believe that Brandart is uniquely positioned to keep outperforming the packaging and visual merchandising market in the years to come. We face the future with confidence and ambition and we expect to uncover several new opportunities. Rather than adapting to the transformations ahead, we will actively shape them.

Sincerely,

Massimo Paloni

1.3 Information on the report

Brandart's Sustainability Report aims to **transparently inform** all stakeholders of the values, strategies and performance directly related to its **economic, social and environmental impacts**. It is drawn up annually on a voluntary basis and was prepared according to the Global Reporting Initiative's GRI Standards 2021 (in accordance). These are the world's leading standards for sustainability reporting.

In 2023 the European regulatory landscape saw the approval of the Corporate Sustainability Reporting Directive (EU Directive 2022/2464), which expands the number of companies subject to mandatory sustainability reporting, introduces specific reporting standards (ESRS: European Sustainability Reporting Standards), and

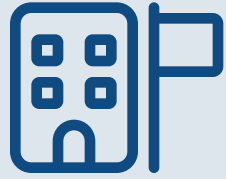





makes the sustainability reporting process more stringent and rigorous. The directive is currently being transposed into Italian law and will apply to the Group that Brandart belongs to starting with the reporting for the financial year ending 31/12/2025. In order to initiate the gradual process of complying with the CSRD requirements, for this reporting year Brandart began to introduce an initial approach to double materiality as required by the ESRS standards, which will be progressively refined and expanded in the coming years.

The organisation's highest governing body, the Board of Directors, is responsible for reviewing and approving the information reported, including the definition of material topics.



1.4 Scope and boundaries

This Sustainability Report refers to the scope of Brandart S.p.A. alone and includes the following sites in Italy:

OPERATIONAL	 <p>HEADQUARTERS Busto Arsizio (VA) Via A. Costa 19/21</p>	 <p>WAREHOUSE Busto Arsizio (VA) Via 5 Giornate 14</p>	 <p>RESEARCH & DEVELOPMENT HUB Busto Arsizio (VA) Viale Lombardia 48</p>
	 <p>SALES OFFICE Milan (MI) Via San Simpliciano 2</p>	 <p>REGISTERED OFFICE Milan (MI) Viale Lunigiana 46</p>	 <p>SALES OFFICE Silea (TV) -</p>

The first three locations, which can be defined as **sites of significant activities**, are to be considered as “operational”, i.e. all company activities are carried out there on a daily basis, including design and prototyping, procurement, out-sourcing production management, goods storage and distribution management, customer services and administrative activities.

1.5 Reporting standards and framework

In defining the content and quality of the Sustainability Report, Brandart followed the **GRI reporting principles**, specifically: stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability and timeliness.

The document was prepared taking into account the significant sustainability issues for the Group and its stakeholders, as presented in the materiality matrix.

The information reported by Brandart S.p.A. refers to the period from **1 January 2023 to 31 December 2023**. Attached to this document are the specific disclosures contained in the Sustainability Report, with references to the chapters they are addressed in and the material topic they relate to. Note also that no information previously reported by Brandart was revised.



2.0 COMPANY PROFILE



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COMPANY PROFILE

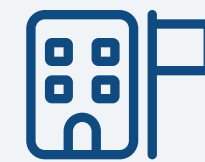
2.1 Company information

Brandart is a **global provider** of packaging, merchandising and display procurement solutions for **leading high-end consumer brands**, spanning sectors such as fashion and apparel, eyewear, jewellery and watches, beauty and fragrances, wine and spirits, high tech and consumer electronics, and automotive.

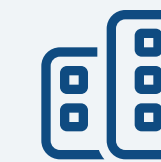
The group partners with brands in the development, procurement and distribution of packaging and merchandising products, displays and window installations thanks to its **one-stop business model** that is able to manage all packaging, PoP and merchandising needs of brands end-to-end.



Founded in **2000** in Italy



Headquartered in Busto Arsizio, Lombardy



Offices in New York, Paris & Guangzhou



200+ Co-workers



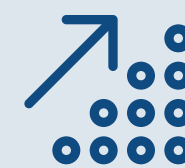
100+ Brands Served Worldwide



Global Presence in 13 Countries on 3 Continents



50+ Certified Production Partnerships Worldwide



2023: Turnover **€225mn**
 2023: Entry of Private Equity **Tikehau Capital** with **25%** Minority Stake
 2023: Acquisition of Display & VM Companies Turning **Brandart into a Group**

Brandart provides products and services, but most importantly it provides solutions.

- Comprehensive regulatory and compliance assistance
- Innovative and sustainable solutions
- Creativity and R&D
- Product life cycle and carbon footprint assessment
- Optimising value and efficiency through procurement, production, logistics and distribution solutions



Tikehau Capital invests in Brandart

Tikehau Capital, the global alternative asset management group, acquired a 25% stake in Brandart on behalf of its clients in September 2023. Tikehau Capital will provide **strategic support to further accelerate Brandart's growth** in its core business and to enter new markets, with the aim of creating a one-stop shop for packaging and visual merchandising solutions, **while keeping sustainability and innovation at the core of the Group's business**. The transaction was executed through Tikehau Capital's private equity decarbonisation strategy and represents its 14th investment to date. Launched in 2018 in partnership with TotalEnergies, it is one of the largest private equity funds fully committed to supporting small and medium-sized companies that contribute to the decarbonisation of the economy.

We are impressed by the Group's achievements and appreciated its business model focused on innovation and sustainability, its global footprint and its ability to grow alongside sophisticated, demanding customers. Our partnership with Maurizio Sedgh will be instrumental in further accelerating Brandart's growth both in its core business and in new segments, with the aim of creating a one-stop shop for high-end consumer brands for everything from retail and secondary packaging to visual merchandising.

Roberto Quagliuolo,

Deputy Head of Private Equity and Co-Head of Italy at Tikehau Capital.

CORPORATE CERTIFICATIONS



ISO 9001 certification verifies Brandart’s capacity to consistently supply reliable products and services that meets its customers’ requirements, providing evidence of its constant commitment to improvement.



ISO 14001 certification verifies Brandart’s tangible efforts to minimise the environmental impact of its processes, products and services, defining concrete objectives in line with the Environmental Management System.



SA 8000 certification verifies Brandart’s effective management of all business aspects relating to corporate social responsibility.



The **EASI®** Model (Company Integrated Sustainable Ecosystem) Certification for Sustainable Governance is the first sustainability governance scheme recognised by Accredia as a Management System for companies.

PRODUCT CERTIFICATIONS



FSC® (FOREST STEWARDSHIP COUNCIL®) certification verifies that the wood and paper used by the firm are sourced from forests where strict environmental, societal and economic standards are applied, and ensures their traceability. FSC® certified products are available upon request.



GOTS CERTIFICATION (GLOBAL ORGANIC TEXTILE STANDARD) guarantees that a textile product is made of natural organic vegetable or animal fibres, produced in accordance with strict organic farming criteria and subsequently processed in accordance with stringent environmental and social criteria. It establishes the requirements of textiles containing at least 70% certified natural organic fibres.

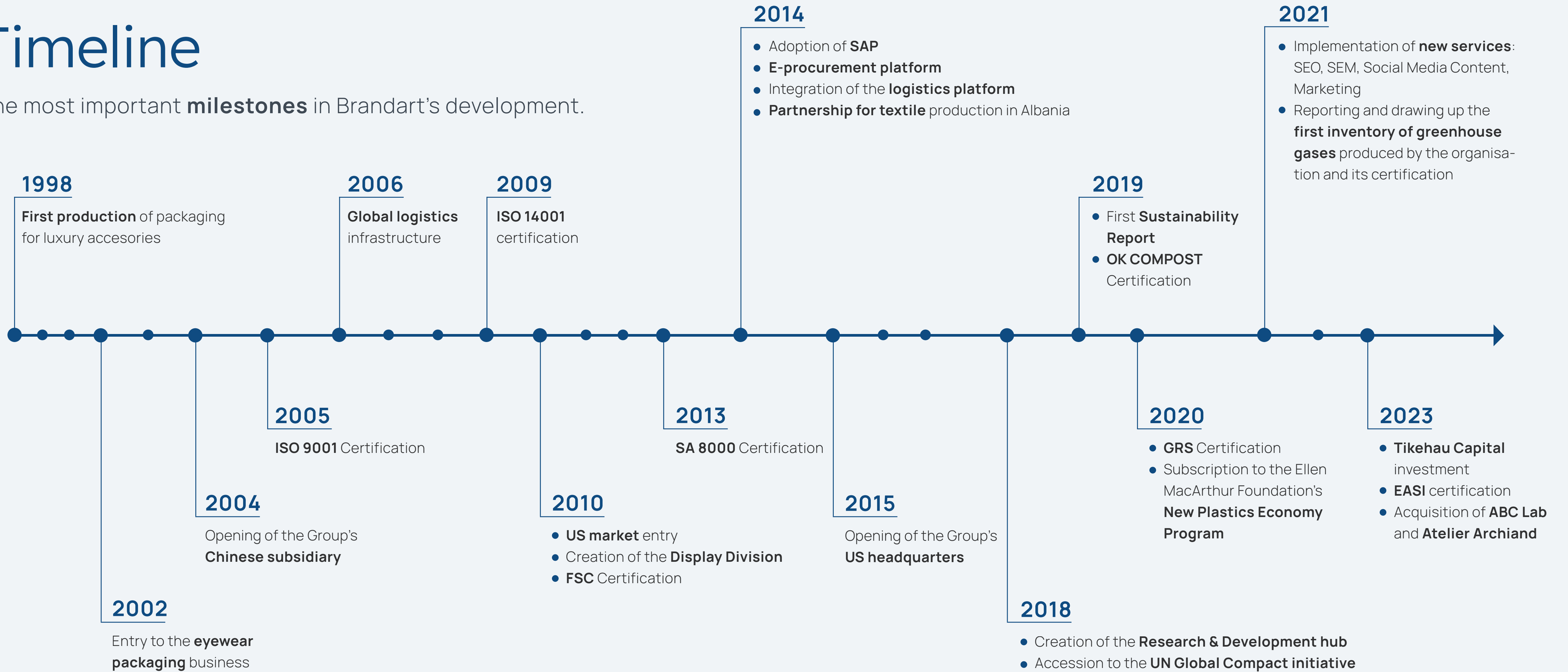
GOTS certified products are available upon request and labelled separately.



GRS (GLOBAL RECYCLING STANDARD) Products certified to the Global Recycled Standard (GRS) contain recycled material that has been verified at each stage of the supply chain, from the recycler to the final product. In addition, social, environmental, and chemical criteria related to processing are required. Brandart S.p.A is GRS certified, Intertek 153171. Only the products which are covered by a valid transaction certificate are GRS certified.

Timeline

The most important **milestones** in Brandart's development.



2.2 Vision, mission and values

BRANDART'S VALUES ARE:

<p>SUSTAINABILITY</p>	<p>Engage in promoting sustainability by offering eco-friendly packaging solutions, PoP materials and merchandising products. Prioritise the use of renewable and recyclable materials, minimising environmental impact throughout the value chain.</p>	<p>INNOVATION</p>	<p>Promote a culture of innovation, constantly searching for new ideas and technologies to provide brands with cutting-edge solutions, thus enabling them to differentiate themselves in the market and offer exceptional customer experiences.</p>
<p>CREATIVITY, RESEARCH & DEVELOPMENT</p>	<p>Encourage creativity and invest in research and development to push the limits of design and functionality. Create unique, visually appealing packaging, PoP and merchandising solutions that captivate audiences and boost brand recognition.</p>	<p>VALUE MAXIMISATION</p>	<p>Optimise value for customers by simplifying procurement, production, logistics and distribution processes. Employing strategic partnerships, efficient operations and cost-effective solutions, help brands maximise their return on investment and achieve their business goals.</p>
<p>REGULATORY COMPLIANCE</p>	<p>Provide brands with comprehensive regulatory and compliance assistance, ensuring that packaging, PoP and merchandising materials meet all relevant standards and regulations. Prioritise transparency, integrity and ethical practices in all aspects of the business.</p>	<p>CUSTOMER FOCUS</p>	<p>Place customers at the centre of everything we do, understanding their needs and distinctive goals. Customise solutions to offer the best possible communication and customer experience. Build solid, long-term partnerships.</p>

BRANDART'S VISION IS:

to revolutionise the way brands communicate through packaging, PoP and merchandising. To be the partner of choice for brands:

- Providing end-to-end management of their needs.
- Complying with regulatory standards.
- Generating creativity through research and development.
- Optimising value and efficiency in purchasing, production, logistics and distribution.
- Contributing to the creation of a more sustainable and customer-centric business ecosystem.

*Brandart's mission is to be the leading innovation, sourcing and procurement centre enabling brands from a wide range of sectors to improve communication and customer experience through **sustainable packaging**, point-of-sale and merchandising products. The goal is to provide **complete solutions** that meet all packaging, PoP and merchandising needs of brands, ensuring regulatory compliance, sustainability, creativity and **value optimisation** throughout the process.*

2.3 Organisational structure

With the aim of pursuing this all-round approach in the management of customer needs, over time Brandart has structured itself within a Group with headquarters in Italy and with sales offices in New York and Paris, in addition to those in Milan, operations centres in Guangzhou, China, and Karur, India, and logistics centres in Mexico.

Manufacturing partners present in

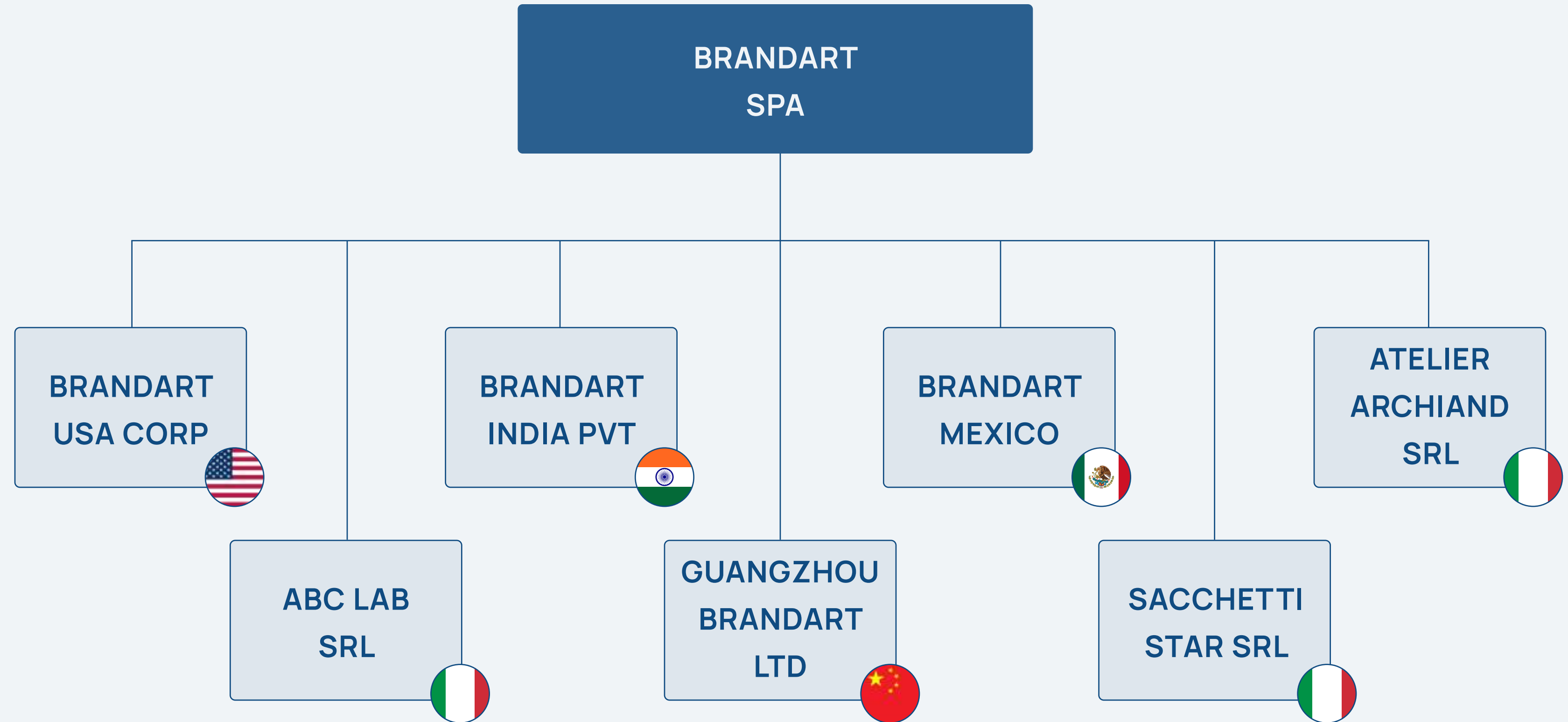
13 countries



This strategic vision includes the **acquisition of operations that are complementary and functional to the company's core business**, such as Atelier Archiand and ABC Lab, both acquired in 2023. Atelier Archiand is focused on visual merchandising and consists of an atelier of designers who follow the entire process, from idea to completion, producing and setting up solutions for brand visibility within the shop, while ABC Lab specialises in the creation of permanent display solutions.

Complementary operations present in

5 countries

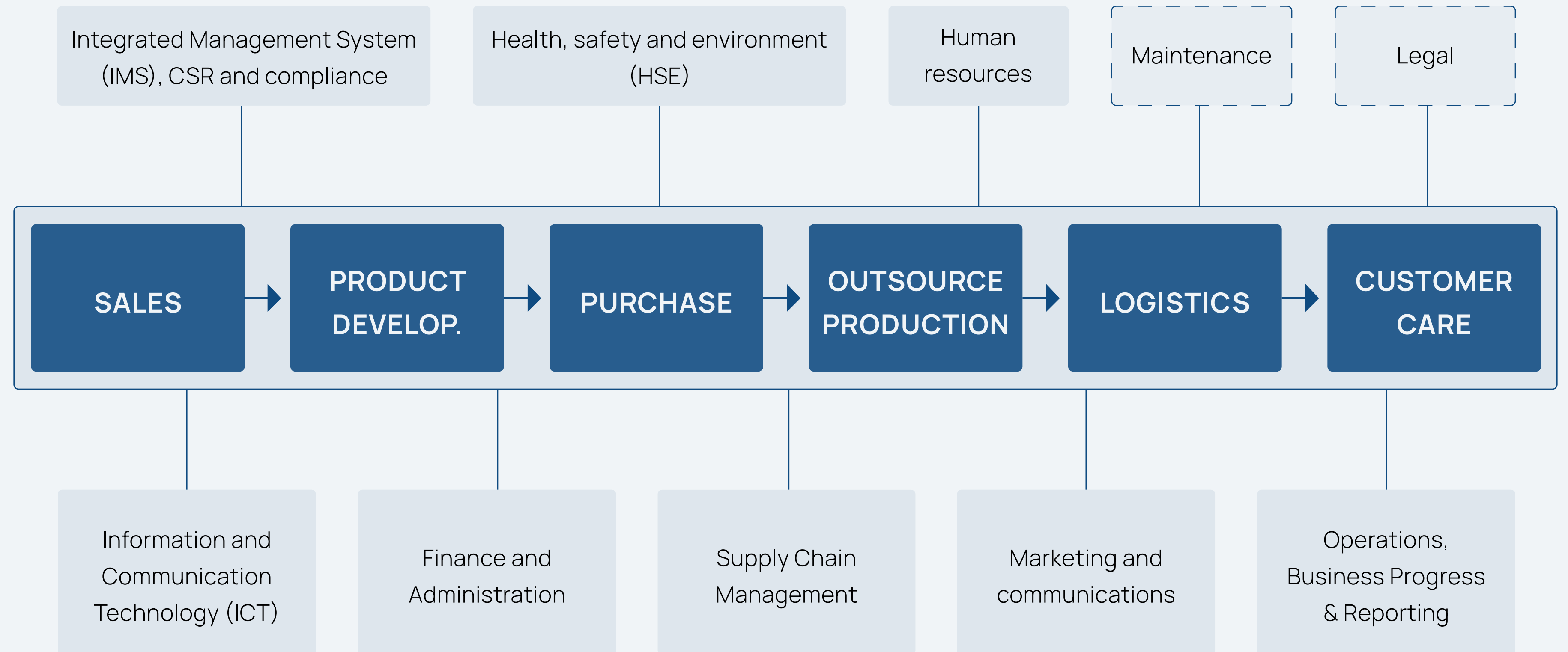


2.4 Business model

Brandart’s value creation model focuses on the **provision of all packaging and merchandising solutions, with the addition of services** such as cost and savings opportunity management, innovation, creativity and design, production management, logistics and inventory management.

The outsourcing of all production and the in-house provision of all customer services allow a **high degree of diversification**, guaranteeing competitive prices, high quality products and a superior level of service at every stage of the value chain.

BUSINESS AND SUPPORT PROCESSES



In light of the international nature of its business, Brandart has made **transport** a **central topic of its sustainability programme**, with the aim of reducing the impact of its direct and indirect operations.

Its products are mainly low unit-value items that circulate around the world in large quantities, and according to this logic **should be purchased as close to their final market as possible**.

For this reason, Brandart relies on a worldwide network of manufacturers and 21 logistics centres organised in nine regions controlled directly by the company for the timely distribution of products worldwide, from the Far East to Europe and the USA. This provides benefits not only in terms of time and cost savings, but also reduced environmental impact due to a more efficient management of the transport of goods.

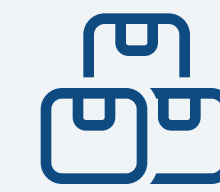
Brandart has **no in-house production** as this is completely outsourced, and only performs a small amount of prototyping of textile and paper products.

All production is **outsourced** according to one of the following models:



SUBCONTRACTING

Brandart buys **raw materials** and accessories and sends them to **subcontractors** for production*



RESELLING

Brandart buys the **finished product** directly and resells it.

*Apparel: cutting, printing, stitching, embroidery, ironing, etc.; packaging: cutting, printing and finished product preparation.

3.0 SUSTAINABILITY STRATEGY

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SUSTAINABILITY STRATEGY

3.1 Approach to sustainability

As part of the strategy that Brandart has put in place in order to pursue its sustainability goals, the creation of “**shared value**” for stakeholders is of particular importance.

Brandart is aware that its economic and business activities generate **direct and indirect impacts** on human rights, the environment it operates in and society in general. It has therefore defined the areas of responsibility towards its stakeholders – employees, customers, manufacturing partners, shareholders and the community – through the sharing of a **corporate culture** that complies with current regulations and is aligned with international best practices.

Brandart has long had specific corporate policies in place to uniformly govern the **company’s commitments to sustainability issues**. Specifically, the ESG policy represents the value, regulatory and strategic framework incorporating all other company policies.

The ESG policy identifies the principles that inspire Brandart to responsibly manage its direct and indirect environmental and social impacts vis-à-vis both the communities it operates in and its stakeholders.

The objective of the Sustainability Policy is to define the strategies and guiding principles of sustainability, with a specific focus on:



Human rights



Occupational health and safety



Sustainable sourcing



Customer and user aspects



Economy and sustainability



Working relationships and conditions



Environmental impact



Correct management practices



Community engagement and development



Cybersecurity and data protection



Brandart is **committed to minimising and optimising** the direct and indirect impact that its operations generate on the environment in the short and long term, and to constantly **monitoring risk factors** related to environmental aspects.



Brandart has always been committed to offering working conditions that respect **staff dignity, health and safety, human rights and equal opportunities.**



In order to govern its business with a view to sustainability and respecting the needs of all its stakeholders, Brandart is committed to continuous attention to the **applicable regulations and laws** and to identifying the expectations of relevant stakeholders, in particular with regard to aspects of **products, economic sustainability and company ethics.**

In order to achieve these objectives, Brandart decided to adopt an **Integrated Management System** that brings together the significant aspects of all management systems and certifications currently in place: UNI EN ISO 9001:2015 for **quality management**, UNI EN ISO 14001:2015 for the **proper implementation of an environmental management system**, SA 8000 for **social responsibility**, EASI for the implementation of an **integrated corporate governance** system of all sustainability issues, and the FSC®, GOTS and GRS standards.

As a guarantee of this commitment, Brandart has also adopted a **Code of Ethics** and a **Supplier Code of Conduct**, which are disseminated throughout the entire value chain.

Brandart's operations also comply with the contents of the **Universal Declaration of Human Rights**, the International Labour Organisation's Declaration on **Fundamental Principles and Rights at Work**, the Rio Declaration on **Environment and Development** and the United Nations Convention **Against Corruption.**

	SAFETY AT WORK	DATA SECURITY	ENVIRONMENTAL PROTECTION	SOCIAL RESPONSIBILITY	TRANSPARENCY
MANDATORY	Italian Legislative Decree 81/2008 Consolidated text on safety in the workplace	European Regulation 679/2016 Privacy and data protection	Italian Legislative Decree 152/2006 Consolidated environmental law	Italian Law 300/1970 Workers' Statute; Labour regulations, ILO conventions and recommendations	Italian Legislative Decree 10/03/2023 no. 24 (Whistleblowing Regulations)
VOLUNTARY	<ul style="list-style-type: none"> • ESG policy • Code of Ethics • EASI certification • SA 8000 certification • SMETA PILLAR audit 	<ul style="list-style-type: none"> • EASI certification 	<ul style="list-style-type: none"> • ESG policy • Circular economy policy • EASI certification • ISO 14001 certification (Environmental Management System) • EcoVadis • GOTS, FSC and GRS certification 	<ul style="list-style-type: none"> • ESG policy • DE&I Policy • Code of Ethics • EASI certification • Endorsement of the United Nations Global Compact • SA 8000 certification • SMETA PILLAR audit • EcoVadis 	<ul style="list-style-type: none"> • ESG policy • Sustainable procurement policy • Code of Ethics • Supplier Code of Conduct • EASI certification • Sustainability reporting • EcoVadis

Table 3.1.1: Corporate compliance and voluntary initiatives

3.2 Sustainability Roadmap and alignment with the SDGs

Brandart’s development goals are based on prioritising stakeholders and their needs while at the same time respecting its ethical and entrepreneurial values and taking into account the rapidly changing regulatory framework. Its strategies are focused on customers, production partners and people within the organisation, within the structure represented by governance.



Figure 3.2.1: Focus on Brandart’s development objectives

Specifically, with respect to the forthcoming introduction of the CSRD (Corporate Sustainability Reporting Directive), Brandart has already started the transition to **adapt to the new requirements**, setting up an internal working group to analyse all applicable aspects and define an adaptation plan **to be implemented during 2024 and 2025**. Indeed, the **2023 Sustainability Report** already anticipates the transposition of some of the requirements of the Directive, specifically: a greater in-depth examination of **governance issues** and the preparation of an **initial double materiality analysis** that includes financial materiality in addition to impact materiality.

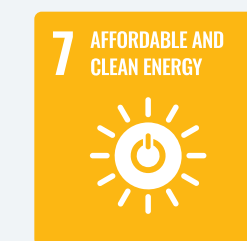
The analysis conducted in a qualitative form with the involvement of a significant sample of stakeholders will be further refined during the next financial year.

Brandart's sustainability strategy fits perfectly into the framework of the SDGs. The **objectives** that Brandart prioritises are:



GENDER EQUALITY

Brandart is committed to equal opportunities and participation in the decision-making process and to avoiding any form of discrimination.



CLEAN AND SUSTAINABLE ENERGY

Brandart relies entirely on an energy supply from renewable sources with guarantees of origin.



DECENT WORK AND ECONOMIC GROWTH

Brandart is committed to ensuring better working conditions within its supply chain through a systematic due diligence process.



INDUSTRIALISATION AND SUSTAINABLE INNOVATION

Through market research and constant communication with its business partners, Brandart aims to offer its customers the best available technology, both in terms of production and service.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Through continuous research and innovation in process, product and business models, Brandart is committed to offering its customers innovative materials and responsible packaging solutions, considering products' entire life cycle.



CLIMATE ACTION

Brandart is committed to favouring collaboration with manufacturing partners that have developed sustainability goals. Each year it also draws up an inventory of greenhouse gas emissions so that reduction strategies can be developed.



LIFE ON EARTH

Brandart pays great attention to the sustainability of the raw materials used and offers its customers environmentally friendly solutions.



PARTNERSHIPS FOR GOALS

Brandart is strongly committed to circular business models and fosters long-term partnerships with organisations, companies and institutions that share the same values and goals.

3.3 Strategic priorities

For the 2023 Sustainability Report Brandart conducted a **Materiality Analysis** that aims to map and assess the economic, environmental, social and governance-related aspects considered relevant and significant for its business and stakeholders.

Beginning with this year's report, Brandart decided to conduct the analysis according to the **"double materiality"** perspective introduced by the Corporate Sustainability Reporting Directive (CSRD), which requires considering two different perspectives when **assessing the importance** of different sustainability issues:

- **Impact Materiality**
- **Financial Materiality**

IMPACT MATERIALITY	FINANCIAL MATERIALITY
<p>A sustainability issue is considered material when it is associated with significant impacts, which may be negative or positive, actual or potential, generated directly or indirectly by the company's activities on people and the environment in the short, medium and long term.</p>	<p>A sustainability issue is material if it has or could have significant positive or negative effects on the organisation's economic and financial performance, resilience or business continuity.</p>

The integration of both perspectives enabled Brandart to comprehensively understand sustainability issues material to its business and its long-term performance. In order to identify the material topics and their positive and negative impacts, as well as opportunities and risks (actual and potential) of Brandart's activities according to the Impact Materiality and Financial Materiality approaches, a structured process was initiated to detail the relevant context inside and outside the organisation.

This activity consisted of the following four steps:

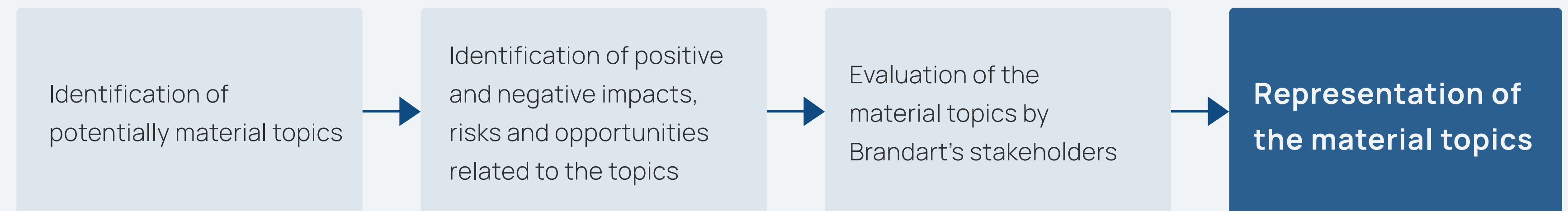


Figure 3.3.1: The process of identifying material topics

The process of identifying potentially material topics for Brandart involved an analysis of various sources such as: Global Compact, SASB, ESRS, ESG Due Diligence, industry documentation, existing internal documentation, industry benchmarks, 2022 material topics. Following the conclusion of this first phase, the topics identified were grouped according to their mutual level of affinity in order to obtain an initial list to be submitted to a representative sample of corporate stakeholders for evaluation by means of a survey.

For this year, the stakeholder engagement plan envisaged the involvement of the following categories of stakeholders:

- 1. TIKEHAU Fund
- 2. Brandart Management
- 3. Brandart Employees¹
- 4. Suppliers

¹ This category includes both employees of Brandart S.p.A and employees of its subsidiaries.

In the questionnaire Stakeholders expressed their assessment of the level of materiality of the non-financial impacts that Brandart's operations and value chain generate or could generate on the economic, environmental and social spheres, as well as the level of materiality of risks and opportunities related to sustainability issues that can positively or negatively influence the company's economic and financial performance.

A total of 139 responses were recorded out of a total of 280 questionnaires distributed to Stakeholders, a response rate of about 50%.

At the end of the entire process, having defined the value of 2.4 as the materiality threshold (average of the averages of the scores obtained for each topic, weighted based on the significance of the stakeholders), the results achieved made it possible

to identify and prioritise Brandart's 13 material topics, as listed below and discussed in more detail in the chapter Risk Management and in the respective chapters.

The chart present in the following page shows the material topics of Brandart that exceeded the "materiality threshold", i.e. those topics whose materiality exceeded the defined threshold value for at least one of the above-mentioned criteria (Impact or Financial materiality).

Although the topic **"Training - upskilling - and skill development"** did not reach the materiality threshold, Brandart's management decided to include this topic in the mapping anyway, considering it a **crucial topic** given the company's development and the strategic nature of the innovative and research component expressed by human capital. In fact, continuous training and upskilling are considered crucial to ensure

that employees have the necessary skills to meet the challenges of the changing market.

Furthermore, skill development supports innovation and company competitiveness, as better trained employees can contribute more effectively to the firm's strategic goals.

COMPARISON OF IMPACT & FINANCIAL MATERIALITY



Comparing the results obtained from the double materiality analysis with the material topics in the previous reporting cycle, a certain continuity is evident.

In order to allow for greater understanding, some topics have been better specified and detailed. On average, the topics that emerge with respect to the two approaches of Financial materiality and Impact materiality turn out to be **Product quality and conformity, Pursuit of excellence** (Customer excellence) and **Health and safety**. These results reflect what was highlighted in the previous year's analysis, as the topic of Safety and quality, which included product quality, consumer experience and occupational health and safety, was ranked as highly material.

The topic Diversity, equality and equal opportunity was found on average to

be extremely relevant, like last year (Employees and equality topic), but the analysis conducted this year underscores that the materiality for stakeholders is more in the sphere of "outside-in" impacts (financial materiality).

Finally, the topic of Stakeholder engagement was among the most relevant topics in contrast to last year, when it was among the moderately important topics.

MATERIAL TOPICS	SDG 5	SDG 7	SDG 8	SDG 9	SDG 12	SDG 13	SDG 15	SDG 17
Integrity of business conduct, anti-corruption and compliance					X			
Risk Management					X			
Stakeholder engagement								X
Economic growth & financial performance					X			
Diversity, equality and equal opportunity	X		X					
Welfare and work-life balance	X		X					
Health and safety			X					
Supply chain traceability					X			
Pursuit of excellence				X				
Innovation, eco-design and R&D				X		X		
Product quality and conformity					X			
Circular economy and second-life use of products		X			X	X	X	

Table 3.3.1: Correspondence of material topics with United Nations SDGs

3.4 Stakeholder engagement

Stakeholders represent individuals, groups, organisations or institutions that share interests and can influence or be influenced by Brandart's activities.

The **stakeholder identification process** is based on three main criteria:

1 The **interest and dependence** that stakeholders may have with respect to the company's activities.

2 The degree of **influence** that stakeholders exert on company **decisions** and **strategies**.

3 The existence of **contractual or legal obligations** in dealings with stakeholders.

The main categories of internal and external stakeholders **identified** are:



The following table lists the **main categories of internal and external stakeholders**, together with the most frequently used **channels of interaction** and dialogue and the **expectations** with regard to each.

STAKEHOLDER CATEGORY	METHOD OF ENGAGEMENT	EXPECTATIONS
<p>Brandart management (BoD members and heads of key functions)</p>	<ul style="list-style-type: none"> • Intranet and website • Internal communication programmes (newsletters) • Meetings at regular intervals • Executive Committee • Management review • Constant dialogue with the various key corporate functions 	<ul style="list-style-type: none"> • Employee satisfaction and empowerment • Increased market competitiveness • Growth and development • Satisfaction of customer needs • Improved corporate image and reputation • Focus on the circular economy and the world of voluntary environmental and sustainability standards as a means of distinction in the marketplace
<p>External investors (Tikehau Fund)</p>	<ul style="list-style-type: none"> • Meetings at regular intervals • Management presentation • Financial and ESG company reports • Press releases • Website 	<ul style="list-style-type: none"> • Data transparency and consistency • Business profitability • Organisational structure • Potential (business, market opportunities) • Defined objectives and compliance with contractually agreed targets
<p>Subsidiaries and affiliated companies</p>	<ul style="list-style-type: none"> • Internal communication programmes (newsletters) • Meetings at regular intervals 	<ul style="list-style-type: none"> • Clear and effective communications • Alignment of common procedures and policies

STAKEHOLDER CATEGORY	METHOD OF ENGAGEMENT	EXPECTATIONS
<p>Brandart employees</p>	<ul style="list-style-type: none"> • Intranet and website • Training programmes • Company welfare initiatives • Performance Management • Internal communication programmes (newsletters) • Dialogue with company union representatives (RSUs) 	<ul style="list-style-type: none"> • Continuous education and training • Clear and effective communication. • Involvement in decision-making through relevant methods of consultation and participation. • Corporate actions focused on sustainability and respect for the environment • Growth of welfare instruments
<p>Manufacturing and business partners</p>	<ul style="list-style-type: none"> • Website • Interactions between the relevant organisational structures • Activities related to the manufacturing partner evaluation and qualification process • Technical visits and periodic business meetings • Second- and third-party audits by Brandart on the manufacturing partner's premises 	<ul style="list-style-type: none"> • Transparency of the qualification and evaluation system • Growth of collaboration volumes over time
<p>Customers</p>	<ul style="list-style-type: none"> • Website and other dedicated communication channels • Interactions between the relevant organisational structures • Visits to the customer's premises or vice versa • Business meetings to share information about new products • Second- and third-party audits of Brandart by the customer 	<ul style="list-style-type: none"> • Use of socially and environmentally sustainable raw materials • Improved corporate image and reputation with respect to sustainability • Proactivity in obtaining company certifications in the areas of quality, environment and social responsibility as well as eco-sustainable product certifications • Immediate resolution of any complaints • Large customers interested in nearshoring

STAKEHOLDER CATEGORY	METHOD OF ENGAGEMENT	EXPECTATIONS
<p>Legislative and control bodies</p>	<ul style="list-style-type: none"> • Website • Interactions between the relevant control and authorisation structures • Activities related to the authorisation and compliance monitoring process • Inspections • Periodic meetings and activities with associations 	<ul style="list-style-type: none"> • Updating of processes and documentation regarding voluntary regulations • Compatibility of activities with the environment • Regulatory compliance
<p>Local communities</p>	<ul style="list-style-type: none"> • Website • Periodic meetings/partnerships with institutions, non-profit organisations, associations, universities, local centres of attraction, etc. 	<ul style="list-style-type: none"> • Minimisation of the inconvenience caused by heavy vehicle traffic • Contribution to community growth through charitable donations and support
<p>Financial and insurance institutions</p>	<ul style="list-style-type: none"> • Website • Press releases • Dedicated newsletters • Financial and ESG company reports 	<ul style="list-style-type: none"> • Absence of accidents • Green and sustainable image of the company represented • Company soundness and profitability
<p>Universities and schools</p>	<ul style="list-style-type: none"> • Career days • Testimonials in degree programmes • Meetings at regular intervals 	<ul style="list-style-type: none"> • Establishment of scholarships • Allocation of funds for research and sponsorships • Possibility of in-company internships • Possibility of passing on specific skills

STAKEHOLDER CATEGORY	METHOD OF ENGAGEMENT	EXPECTATIONS
<p>Internal trade union representation (RSUs)</p>	<ul style="list-style-type: none"> • Meetings at regular intervals • Press releases • Website 	<ul style="list-style-type: none"> • Definition of a multi-year performance bonus • Definition of a collective closure schedule
<p>Trade associations</p>	<ul style="list-style-type: none"> • Financial and ESG company reports • Press releases • Website 	<ul style="list-style-type: none"> • Development of new collaborations

3.5 Dialogue with coalitions and technical working groups

Brandart's commitment is also evident in its participation in national and international associations that have **research and sustainable development** as their **common goal**.



Brandart is a signatory to the New Plastics Economy Global Commitment led by the Ellen MacArthur Foundation in collaboration with the United Nations Environment Programme, which brings together profit and non-profit organisations throughout the world on common goals to tackle plastic waste and pollution. Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations, investors and other organisations.



Brandart is committed to integrating the ten principles of human, labour and environmental rights of the UN Global Compact into its activities. It is a non-binding pact that aims to encourage companies around the world to adopt sustainable and socially responsible policies and to report on their implementation.



AICE or "Italian Association of Foreign Trade" is an independent business association that represents and supports Italian companies that primarily conduct business abroad: trading, export, import, counter-trade, purchasing offices, export management, small and medium-sized enterprises, etc. as well as services related to these activities. AICE is also a strategic access point for foreign companies interested in both exporting their products to Italy and importing Italian products.



Since 2018 Brandart has been registered on the Better Cotton platform, the world's leading cotton sustainability initiative. Its mission is to help the cotton community survive and prosper by protecting and restoring the environment.



Brandart is a partner of AISEC, a non-profit association founded in 2015 that aims to promote, disseminate and apply the concept of circular economy nationally and internationally. The aim of this partnership is to share the company's know-how with various operators in order to bring the principles of the circular economy and sustainable development into the processes of all the companies involved, fostering their growth and awareness in the process of continuous improvement.



The EcoVadis Gold Medal is awarded to companies that achieve outstanding sustainability performance and demonstrate exemplary practices of environmental, social and ethical responsibility according to the EcoVadis evaluation and rating criteria.

4.0 BE TRUSTABLE

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BE TRUSTABLE

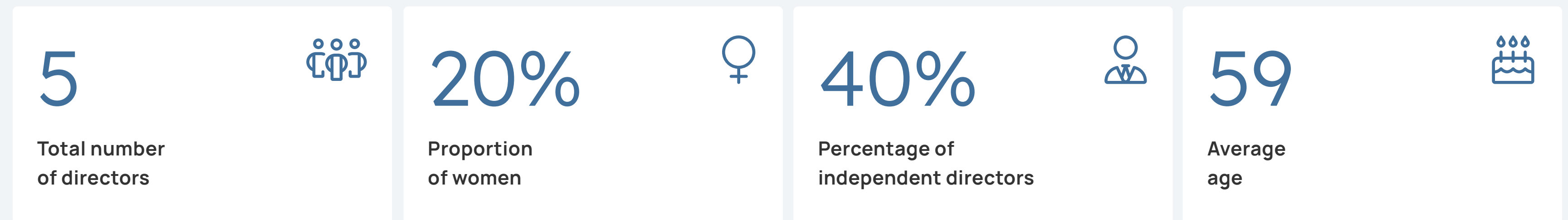
4.1 Governance structure

Brandart is organised according to the traditional administration and control model, with a **Shareholders’ Meeting, Board of Directors, Board of Statutory Auditors**, which has control functions over the administration, and an auditing firm.

The main corporate governance body is the Board of Directors, which is responsible for **determining and pursuing the Company’s strategic objectives**. The Board is in office until the approval of the 2023 financial statements and is composed of Chairman and founder Maurizio Sedgh, board members Francesco De Santis Diaverico Maria, Roberto Francesco Quagliuolo, Alessandro Zalonis and Stefania Borlini.

MEMBERS OF THE BOARD OF DIRECTORS

30-50 Y.O.		OVER 50 Y.O.		TOTAL	
♀ Women	♂ Men	♀ Women	♂ Men	♀ Women	♂ Men
0	1	1	3	1	4



Competences within the Board of Directors: IT and digital, Luxury, Innovation, Finance and accounting, Corporate governance, Industrial sector, ESG, Risk Management, Economy, International Markets, Marketing expenses.

In March 2024 Brandart appointed **Massimo Paloni** as **Chief Executive Officer**.

Paloni comes from **Bulgari**, bringing with him **more than 20 years of consolidated experience**, where he successfully held key roles in technology, strategic planning, logistics and innovation.

In recent years he served as COO & Innovation Officer, **leading the creation and structuring** of the **supply chain and operations model** that contributed to the company's success. Massimo Paloni has held senior positions in supply chain, IT, finance and project management globally and has over two decades of experience in the luxury industry. He has a degree in Business Administration & Economics from the University of Rome La Sapienza. He earned a master's degree in Artificial Intelligence and Business Transformation from MIT and participated in an executive programme at Singularity University in Cupertino (CA).

The **Board of Statutory Auditors**, in office until the approval of the 2025 financial statements, has the task of **supervising compliance** with the law and the articles of association, respect for the principles of proper administration, and in particular the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual operation.

The auditing firm is entrusted with the statutory audit of the accounts. It expresses a written opinion on the annual financial statements and during the year makes sure that the company's accounts are properly kept and that the operating events are correctly recorded in the accounting records.

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

30-50 Y.O.		OVER 50 Y.O.		TOTAL	
♀ Women	♂ Men	♀ Women	♂ Men	♀ Women	♂ Men
0%	33%	0%	66%	0%	100%

Brandart has adopted an organisation, management and control model pursuant to Italian Legislative Decree 231/01. The Supervisory Body continuously monitors the adequacy and concrete implementation of the safeguards envisaged in the 231 Model, periodically informing the governing body thereof.

Internally the following controls have been put in place:

- Risk Management Committee
- Executive Committee
- Social Performance Team (SPT)

The SPT continuously monitors the work environment with respect to compliance with the SA8000 standard, conducts periodic risk assessments to identify and prioritise areas of actual or potential non-compliance with the standard, proposes possible actions to management to address risks identified, and checks the effective implementation and effectiveness of the actions agreed to. It consists of eight people: Five employees elected by their co-workers and three managers appointed by management. Three of the five employees were and remain the company's internal RSUs. In 2023 eight meetings were held and a total of 20 reports were received, mainly concerning organisation and company climate. All were closed except one, which is currently still being managed.

Aware of the strategic importance of Sustainable Development, Brandart introduced the **Sustainability, Compliance and Excellence Committee** in 2023 with the aim of supporting the sustainability strategy.

The Committee aims to:

- Promote the integration of **sustainability into Brandart’s Strategy** and Culture and corporate management.
- Supervise dialogue with stakeholders and the pursuit of sustainability goals.
- **Monitor the implementation** of the Strategic Sustainability Plan.
- Implement what is stated in the Sustainability Committee Rules.

The Committee is a collegial body that assists top management (CEO and front line) on environmental, social and governance issues for sustainable corporate development. It consists of the following company departments: **Sustainability, Compliance & Excellence, Supplier Compliance, HSE & General Services, Human Resources, Marketing & Communications; Accounting & Finance; Operational Sourcing; ICT & Digital Transformation, Research & Development, Logistics, Sales.**

A Sustainability Lead is appointed within the Sustainability Committee and is responsible for organising all operational and governance activities necessary to ensure proper management and effective monitoring of compliance with the requirements of the organisational model for sustainability and achievement of the expected results.



EASI CERTIFICATION

In 2023 Brandart earned EASI certification. This is the first sustainability governance scheme recognised by Accredia (the Single National Accreditation Body appointed by the Italian government) as a management system for companies and certifiable by certification bodies accredited by Accredia. The EASI® Model brings together all the requirements that an organisation must comply with and integrate: **Comply with the principles of ESG Sustainability** (environmental, social and governance), **Generate internal and external vision and awareness** thanks to concrete content and actions, and **Grow sustainably and communicate effectively** with all Stakeholders.

It applies them through 10 fundamental vectors: 1. Human rights 2. Working relationships and conditions 3. Occupational health and safety 4. Environmental impact 5. Sustainable sourcing 6. Correct management practices 7. Aspects relating to customers, users and consumers 8. Community engagement and development 9. Sustainable economic development 10. Data protection and IT security.

4.2 Ethics and compliance

The sustainable management model throughout the value chain is reflected in the Group's main policies, which are published on the Brandart website, with a focus also on the "231", "Anti-Corruption", "Privacy" and "Whistleblowing" compliance programmes.

Through the adoption of the most suitable prevention and control measures, **Brandart S.p.A. has long been committed to strict compliance with the laws and regulations in force in every context it operates in, at all decision-making and operational levels, in the conviction that ethics, integrity, transparency and commitment are the foundations on which to build the company's reputation and lasting success.**

The first Code of Ethics was adopted by the company in 2013 and was updated in May 2021. Approved by the Company's Board of Directors, the Code governs the set of rights, duties and responsibilities that Brandart assumes in the performance of its activities vis-à-vis all stakeholders who have a direct or indirect relationship with the company and are able to influence its activities or are impacted by them (Stakeholders).

Compliance with the Code of Ethics by Brandart's employees, contractors, consultants and contractual counterparties in general in the performance of their duties and within the scope of their responsibilities is crucial.

The Code of Ethics is one of the pillars of Brandart's Governance Model and was drafted pursuant to Italian Legislative Decree no. 231/01. The Governance Model incorporates the Code and a series of additional written protocols governing expected conduct within the framework of applicable legal requirements. Brandart's internal policy is not to make any contributions to political parties or politicians.

Brandart believes that ethics, integrity, the quality of the solutions it offers and transparency are the foundations of its success, so it is committed to continuous improvement. Brandart has taken proactive measures to establish and maintain an effective Organisation and Management Model in accordance with Italian Legislative Decree no. 231/2001. The company prioritised training, communication and risk assessment activities to promote compliance and prevent corruption issues within the organisation.

Brandart encourages the **active participation of employees** in identifying and preventing misconduct or violations of the Code of Ethics and international, national or local legal requirements. The reporting of such concerns enables Brandart to investigate and take the necessary corrective measures.

Brandart's Governance Model complements the Code of Ethics and includes additional protocols required by law, in particular in compliance with Italian Legislative Decree 231/2001. This framework complements the mapping of crime risks in all areas and processes of the company, sensitises employees to the importance of aligning their conduct with the company's values, ensures legal compliance and safeguards its reputation. Various measures are employed, such as comprehensive training and promotion of the Code and the Model throughout the organisation, supervision by an independent Supervisory Body, whistleblowing mechanisms, a penalty system and the inclusion of specific provisions in contracts with suppliers. **These measures aim to reinforce Brandart's values among all stakeholders and to prevent possible violations.**

Thanks to the measures taken, no cases (actual or potential) of active or passive corruption were

recorded during the year and since the company was established.

Brandart recognises the importance of **collaboration with its supply chain** to achieve long-term success and sustainable standards. In addition to legal and regulatory requirements, the company expects partners to share a common commitment to corporate integrity, worker rights, environmental responsibility and transparency. **Adherence to these principles is considered a prerequisite for becoming a production partner and establishing a lasting business relationship with Brandart.**

- Diversity, equity and inclusion
- Confidentiality
- Compliance with laws and regulations
- Accountability, propriety and transparency
- Fair competition
- Sustainable development initiatives
- Respect for the environment

The **Company's Supervisory Body** (SB) is the fundamental pillar for the supervision and prevention of offences according to the 231 Model, and is composed of qualified and certified professionals who perform their role effectively and continuously. During this reporting period:

- The SB did not learn of any objectionable actions or significant violations of the Model, nor did it become aware of any actions or conduct subject to the provisions of Italian Legislative Decree no. 231/2001.
- No sanctions were imposed and no significant disciplinary proceedings were initiated.
- No news was received of pending criminal proceedings falling under Italian Legislative Decree no. 231/01 involving the company, senior management or employees.

Pursuant to Article 6 of Italian Legislative Decree no. 231 of 8 June 2001, Brandart must adopt – as in fact it has already adopted – a **Corporate Whistleblowing Procedure** governing the manner in which unlawful acts or irregularities that come to its attention as a result of its functions and operations may be reported, and which, following the entry into force of the recent European Directive on Whistleblowing, has been updated in consultation with the Supervisory Body.

The Group's whistleblowing procedure or whistleblowing policy is an integral part of Brandart's internal control systems. It serves both employees and external stakeholders as a tool for reporting violations, suspected violations and incentives to violate laws, regulations and ethical principles. The policy is easily accessible through the company's intranet, bulletin boards and website, thus ensuring wide dissemination. The policy covers a wide range of areas, including the Code of Ethics, equal opportunities, discrimination and harassment. It also includes issues addressed in Group Policies, internal audit principles, corporate policies, rules and procedures. The reporting procedure is explicitly mentioned in supply orders/contracts and reiterated in several Group policies published on the company website, reinforcing its importance. Reports can be submitted anonymously, and strict confidentiality is maintained to protect the whistleblowers. The policy emphasises zero tolerance for retaliation against those who submit reports or are reported.

4.3 Risk management

Brandart’s senior management plays a key role in the process of mapping corporate risks, which includes the assessment and implementation of tools to mitigate them. The heads of the main corporate functions, each within their area of responsibility, collaborate with Management in identifying risks and opportunities, including those related to ESG issues.

4.3.1 INSIDE-OUT IMPACTS (IMPACT MATERIALITY)

Brandart has identified the actual and potential impacts on the economy, environment and people resulting from its operations and business relations. The positive and negative, actual and potential impacts are specified below, grouped according to the 13 material topics identified by the process described in 6.2 Double materiality analysis.

GOVERNANCE		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
INTEGRITY OF BUSINESS CONDUCT AND ANTI-CORRUPTION	<ul style="list-style-type: none"> Impacts on the company's operations due to possible disruptions of working relationships along the value chain and the need for additional resources. Difficulties in dealing with the consequences of internal conduct not guided by a sense of responsibility with respect to rules and regulations. 	Promotion of corporate integrity and prevention of unlawful practices to ensure compliance with applicable regulations, avoid the re-investment of profits from illegal activities, prevent cases of bribery and counter anti-competitive behaviour thus helping to spread a corporate culture based on regulatory compliance and voluntary adherence to economic, environmental and social standards.
RISK MANAGEMENT	Business disruptions with possible repercussions on employment and declines in the distribution of generated value due to reduced risk management and failure to identify new opportunities.	<ul style="list-style-type: none"> Positive effects on employment and the distribution of generated value linked to the stability of the company's business. Prevention of business interruptions.
STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> Loss of confidence on the part of the stakeholders involved. Increased dependence on external resources and vulnerability to changes in strategy. 	<ul style="list-style-type: none"> Increased trust on the part of the main stakeholders the company interacts with (e.g. employees, local communities, business partners, etc.). Access to new resources and creation of new solutions to improve the products and services offered according to market needs.

ECONOMICS		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
ECONOMIC GROWTH AND FINANCIAL PERFORMANCE	<ul style="list-style-type: none"> • Difficulty in profitably managing all operational and strategic activities for the continuity of the company. • Inability to retain and attract personnel. 	<p>Promotion of corporate integrity and prevention of unlawful practices to ensure compliance with applicable regulations, avoid the re-investment of profits from illegal activities, prevent cases of bribery and counter anti-competitive behaviour thus helping to spread a corporate culture based on regulatory compliance and voluntary adherence to economic, environmental and social standards.</p>

HUMAN RESOURCES		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
HEALTH AND SAFETY	<ul style="list-style-type: none"> • Increased frequency and severity of injuries/occupational diseases. • Penalties for non-compliance with laws and regulations (including those of a voluntary nature) in force in the field of health and safety in the workplace. 	<ul style="list-style-type: none"> • Opportunities for each employee to realise their full potential . • Protection of the welfare, health and safety of employees and all individuals whose work is under the direct control of the organisation. • Dissemination of a work culture based on respect for the individual and their health and safety.

<p>DIVERSITY, EQUALITY AND EQUAL OPPORTUNITY</p>	<ul style="list-style-type: none"> • Reduced decision-making capacity due to a poor culture of inclusion that does not stimulate people to express different ideas and opinions. • Inability to interact with a diverse and globalised clientele. • Greater difficulty in managing effective, clear and transparent communication within the organisation. 	<ul style="list-style-type: none"> • Protection of the fundamental labour rights of people the company interacts with internally and externally. • Developing the skills and experience of each person for the benefit of the organisation and personal fulfilment (talent attraction and retention).
<p>WELFARE AND WORK-LIFE BALANCE</p>	<ul style="list-style-type: none"> • Low levels of psycho-physical well-being of employees caused by high levels of work-related stress. • Unequal distribution of wealth to employees, reflected in a lack of essential services, inadequate remuneration and/or the absence of ancillary welfare services. 	<ul style="list-style-type: none"> • Employee retention. • Attractiveness of the company in the labour market. • Improvement of the health and well-being of employees.
<p>TRAINING (UPSKILLING) AND SKILL DEVELOPMENT</p>	<ul style="list-style-type: none"> • Low performance related to an inadequate exchange of skills between the various corporate functions • Difficulties in retaining talent and underutilisation of the skills acquired. <p>Inability to respond effectively to market demands due to lack of relevant skills.</p>	<ul style="list-style-type: none"> • Opportunities for each employee/contractor to fully fulfil their potential and increase their skills. • Promotion of the passing down of skills and knowledge from one generation to the next within the company.

CUSTOMERS		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
PURSUIT OF EXCELLENCE	Dissatisfaction of discerning customers with products and services that do not live up to expectations.	<ul style="list-style-type: none"> • Stronger relationships, positive feedback and greater customer loyalty. • Product distinctiveness in the target market.

SUPPLY CHAIN		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
SUPPLY CHAIN TRACEABILITY	<ul style="list-style-type: none"> • Non-compliance with laws or regulations (including voluntary ones) in force in the economic, environmental and social spheres in the context Brandart operates in. 	<ul style="list-style-type: none"> • Ability of the organisation to respond effectively to customer and market demands for transparency with growth of trust in the relationship. • Promptness of the organisation in handling any problems within the supply chain to ensure customer satisfaction.

PRODUCTS AND INFRASTRUCTURE		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
PRODUCT/SERVICE QUALITY AND SAFETY	<ul style="list-style-type: none"> • Supply of unsuitable products with respect to the health and safety of end users. • Increased time to manufacture and control products and the risk of giving way to competitors with respect to market entry. 	<ul style="list-style-type: none"> • Protection of the safety and fundamental rights of customers and all those the company deals with. • Growth in reputation, trust and loyalty to the company. • Improvement of manufacturing partners relations, corporate image and employees' sense of belonging.
INNOVATION AND R&D	<ul style="list-style-type: none"> • Failure to comply with new regulatory and environmental requirements. • Inability to anticipate customer needs. 	<ul style="list-style-type: none"> • Possibility to influence the sensitivity and expertise of staff in the innovative and digital field, operating according to new sustainable and customer-oriented business models (ecodesign). • Product distinctiveness in the target market.
ENVIRONMENT		
MATERIAL TOPIC	NEGATIVE IMPACTS	POSITIVE IMPACTS
SUPPORT FOR THE CIRCULAR ECONOMY	<ul style="list-style-type: none"> • Waste of resources and inefficient use of materials. 	<ul style="list-style-type: none"> • Workforce and market awareness of ESG issues. • Minimisation of waste through optimisation of production processes, promotion of responsible consumption and reuse of materials.

4.3.2 OUTSIDE-IN IMPACTS (FINANCIAL MATERIALITY)

Material topics are also associated with significant effects in terms of risks and opportunities that may affect the company’s financial position, profitability, cash flows, access to financing and cost of capital in the short, medium and long term.

Following is a table showing how the issues of greatest importance to Brandart are linked to potential risks, the scope of their impact and the measures the company takes to mitigate or eliminate them.

MATERIAL TOPIC	RISK PERIMETER	OUTSIDE-IN RISKS	MITIGATION MEASURES
<p>INTEGRITY IN BUSINESS CONDUCT, ANTI-CORRUPTION AND COMPLIANCE</p> <p>RISK MANAGEMENT</p> <p>STAKEHOLDER ENGAGEMENT AND DIALOGUE</p>	<p>Internal: The whole group</p> <p>External: All Stakeholders</p>	<ul style="list-style-type: none"> • Reputational risk • Strategic risk • Compliance risk • Risk of loss of competitiveness • Risk of turnover increase and loss of key qualified personnel 	<ul style="list-style-type: none"> • Code of Ethics • 231 Model • Supervisory Body • Whistleblowing procedure • EASI certification • Risk managers and Risk Management committee
<p>PURSUIT OF EXCELLENCE</p>	<p>Internal: The whole group</p> <p>External: Customers</p>	<ul style="list-style-type: none"> • Risk of loss of competitiveness • Reputational risk 	<ul style="list-style-type: none"> • ISO 9001 for quality • ISO 14001 for the environment • Continuing education
<p>ECONOMIC GROWTH AND FINANCIAL PERFORMANCE</p>	<p>Internal: The whole group</p> <p>External: All Stakeholders</p>	<ul style="list-style-type: none"> • Reputational risk • Strategic risk • Compliance risk • Liquidity risk 	<ul style="list-style-type: none"> • Audit of the financial statements • Management control system • Budget process • Executive Committee

MATERIAL TOPIC	RISK PERIMETER	OUTSIDE-IN RISKS	MITIGATION MEASURES
<p>SUPPLY CHAIN TRACEABILITY</p>	<p>Internal: The whole group</p> <p>External: Manufacturing Partners Customers Contractors</p>	<ul style="list-style-type: none"> • Risk of loss of competitiveness • Compliance risk • Legal risk • Reputational risk 	<ul style="list-style-type: none"> • SA8000 certification • SMETA audit • Sustainable procurement policy • Supplier Code of Conduct
<p>PRODUCT/SERVICE QUALITY AND SAFETY</p>	<p>Internal: The whole group</p>	<ul style="list-style-type: none"> • Risk of loss of competitiveness • Compliance risk • Legal risk • Reputational risk 	<ul style="list-style-type: none"> • FSC for responsible forest management • GOTS for organic textiles • GRS for recycled textiles • Supplier Code of Conduct
<p>INNOVATION AND R&D</p>	<p>External: Customers Manufacturing Partners Agents Other partners</p>		

MATERIAL TOPIC	RISK PERIMETER	OUTSIDE-IN RISKS	MITIGATION MEASURES
<p>HEALTH AND SAFETY</p> <p>DIVERSITY, EQUALITY AND EQUAL OPPORTUNITY</p> <p>WELFARE AND WORK-LIFE BALANCE</p> <p>TRAINING (UPSKILLING) AND SKILL DEVELOPMENT</p>	<p>Internal: The whole group</p> <p>External: Contractors Customers Manufacturing Partners</p>	<ul style="list-style-type: none"> • Risk of increased employee turnover and loss of talent. • Risk of loss of corporate know-how • Risk of employee dissatisfaction • Risk of increased stress among employees • Reputational risk • Risk of loss of trust on the part of employees • Risk of discrimination • Risk of loss of competitiveness • Risk of increased employee turnover and loss of talent • Risk of employee dissatisfaction • Risk of loss of corporate know-how 	<ul style="list-style-type: none"> • Code of Ethics • DE&I policy • Employee policies/tools/programmes Updating • Risk Assessment Document (RAD) • SA8000 certification • Social Performance Team • Signalling system • Continuing education
<p>SUPPORT FOR THE CIRCULAR ECONOMY</p>	<p>Internal: The whole group</p> <p>External: All Stakeholders</p>	<ul style="list-style-type: none"> • Reputational risk • Compliance risk • Operational risk 	<ul style="list-style-type: none"> • FSC for responsible forest management • GOTS for organic textiles • GRS for recycled textiles • ISO 14001 certification

4.4 Privacy and data security

Brandart has adopted an **organisational and data management model** to protect the data subject and ensure the proper application of data protection laws. In fact, Brandart has implemented an advanced strategy based on prevention, including continuous training, phishing awareness campaigns and threat intelligence activities. **These initiatives aim to strengthen staff awareness and preparedness against cyber security threats.**

Moreover, information security is further supported by a 24/7 Security Operation Centre (SOC) that constantly monitors the system to identify and promptly respond to potential security breaches.

To assess the effectiveness of these data protection measures, Brandart uses objective **key performance indicators** (KPIs), including KPIs related to data loss incident management and data vulnerability. This regular measurement allows Brandart to assess the level of data security implemented and to identify areas for continuous improvement.

The **Data Protection Officer** (DPO) prepares a periodic report for Top Management and the SB on the Company's data protection actions in accordance with Regulation EU 2016/679. Specifically, the report concerns regulatory updates, the activities carried out and any improvements/issues in terms of the Company's privacy compliance.

4.5 Transparency and reporting

The transition to a sustainable production and consumption model requires transparency, reliability and comparability of information regarding the sustainability of organisations' business models. With this in mind, it is crucial for Brandart to demonstrate the solidity of its commitment to its stakeholders by means of qualitative and quantitative information that details the environmental and social performance achieved, the effectiveness of the management systems adopted, and the congruence of the improvement plans and objectives defined. **For all stakeholders, being able to access information on the impacts generated and suffered by Brandart is an important element in assessing and making choices** (e.g. in terms of investment or consumption).

Sustainability reporting undoubtedly fulfils this communication expectation, but it is also backed up by the numerous occasions on which the company is subject to external evaluation and therefore required **to be as transparent as possible**. In 2023 Brandart was subject to the third-party audits required by the management systems in place (ISO 9001, SA8000, ISO 14001) and product certifications (GRS), to which were added the second-party audits carried out by customers on Brandart's premises and in the relevant value chain, and finally the first-party audits carried out by internal staff and aimed at monitoring the performance of the company's management systems. **All audits were concluded successfully.**

4.6 Product safety

The quality and safety of the products supplied by Brandart to its customers, together with the protection of the health and safety of the end consumer, are at the heart of the company's compliance management.

To ensure these standards, strict controls are carried out throughout the production chain, using accredited third-party laboratories to test the chemical composition and physical and mechanical properties of materials.

This attentive monitoring allows Brandart to remain constantly in line with applicable international requirements, including the European REACH regulation, the Chinese GB standards and the American Proposition 65, which concern hazardous or potentially hazardous chemicals.

For each production run, Brandart performs conformity tests on products and components, selecting the type of test to be performed according to the nature of the raw material involved. Packaging and visual display manufacturing partners must follow the guidelines of Brandart's Product Restricted Substances List (PRSL) and Service Level Agreement (SLA). These documents respectively define the chemical parameters to be complied with and the minimum quality standards that the products must meet. Both documents are constantly updated to reflect international standards, legislative developments and customer requirements.

In support of the above, following are some indicators of chemical tests carried out in 2023. The data show that in 94.7% of the cases the outcome was positive (Compliant), while in the remaining 5.3% the

outcome was negative (Non-compliant) and the production was consequently rejected. The results are consistent with those of 2022.

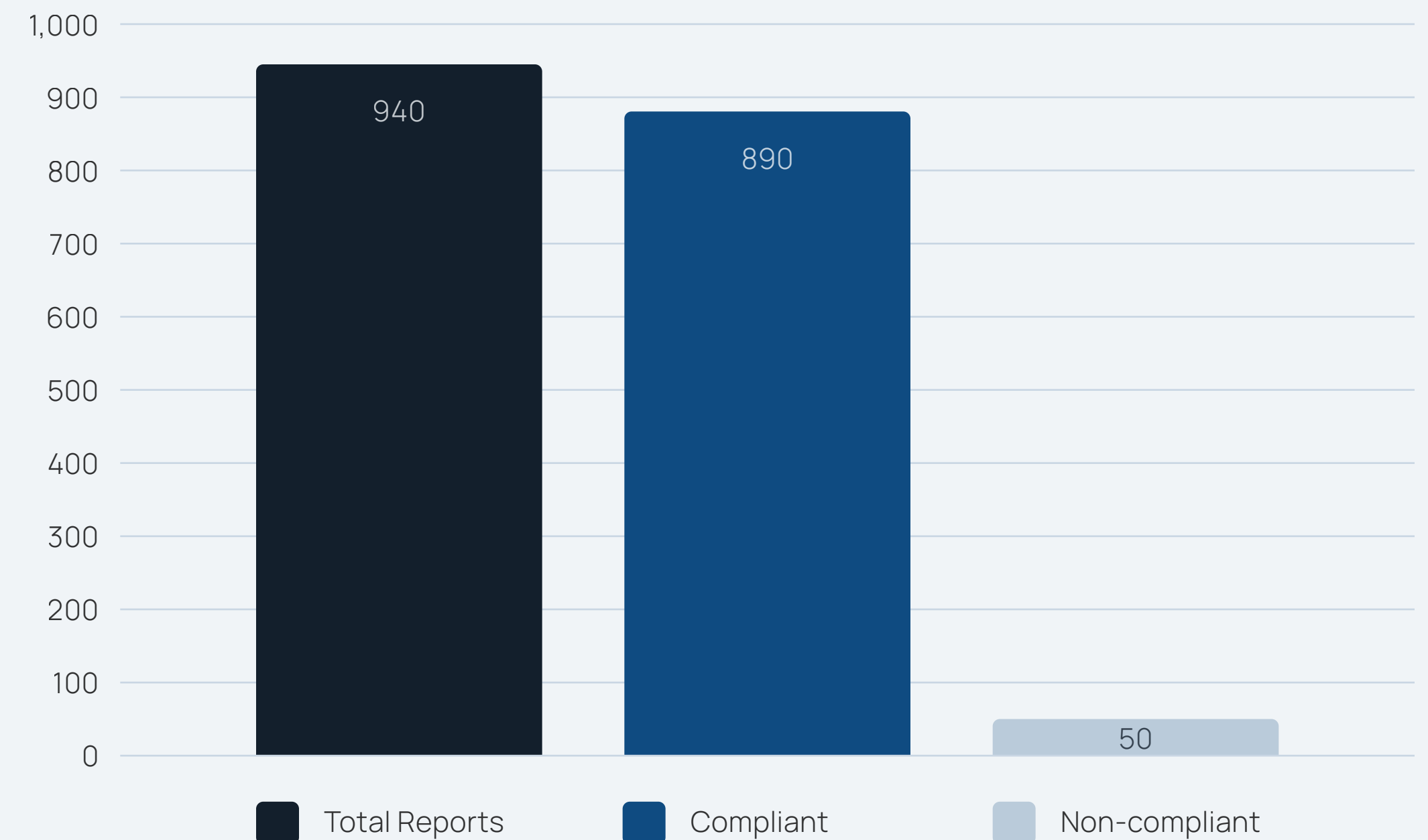


Figure 4.6.1 Total product tests

Figure 4.6.2 and Table 4.6.1 show the number of tests performed broken down by major product categories.

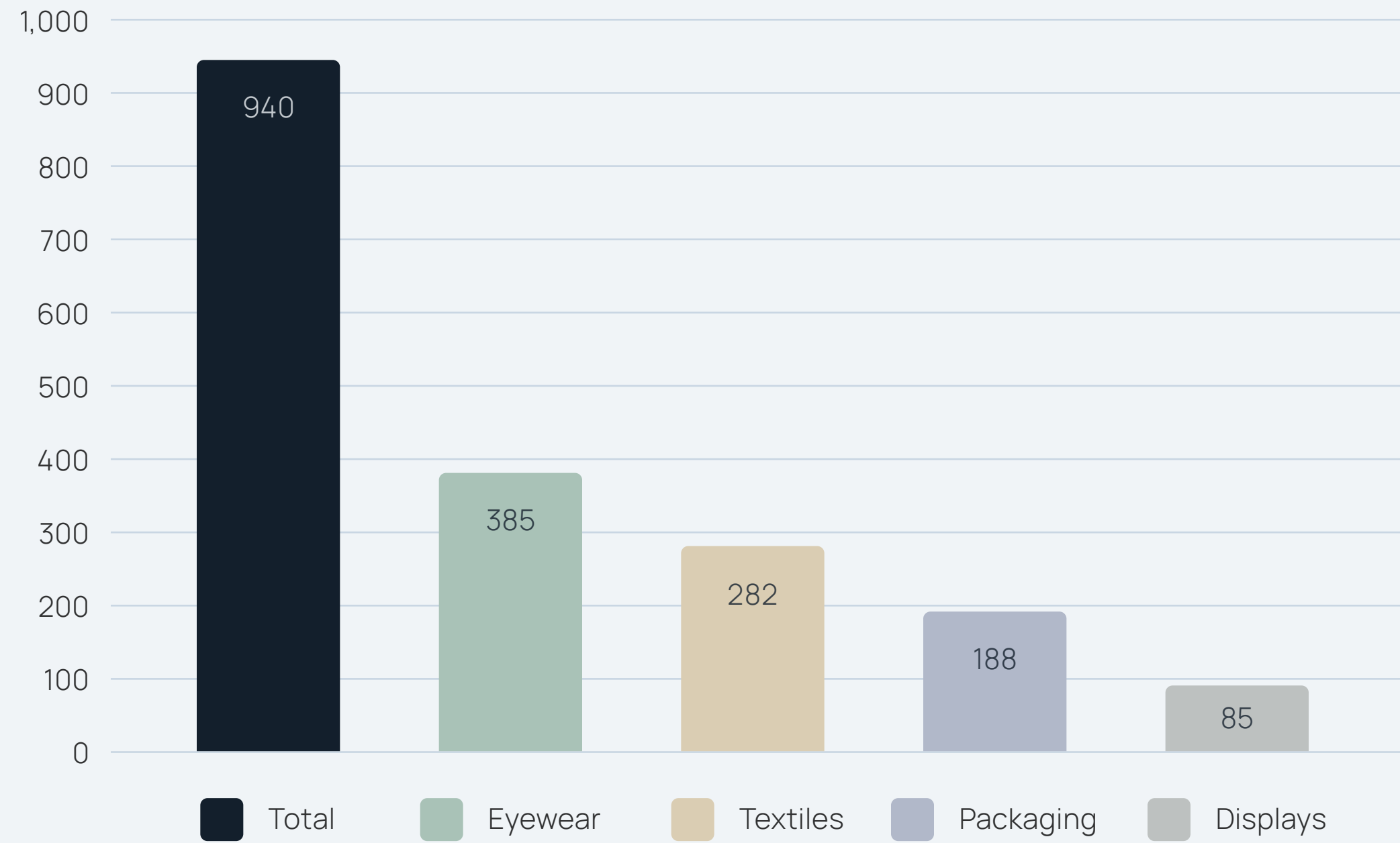


Figure 4.6.2 Product tests - breakdown by category

CATEGORY	TESTS PERFORMED	
	QUANTITY	%
Eyewear	385	41%
Textiles	282	30%
Packaging	188	20%
Displays	85	9%
TOTAL	940	100%

Table 4.6.1 Summary of tests by product category

The **eyewear and textile categories require more checks due to the inherent complexity of the products**. Specifically, for the eyewear category, there is a strict control of the raw materials used (such as polyurethane, EVA, metal hard cases) and the associated accessories (such as metal fasteners, zips, laces and ribbons). Due to the completely different nature of these materials, the number of tests required is inevitably higher than for other product categories.

5.0 BE CIRCULAR

IN THIS CHAPTER YOU WILL FIND

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BE CIRCULAR

5.1 Environmental policy

With its profound commitment to environmental sustainability, Brandart is determined to preserve the environment in the short and long term, aware of the importance of adopting responsible business practices geared towards respecting the global ecosystem. This commitment is not just a simple declaration of intent, but translates into **tangible actions** aimed at **reducing both the direct and indirect environmental impacts of its operations**.

With an annual production of over 90 million packaging solutions, Brandart is constantly striving to reduce its environmental impact. **Optimising packaging and designing a sustainable product line** are at the heart of the experience Brandart offers its customers, supported by continuous **research** into **recycled, biodegradable and compostable materials**, and the reduction of multi-material combinations.

In order to concretely translate this commitment into

effective action, Brandart uses certified Environmental Management Systems such as **ISO 14001** and the **EASI® Organisational Model**, which provide a structured and coherent **framework** for **addressing environmental challenges**.

In pursuing its sustainability mission, Brandart takes a number of strategic and targeted actions. First, it focuses on **optimising the resources used to manufacture its products**, conducting in-depth analyses of the life cycle of the products themselves. This approach identifies areas for improvement along the entire production and distribution chain, promoting the adoption of eco-innovation practices to reduce environmental impacts.

Another priority for Brandart is to **reduce and possibly eliminate the use of plastic in its products**. The company actively seeks alternative and sustainable solutions to reduce the environmental impact of using non-biodegradable materials, working with Manufacturing Partners to find innovative and eco-friendly solutions.

Brandart also implements a robust system for **collecting and monitoring environmental data**,

involving not only its direct operations, but also its Manufacturing Partners. This approach enables a more effective and transparent management of the environmental performance of the entire supply chain, promoting accountability and collaboration in the area of sustainability. At the same time, the company is committed to **reducing energy consumption and responsibly managing the waste generated by its operations**. This includes the implementation of energy efficiency and recycling practices to reduce the overall environmental impact of Brandart's operations.

Given the high interest in environmental issues, one of Brandart's main efforts is to **reduce the impact of indirect and direct operations, including transport**. In order to minimise the number of kilometres travelled by goods and thus reduce greenhouse gas emissions, Brandart has developed a **global network of Manufacturing Partners and 21 logistics hubs in nine regions**, all of which are controlled by the company. This approach not only saves time and costs, but also manages the transport of goods more efficiently and significantly reduces greenhouse gas emissions.

Finally, Brandart promotes the use of a logistics and distribution network based on nearshoring. This

approach involves **outsourcing part of the services to companies located in neighbouring or nearby countries**, or moving production as close as possible to the Manufacturing Partner's warehouse. The aim is to reduce the environmental impact of shipping by improving efficiency and decreasing transport-related carbon emissions.

Brandart is a member of associations and industry groups that promote sustainability and environmental protection, such as the **New Plastics Economy Global Commitment**, the **United Nations Global Compact**, **AICE** and the **Italian Association of Circular Economy**. These commitments reflect Brandart's concrete and proactive approach to environmental sustainability.

5.1.1 ENVIRONMENTAL IMPACT ASSESSMENT

Brandart is distinguished by its environmentally friendly practices, which have minimal influence on the surrounding environment. Production processes, characterised by the **outsourcing of operations** and **reduced dependence on water**, are designed to generate negligible emissions and insignificant amounts of hazardous waste.

Aware of the **indirect impact** that can result from outsourcing operations, especially **freight transport**, Brandart is actively collaborating with its supply chain to **develop shared plans**. Furthermore, in 2021 the company embarked on a significant journey in accordance with the UNI EN ISO 14064:1-2019 standards, committing to the measurement and **reporting of both direct and indirect greenhouse gas emissions** at an organisational level.

This process of improvement continues to identify various opportunities:



Increased use of raw materials from recycled and sustainable sources.



Optimisation of routes and means of transport to minimise the environmental impact of logistics operations.



Reducing the use of virgin plastic in products bought and sold, favouring alternative, biodegradable solutions.



Increased smart working opportunities for employees, thus helping to reduce the carbon footprint of commuting.



Strengthening of training initiatives within the sales division to promote the adoption of packaging with a lower environmental impact.



Gradual replacement of the company fleet with electric, hybrid or ultra-low CO₂ vehicles, thus supporting the transition to sustainable mobility.



Minimisation of air freight, favouring land and sea solutions, especially between Italy and Albania.

Brandart carefully manages its environmental impacts through a well-structured process that includes identifying and assessing the environmental aspects of its operations, determining the impacts these aspects may have on the environment, implementing control measures to reduce them, and constantly monitoring and updating environmental data and information.

The control of direct environmental aspects extends not only to monitoring the working environment and employee behaviour, but also to interaction with suppliers and business partners to promote sustainable practices throughout the supply chain. Brandart promotes environmental awareness among its employees, encouraging them to adopt responsible behaviour in their daily lives, such as saving energy, reducing water consumption and proper waste management.

Thanks to its strict legislative compliance and ISO 14001 certification, in 2022 Brandart showed that it operates without having receiving any fines or non-monetary penalties for environmental violations. Its vision of environmental sustainability extends to the responsible sourcing of materials, efficient use of natural resources, and conscious management of energy, water and waste.

5.2 Circular economy initiatives

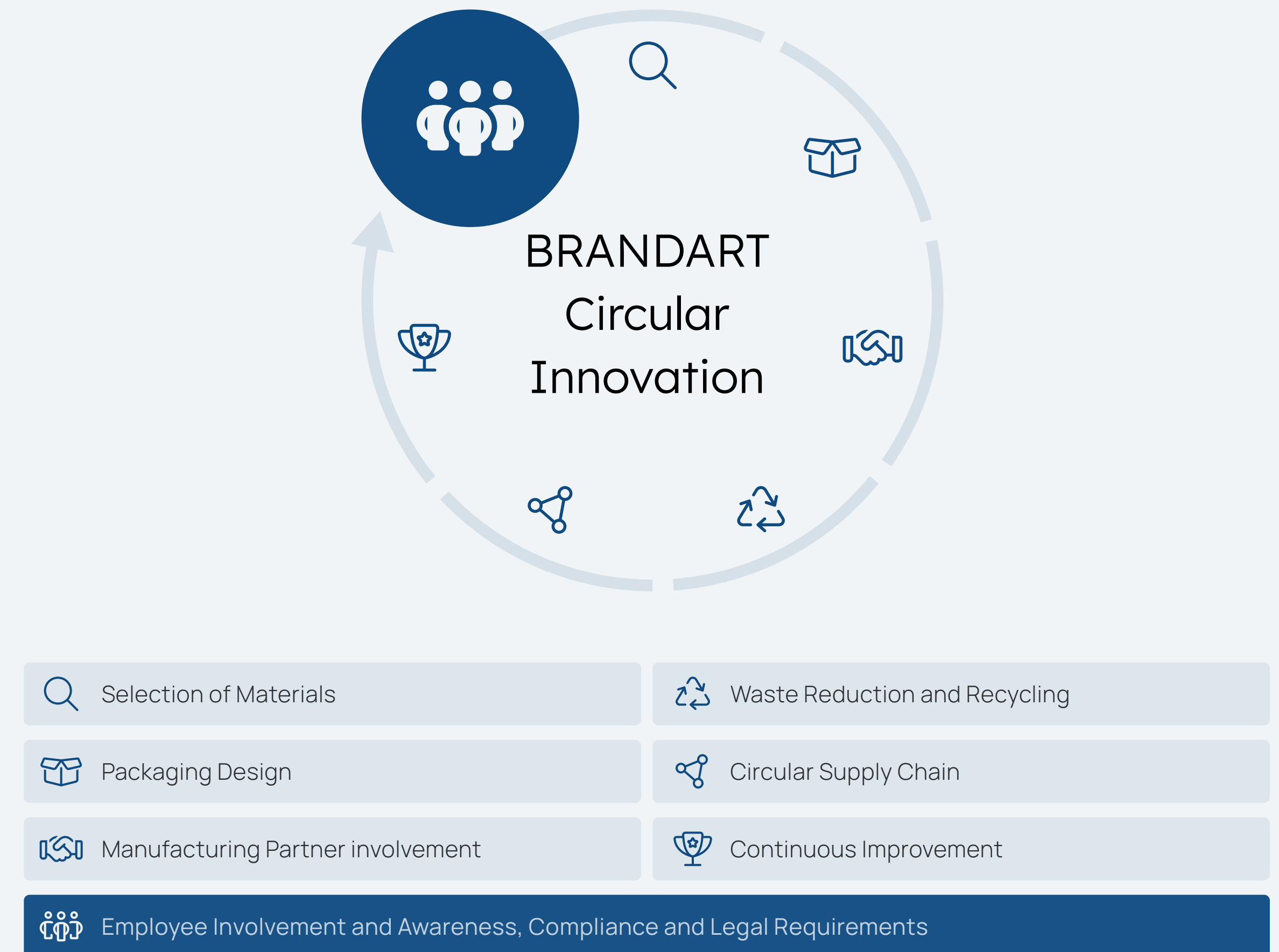
Brandart is deeply committed to the adoption and promotion of circular economy principles through a series of targeted initiatives. By **actively collaborating with customers**, Brandart encourages sustainable packaging practices, **providing guidance on how to effectively reduce, reuse and recycle packaging materials**. The company explores innovative solutions together with customers, with the aim of minimising the use of virgin materials and promoting a closed-loop system that reduces environmental impact.

For the fiscal years 2021, 2022 and 2023 Brandart consistently provided key information on the sourcing of product or service components, ensuring transparency and accountability throughout the supply chain. It **informed customers in detail about the content of products or services**, with particular attention to the presence of substances that may have an environmental or social impact, thus contributing to more conscious and responsible choices. It also provided clear guidance on how to dispose of products properly, minimising negative impacts on the environment and society.

Internally, Brandart implemented **waste minimisation strategies** that include reducing the size of packaging and optimising the quantities used, avoiding unnecessary waste. Furthermore, the company works with local recycling facilities to **ensure that packaging materials are recycled efficiently**, providing clear instructions to customers on how to dispose of materials responsibly. Brandart's commitment to the circular economy is monitored and documented in the annual sustainability report, demonstrating progress towards goals of reducing waste, increasing recycling rates and promoting sustainability.

Brandart's corporate procedures for marketing products include specific requirements such as **compliance with current chemical regulations**, thus protecting consumer health and the environment. The company offers detailed environmental labels to guide customers on how to properly dispose of products at the end of their life cycle. **In the textile packaging sector, which is a significant category for Brandart, the company achieved 100% compliance with its information and labelling procedures for three consecutive years** (FY 2021, FY 2022 and FY 2023). This achievement reflects Brandart's ongoing commitment to sustainable practices and transparency towards its customers.

Below is an overview of all Brandart's circular economy initiatives:



 **Selection of Materials**

Brandart prioritises certified and recyclable packaging solutions, actively seeking alternatives to single-use plastic and non-recyclable materials.

 **Packaging Design**

Brandart designs packaging solutions that optimise material use, reduce waste creation and promote ease of recycling.

 **Manufacturing Partner involvement**

Brandart raises awareness on the use of sustainable materials and innovative design solutions. It works with partners that share the same commitment to the circular economy and demonstrate responsible sourcing practices.

 **Waste Reduction and Recycling**

Brandart implements waste minimisation strategies, optimising the size and quantity of packaging and avoiding excess or unnecessary packaging.

 **Circular Supply Chain**

Brandart actively engages customers to encourage sustainable packaging practices, providing them with guidance on reduction, reuse and recycling options, exploring innovative solutions together.

 **Continuous Improvement**

Brandart is constantly reviewing and improving its circular economy practices, measuring progress towards waste reduction targets, increasing recycling rates and promoting sustainability.

 **Employee Involvement & Awareness, Compliance & Legal Requirements**

Brandart encourages a culture of sustainability and circularity, ensuring compliance with environmental regulations, rules and standards relating to the circular economy and packaging waste management.

These initiatives reflect **Brandart’s global commitment** to responsible and sustainable packaging management, **documented** in the annual sustainability report and **monitored** through **KPIs** for raw materials and product categories.

5.3 Resource efficiency (water, waste, materials)

5.3.1 WATER MANAGEMENT

At Brandart, **water is used exclusively for hygienic purposes**, such as personal hygiene (sinks and toilets), the washing of cleaning materials and the use of sanitary water. In fact, the amount of water consumed is almost equal to the amount discharged. It is estimated that for all three years around 90% of the water consumed is discharged, with the remainder being used as drinking water or for irrigating green areas.

All the water used comes from the municipal aqueduct.

In 2023 water consumption decreased slightly compared to 2022, but still remained significantly higher than in 2021.

The trend indicates an overall increase in water use over the three-year period, with a peak in 2022 and a slight decrease in 2023.

The trend in **water consumption was influenced by the H2 2021 installation of drinking water columns** (natural and sparkling, cool or room temperature) connected to the water mains at the three Busto Arsizio sites, with the consequent **elimination of plastic water bottles**.

The consistency in the percentage of water discharged suggests that, regardless of variations in absolute volumes, **the company has maintained a consistent approach to water management**.

YEAR	WATER USED	WATER DISCHARGED
2021	1,807 m ³	1,626 m ³
2022	4,195 m ³	3,776 m ³
2023	3,880 m ³	3,492 m ³

Table 5.3.1.1: Water use and consumption from 2021 to 2023

WATER [M³/AVERAGE EMPLOYEES]

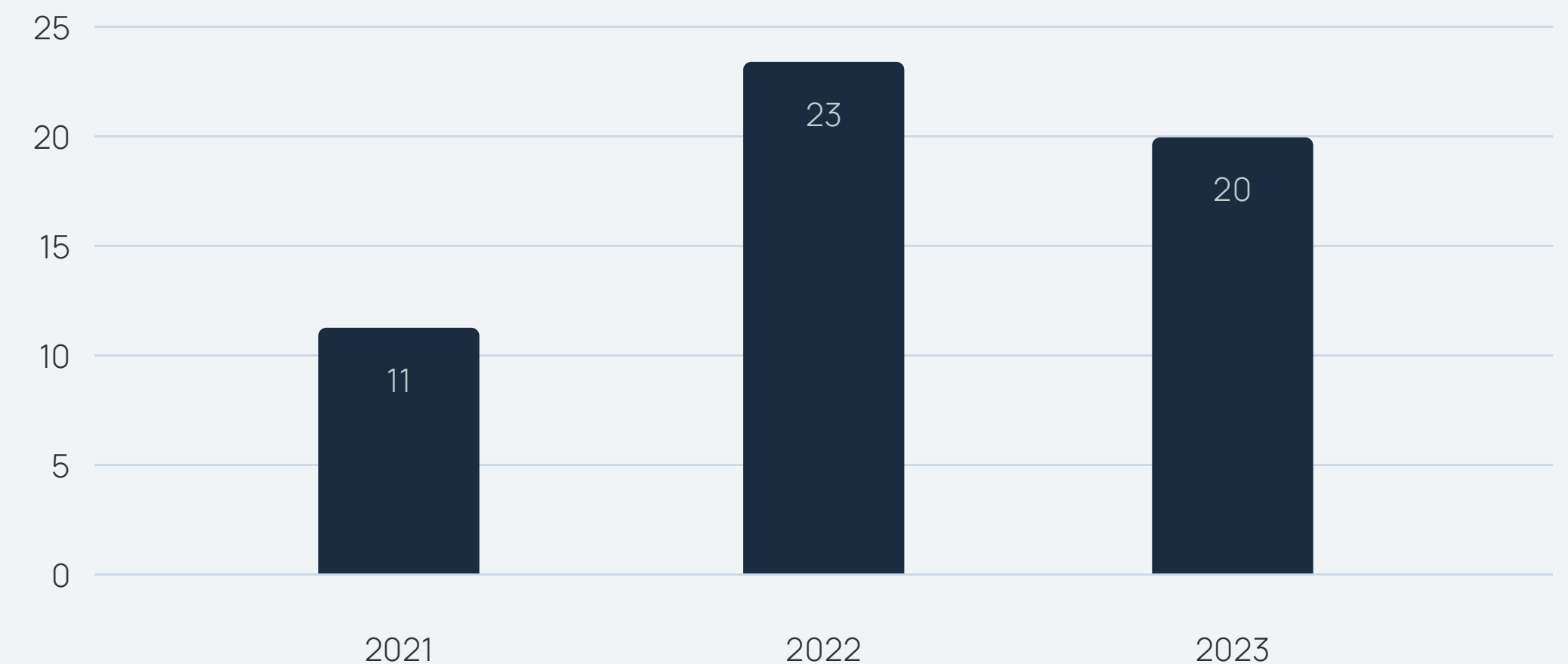


Figure 5.3.1.1: Water consumption per average number of employees from 2021 to 2023

5.3.2 WASTE MANAGEMENT

In the years covered by the reporting, a trend towards an increase in the total amount of waste managed can be observed. The increase in waste generated in 2022 was closely linked to production volumes, since production was lower in 2021 due to the Covid-19 pandemic. Furthermore, a stock analysis was carried out in 2022 that

identified a portion of obsolete goods that were then sent out for recovery and/or disposal as appropriate.

The table shows a clear disparity between non-hazardous and hazardous waste, with the former making up the vast majority of the waste managed. The percentage of

hazardous waste decreased further in 2023 and is mainly made up of ink waste.

Non-hazardous waste values, on the other hand, consist of packaging made of paper and cardboard and mixed materials, waste from processed textile fibres, inorganic waste, bulky waste, paper and cardboard

and absorbent materials, filter media, rags and protective clothing. The percentage increase of non-hazardous waste in 2023 compared to previous years was around 55%.

YEAR	NON-HAZARDOUS WASTE	HAZARDOUS WASTE	RECYCLING – RECOVERY – REUSE	TOTAL
2021	78.058 t	0.005 t	50.218 t	78.063 t
2022	112.641 t	0.63 t	41.911 t	113.271 t
2023	174.640 t	0.003 t	83.230 t	174.643 t

Table 5.3.2.1: Waste produced from 2021 to 2023

WASTE GENERATED	FY 2021			FY 2022			FY 2023		
	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal
TOTAL HAZARDOUS WASTE	5 kg	0 kg	5 kg	0 kg	0 kg	0 kg	2.5 kg	0 kg	2.5 kg
080312 - Waste ink containing hazardous substances	5 kg		5 kg				2.5 kg		2.5 kg
TOTAL NON-HAZARDOUS WASTE	78058 kg	50218 kg	27840 kg	113271 kg	41911 kg	71360 kg	174640 kg	91410 kg	83230 kg
150101 - Paper and cardboard packaging	13460 kg	13460 kg		4560 kg	4560 kg		5890 kg	5890 kg	
150106 - Mixed packaging	25090 kg	25090 kg		22670 kg	22670 kg		24520 kg	24520 kg	

Table 5.3.2.2: Detail of waste generated from 2021 to 2023

WASTE GENERATED	FY 2021			FY 2022			FY 2023		
	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal
040222 - Wastes from processed textile fibres	27840 kg		27840 kg	83890 kg	12530 kg	71360 kg	93210 kg	9980 kg	83230 kg
160304 - Inorganic wastes other than those mentioned in 160303	6115 kg	6115 kg		1360 kg	1360 kg		39630 kg	39630 kg	
200307 - Bulky waste	5380 kg	5380 kg					900 kg	900 kg	
080318 - Waste printing toner other than those mentioned in 080317	39 kg	39 kg		70 kg	70 kg		30 kg	30 kg	
170405 - Iron and steel	134 kg	134 kg							
200101 - Paper and cardboard							800 kg	800 kg	
160120 - Glass				10 kg	10 kg				

Table 5.3.2.2: Detail of waste generated from 2021 to 2023

WASTE GENERATED	FY 2021			FY 2022			FY 2023		
	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal	Total waste generated	of which not subject to disposal	of which subject to disposal
200121 - Fluorescent tubes and other mercury-containing waste				630 kg	630 kg				
150203 - absorbents, filter materials, wiping cloths and protective clothing, not containing hazardous substances				81 kg	81 kg		9660 kg	9660 kg	
Total waste generated	78.063 t			113.271 t			174.643 t		

Table 5.3.2.2: Detail of waste generated from 2021 to 2023

The table shows that while there was a general increase in the total amount of waste managed over the period, there was also a significant variation in sustainable waste management practices. **The amount of waste for recycling, recovery and reuse**

increased dramatically from 2022 to 2023. In fact, in order to reduce its environmental impact, Brandart implemented a “Plastic free” policy internally by replacing the plastic cups and spoons of beverage dispensers with wooden or otherwise

compostable products. Moreover, the installation of water dispensers for employees reduced the consumption of plastic bottles. In the same vein, with the **“Paper cut” project**, Brandart undertook a policy aimed at **digitising documents and raising**

the awareness of workers to reduce paper and toner consumption. All employees are encouraged to print double-sided and to use recycled paper whenever possible.

5.3.3 PRODUCT ANALYSIS: PRECISION AND COMPLEXITY

For 2023 reports a detailed analysis of purchased products was conducted, including both raw materials and accessories used in production by toll manufacturers, as well as products intended for resale. The objective is to collect precise information on the number of units, weights and composition of the materials purchased for all product categories examined.

The following table shows the **number of items purchased and their percentage of the total** (includes purchases of raw materials, semi-finished goods and accessories) by type.

TYPE	2021		2022		2023	
	QTY	%	QTY	%	QTY	%
ACCESSORIES	64,313,106	30.2%	68,254,973	29%	39,224,025	18.6%
PACKAGING	48,184,483	22.6%	70,784,990	30%	104,851,663	49.7%
TEXTILES	52,081,195	24.5%	47,699,865	20%	27,878,967	13.2%
EYEWEAR	35,575,515	16.7%	33,969,025	14%	25,190,870	11.9%
RAW MATERIALS	10,416,979	4.9%	12,397,126	5%	9,757,397	4.6%
DISPLAYS	2,379,740	1.1%	4,086,515	2%	3,996,862	1.9%
TOTAL	212,951,018	100%	237,492,495	100%	210,899,783	100%

Table 5.3.3.1: Quantity and percentage breakdown of purchased units by product category

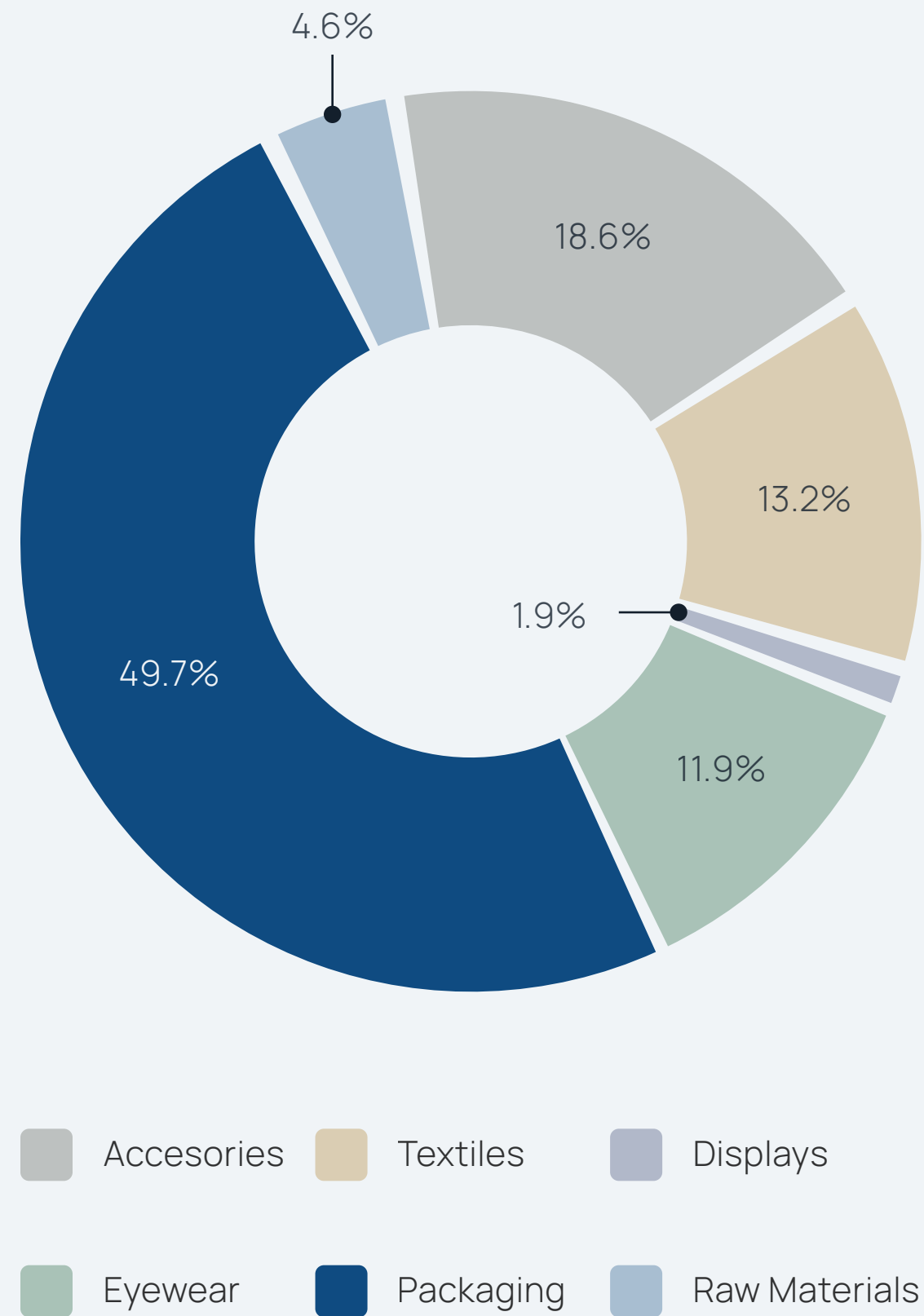


Figure 5.3.3.1: Percentage breakdown of purchased units in 2023 by product category

The percentage breakdown into product categories of the 210,899,783 items purchased by Brandart in 2023 (Figure 5.3.3.1) is also shown.

In the latter chart, the categories paper, textile, eyewear and displays refer to resold products, while the categories raw materials and accessories refer to items purchased for use in toll manufacturing.

With regard to the weight of the purchased materials, a total of **11,751 tonnes** was reached in 2023, composed as shown in Table 5.3.3.2 and in Figure 5.3.3.2. This quantity includes all the product categories shown in Figure 5.3.3.1, but does not include semi-finished and finished products made with toll manufacturing, since the input materials are already counted in the raw materials and accessories categories.

TYPE	2021		2022		2023	
	TONNES	%	TONNES	%	TONNES	%
PAPER	8,103	58.0%	9,656	62.1%	8,265	70.3%
COTTON	2,391	17.1%	2,458	15.8%	1,434	12.2%
POLYURETHANE	173	1.2%	461	2.9%	220	1.9%
POLYESTER	1,330	9.5%	1,235	7.9%	967	8.2%
METALS	800	5.7%	906	5.8%	351	3.0%
OTHER SYNTHETIC MATERIALS	1,089	7.8%	731	4.7%	454	3.9%
WOOD	52	0.4%	85	0.5%	30	0.3%
OTHER NATURAL MATERIALS	26	0.2%	25	0.2%	30	0.3%
TOTAL	212,951,018	100%	15,556	100%	11,751	100%

Table 5.3.3.2: Total weight in tonnes of materials purchased

Below is a chart showing the percentage breakdown into product categories for 2023 (Figure 5.3.3.2).

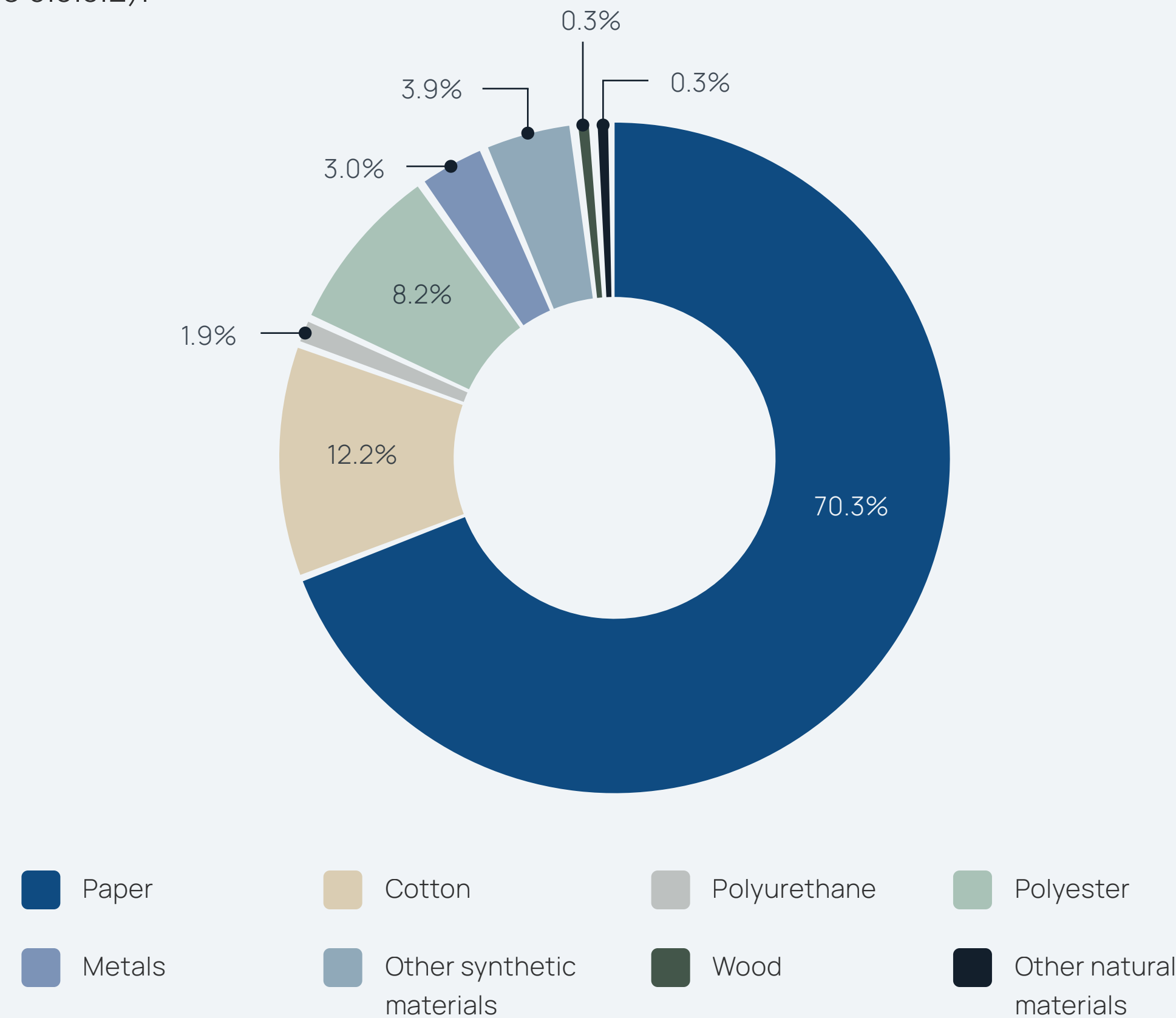


Figure 5.3.3.2: Total weight in percentage of material categories purchased in 2023

With regard to accessories, it was often necessary to estimate the weight of materials using an average composition. This method was adopted due to the large number of items in this category, which made it impractical to conduct a detailed analysis for each item.

The paper and textile categories allowed the weights of the materials used to be measured with a high degree of accuracy due to the more uniform and easily measurable nature of the materials used in these sectors. In contrast, the eyewear and display categories presented more difficulties in achieving a high degree of accuracy. The complexity and heterogeneity of their constituent materials, such as plastics, metals, cardboard, wood, textiles and fillers, make an accurate assessment difficult. These products may simultaneously contain a variety of different materials, further complicating the analysis.

This reporting provided a complete and detailed view of the technical characteristics and material composition of the products purchased in 2023, providing a precise and detailed picture that can be used for future analysis and improvements in production and commercial processes.

Among the materials recycled and used in 2023 are plastic, cotton, paper and leather. Among these, paper, with 57%, stands out as the material with the highest recycling percentage out of the total volume used.

As far as packaging materials are concerned, the pallet is the only material belonging to this category that is recovered and reused for subsequent shipments, about 50% of the total.

— 5.3.3.1 TEXTILES

Considering only the raw materials purchased in 2023 by BRANDART and destined for toll manufacturing, totalling 1,843 tonnes, 826 were textiles, **84.7% (699.7 tonnes)** of which were **natural fibres**. These included:

- Cotton
- Leather
- Silk
- Cellulosic fibres

The remaining **15.3% (126.3 tonnes)** consists of **synthetic fibres**, specifically:

- Polyester
- Polyurethane
- PVC
- Polyethylene
- Nylon
- Polypropylene
- Acetate
- Other plastics

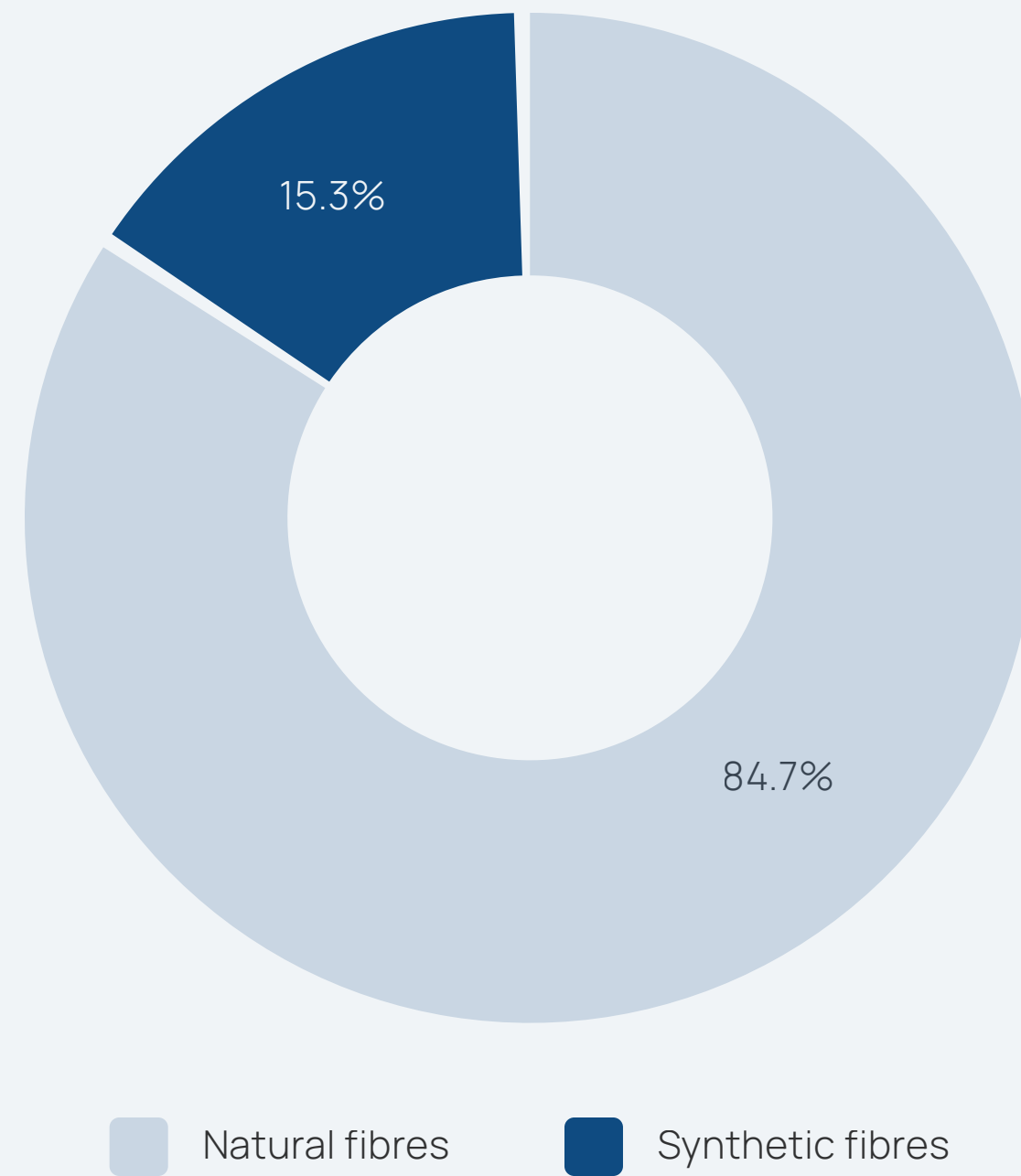


Figure 5.3.4.1: Percentage composition of purchased textiles in 2023

NATURAL FIBRES

Of the 699.7 tonnes of natural fibres, 98% was cotton (687.7 t), while the remainder (12 t) consisted of cellulosic fibres, leather and silk.

As illustrated in Figure 5.3.4.1.1 and Table 5.3.4.1.1, the cotton used was approximately 45% GOTS cotton². There was also a percentage of GRS cotton³ (9.6%) and BCI cotton⁴ (17.6%), with the remainder being conventional cotton (27.7%) and a residual percentage of regenerated cotton (0.003%).

² GOTS cotton (Global Organic Textile Standard) is a type of cotton certified according to global standards for the production of organic textiles. This certification ensures that the cotton is organically grown without the use of pesticides and chemical fertilisers, and that the entire production process, from harvesting to processing and packaging, respects sustainable environmental and social criteria.

³ GRS cotton (Global Recycled Standard) is a type of certified cotton that includes recycled materials. GRS certification verifies the recycled content of products, checks the chain of custody, and ensures that environmental and social criteria are met throughout the production process.

⁴ BCI cotton (Better Cotton Initiative) is a type of cotton produced according to the standards of the Better Cotton Initiative, which promotes sustainable agricultural practices. This certification aims to reduce the environmental impact of cotton cultivation and improve farmers' working conditions, while ensuring a more efficient use of resources.

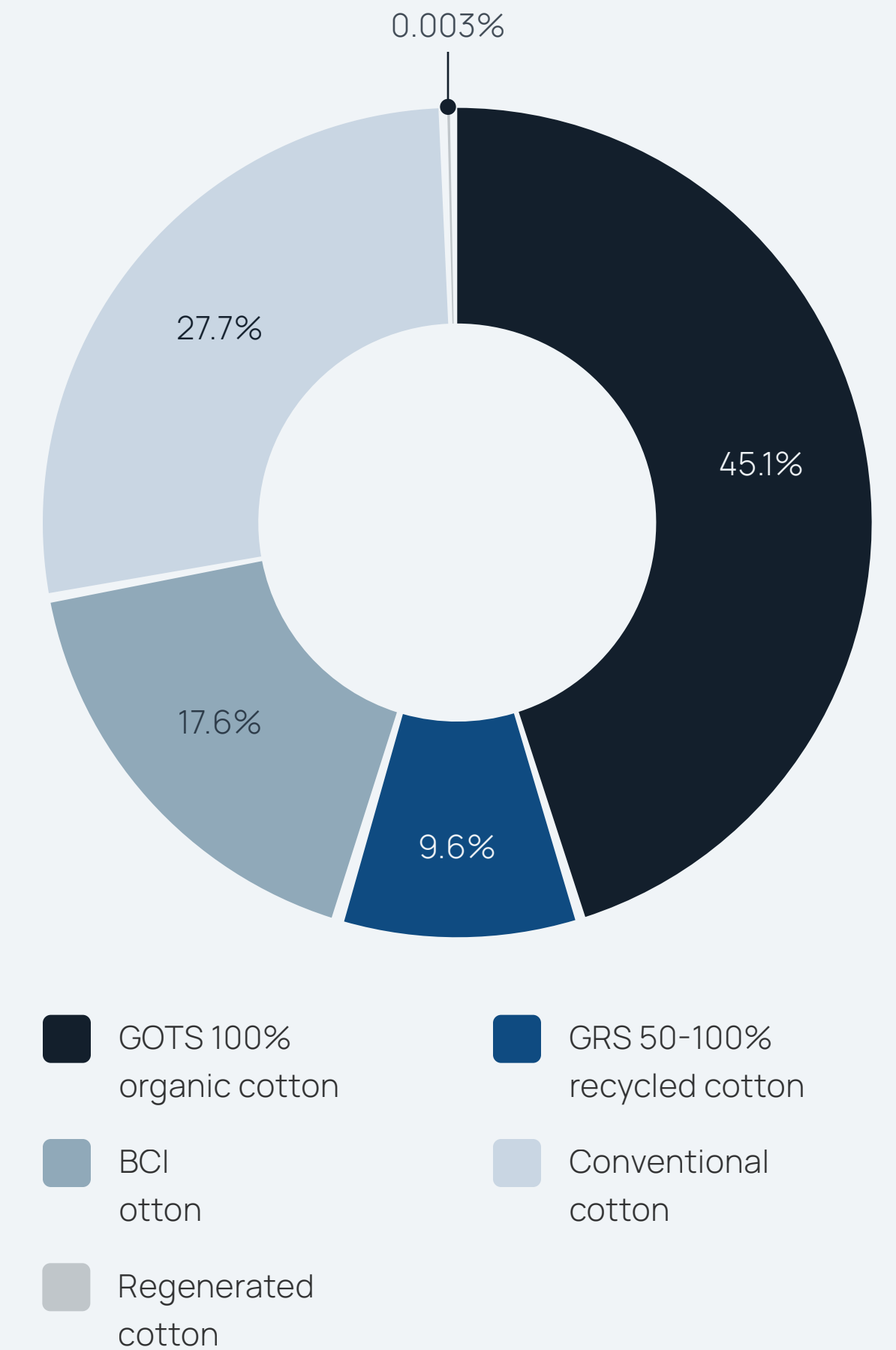


Figure 5.3.4.1.1: Types of cotton as a percentage of raw materials purchased in 2023

TYPE	2021		2022		2023	
	TONNES	%	TONNES	%	TONNES	%
GOTS 100% organic cotton	665	52.0%	613	41.8%	310	45.1%
GRS 50-100% recycled cotton	133	10.4%	178	12.1%	66	9.6%
BCI cotton	248	19.4%	255	17.4%	121	17.6%
Regenerated cotton	10	0.8%	7	0.5%	0.02	0.003%
Conventional cotton	223	17.4%	413	28.2%	191	27.7%
TOTAL	1,279	100%	1,466	100%	688	100%

Table 5.3.4.1.1 Types of cotton purchased as raw material

SYNTHETIC FIBRES

Of the 126.3 tonnes of synthetic fibres purchased as raw material for tolling, 81% was polyester (101.9 tonnes), while the remainder (24.4 tonnes) consisted of other fibres on a residual basis (including polyurethane, PVC, polyethylene, polypropylene, acetate and nylon).

As shown in Table 5.3.4.2.1, of the 101.9 tonnes of polyester purchased as a raw material, 98.6% was conventional (or virgin) polyester and 1.4% recycled polyester.

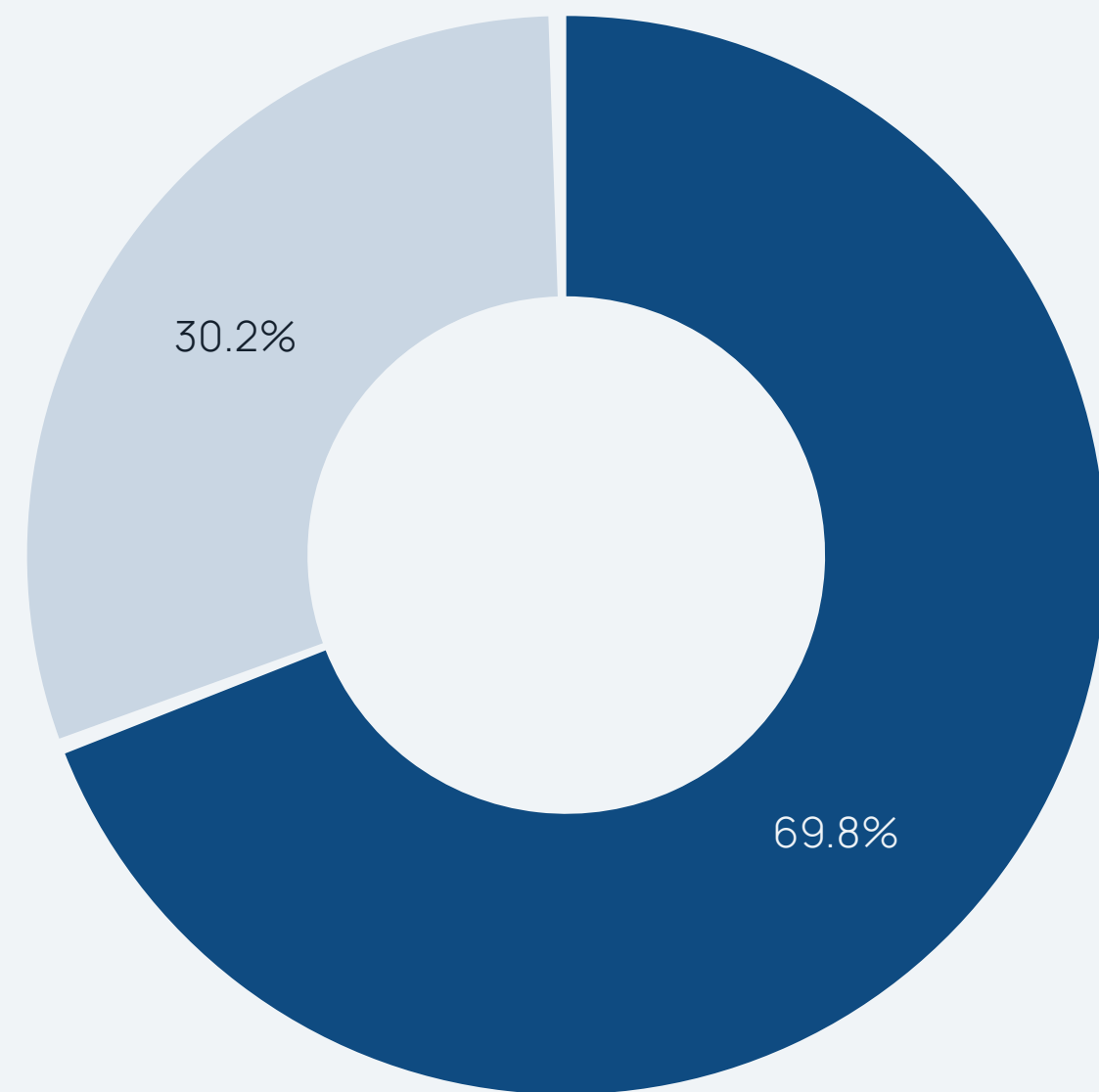
TYPE	2021		2022		2023	
	TONNES	%	TONNES	%	TONNES	%
Recycled polyester	-	//	12	6%	1	1.4%
Virgin polyester	-	//	188	94%	101	98.6%
TOTAL	-	//	200	100%	102	100%

Table 5.3.4.2.1: Types of polyester in purchased raw materials

— 5.3.3.2 PAPER MATERIALS

In addition to textiles, the raw materials purchased by BRANDART for toll manufacturing consisted of paper materials, which accounted for the remaining 1,017 tonnes.

Of these, **70% was FSC-certified paper⁵** (710 tonnes, of which 361 FSC of recycled origin⁶), while **30% was conventional** (Table 5.3.4.3.1).



- FSC-certified paper
- Conventional paper

Figure 5.3.4.3.1: Type of paper purchased as raw material

⁵ Paper produced from materials sourced from responsibly and sustainably managed forests, in accordance with the strict environmental, social and economic standards set by the Forest Stewardship Council (FSC).

⁶ Paper made entirely or partly from recycled materials and certified by the Forest Stewardship Council (FSC).

TYPE	2021		2022		2023	
	TONNES	%	TONNES	%	TONNES	%
Conventional paper	131	23.5%	159	14.8%	307	30.2%
FSC-certified paper	427	76.5%	917	85.2%	710	69.8%
FSC-certified recycled paper	-	-	428	39.8%*	361	35.5%*
TOTAL	558	100%	1,076	100%	1,017	100%

Table 5.3.4.3.1: Types of paper purchased as raw material

*values calculated in relation with the total amount of paper purchased.

5.4 Climate change and energy

5.4.1 ENERGY RESOURCES

Brandart uses only electricity with Guarantees of Origin, relying on a partner who declares and certifies that the electricity supplied is 100% from renewable and recyclable sources. It has no self-generation of electricity through photovoltaic systems.

However, it has implemented significant actions to improve energy efficiency, such as replacing neon lamps with LED lamps for interior lighting and installing a condensing boiler in 2020, with probes that regulate operation based on outside temperatures.

For its operations, Brandart uses:



Fuel for the transport of goods and persons



Gas for heating company facilities



Electricity for lighting the company's facilities

The following tables show the total consumption of energy resources from 2021 to 2023. In the first table the individual units of consumption are specified, in the second everything is converted to GJ following the requirement of GRI 302-1.

YEAR	ELECTRICITY	FUEL	GAS CONSUMED
2021	340,454 kWh	79,548 L	75,173 m ³
2022	340,717 kWh	78,586 L	67,570 m ³
2023	308,274 kWh	106,831 L	54,781 m ³

Table 5.4.2.1: Total electricity, fuel and gas consumption from 2021 to 2023

During the period it can be seen that Brandart steadily decreased its natural gas consumption year after year, and the purchase of electricity from renewable sources also slightly decreased in 2023 compared to the previous two years, with relative stability between 2021 and 2022.

The consumption of diesel and petrol saw a significant increase in 2023. This increase

followed a gradual increase in petrol and a slight decrease in diesel year on year in 2021 and 2022. Total energy consumption saw a slight decrease from 2021 to 2022, followed by an increase in 2023, exceeding 2021 levels.

TOTAL CONSUMPTION	UNIT OF MEASUREMENT	YEAR		
		2021	2022	2023
STATIONARY COMBUSTION				
Standard natural gas	GJ	2695.154	2424.203	1983.63
Electricity purchased from renewable sources	GJ	1225.634	1226.581	1109.788
MOBILE COMBUSTION				
Diesel	GJ	2427.218	2351.271	3204.757
Petrol	GJ	391.5571	426.8188	541.4501
TOTAL	GJ	6739.563	6428.874	6839.625

Table 5.4.2.2: Total electricity, fuel and gas consumption from 2021 to 2023 in GJ

The consumption of fuel for the company fleet, natural gas and electricity averaged over the number of employees (Figure 5.4.2.1, Figure 5.4.2.2 and 5.4.2.3) is shown below.

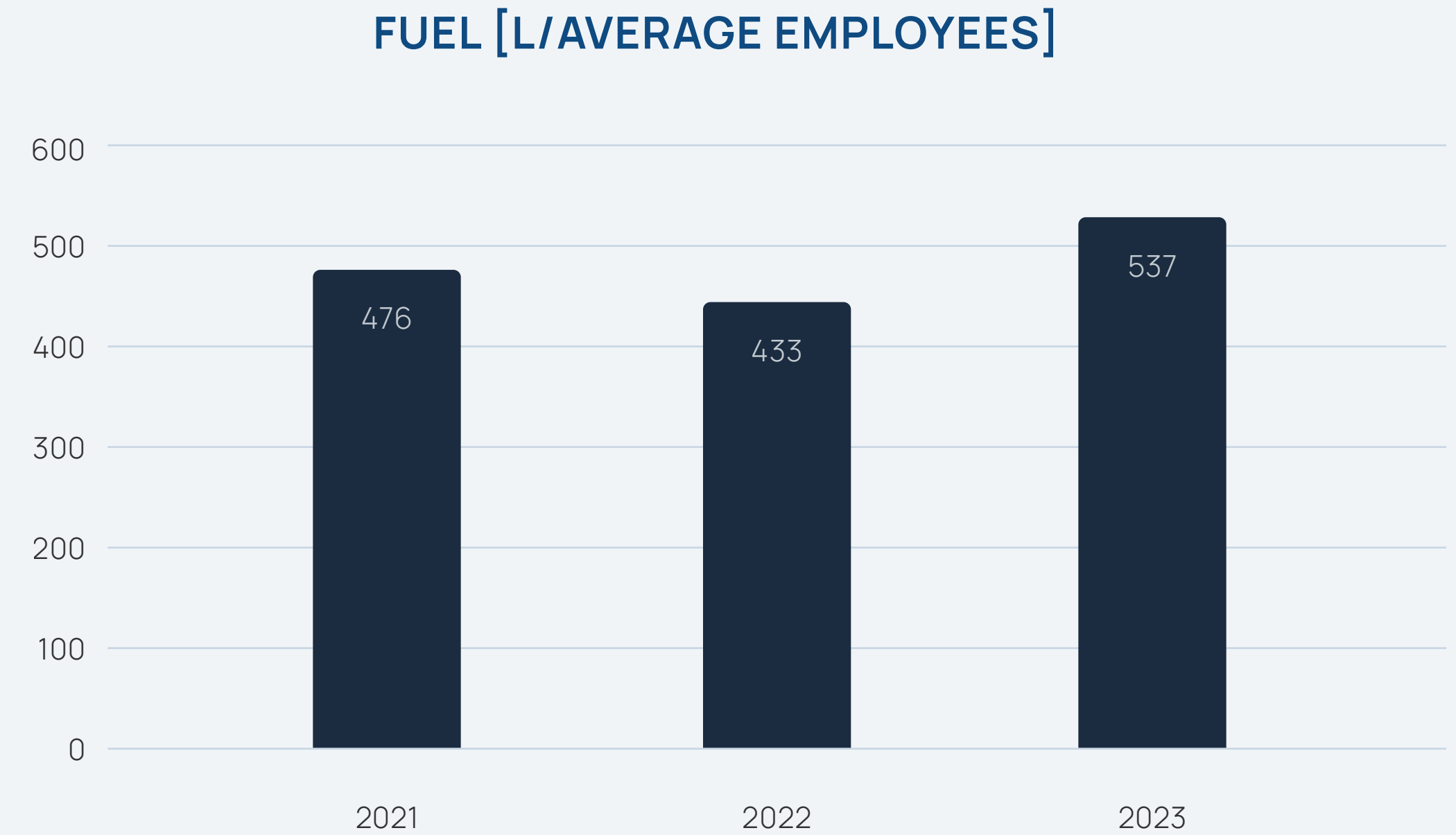


Figure 5.4.2.1: Fuel consumption per average employees

GAS CONSUMED [m³/AVERAGE EMPLOYEES]

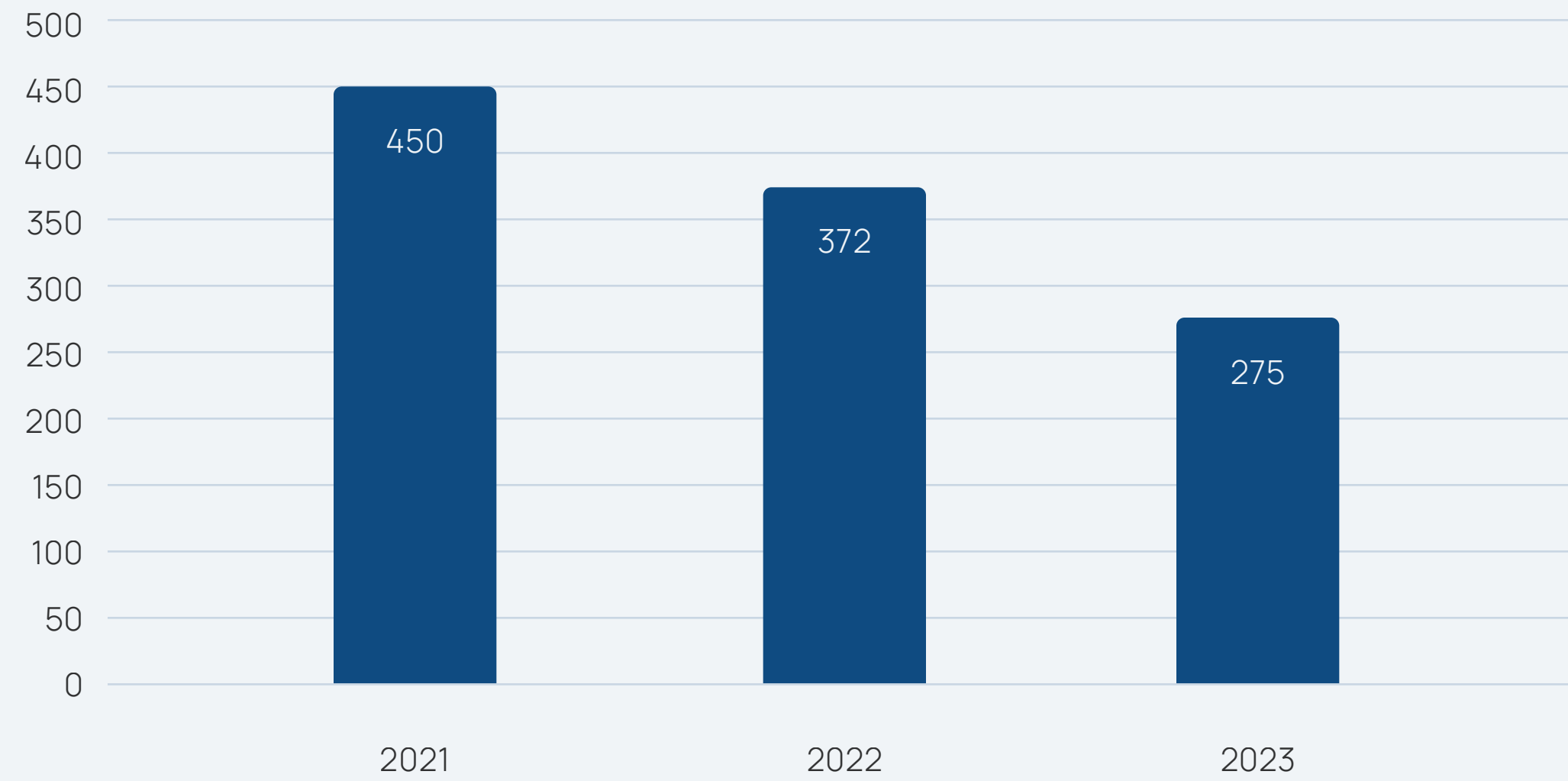


Figure 5.4.2.2: Gas consumption per average employees

ELECTRICITY [kWh/AVERAGE EMPLOYEES]

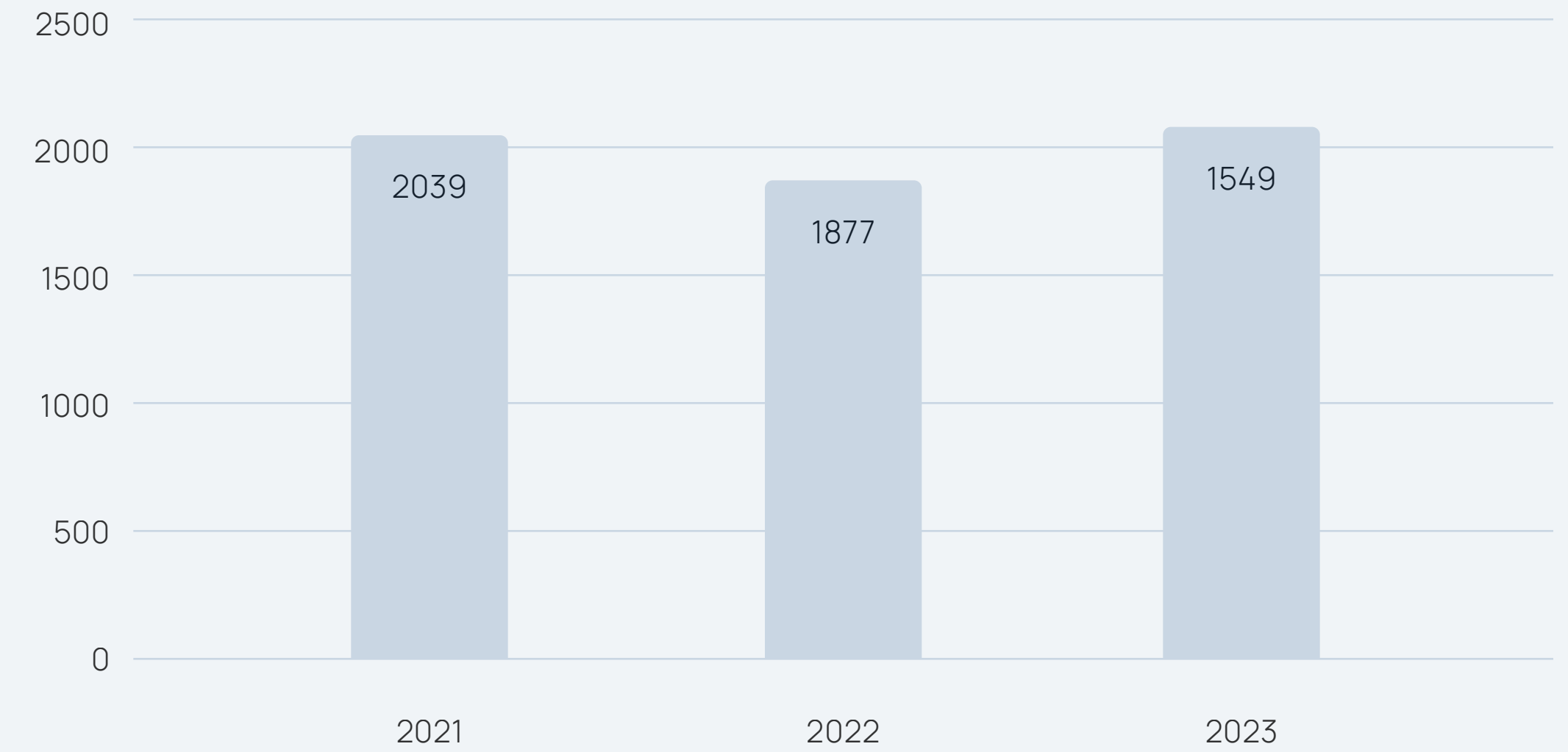


Figure 5.4.2.3: Electricity consumption per average employees

5.4.2 COMPANY CAR FLEET

In 2023 Brandart’s company fleet consisted of 66 passenger cars and three commercial vehicles. The quantities of fuel reported in Table 5.4.3.1 were used for the company fleet.

Following the reporting of its emissions in accordance with UNI EN ISO 14064:1-2019, Brandart embarked on a progressive and continuous plan to replace older vehicles with the latest generation models with reduced CO₂ emissions.

This initiative played a significant role in lowering the overall level of greenhouse gas emissions into the atmosphere.

TYPE	FUEL TYPE	NO. OF VEHICLES	QUANTITY
CARS	Diesel	49	84,858 L
COMMERCIAL VECHICLES	Diesel	3	5,196 L
TOTAL DIESEL CONSUMPTION		90,054 L	
CARS	Petrol	17	16,777 L
COMMERCIAL VEHICLES	Petrol	0	-
TOTAL PETROL CONSUMPTION		16,777 L	

Table 5.4.3.1: Company fleet composition and amount of fuel consumed

5.4.3 ATMOSPHERIC EMISSIONS

Since 2021 Brandart has prepared an annual report on the emissions generated by its operations in accordance with EN ISO 14064-1:2019. This activity involves the **mapping of all company processes** and the direct and indirect emissions associated with them. The base year for the calculation was chosen as 2021, as it represents the first year in which Brandart reported and compiled the emissions report.

In 2023 for the quantification and reporting of greenhouse gas emissions Brandart followed the **GHG Protocol**. The protocol defines a set of guidelines and methods to identify, measure and manage emissions of **greenhouse gases**, known as GHG. The emission inventory is qualified by reference to carbon dioxide equivalent (CO₂eq) emissions calculated by multiplying the

emissions of the specific climate gas by the respective Global Warming Potential, which varies per gas type. GWP100 was used as a reference in the analysis.

The GHG Protocol is the most widely used international standard for emissions reporting, divided into **Scope 1** (direct emissions), **Scope 2** (indirect emissions from purchased energy) and **Scope 3** other indirect emissions such as business travel and commuting). Unlike the GHG Protocol, the **UNI ISO 14064 standard** provides greater detail, translating **Scopes 1-2-3 into categories**, thus facilitating the design of specific initiatives to reduce emissions.

In accordance with EN ISO 14064-1:2019, emissions in the years 2021 and 2022 were divided into the categories described below, each of which was further detailed in subcategories.

CATEGORY 1

Includes **direct emissions** of GHG: mainly due to the stationary combustion of any type of fuel (boilers, turbines, etc.) but also combustion in mobile devices (motor vehicles, ships, aeroplanes, forklifts, etc.), direct emissions from industrial processes and fugitive emissions from GHG release (storage and transport of fossil fuels, leaks, etc.).

CATEGORY 2

includes **indirect GHG emissions** from imported energy: these are generated by combustion associated with the production of final energy (electricity, but also heat, steam, compressed air, etc.). It therefore excludes all upstream emissions associated with fuel leaks, power plant construction, distribution losses, etc.

CATEGORY 3

Includes **indirect transport emissions**: these are emissions that occur "outside" the organisation, such as freight services paid for by the organisation itself, freight transport due to first-time buyers or others but not paid for by the organisation, employee commuting, customer and visitor transport, business travel.

CATEGORY 4

Covers **indirect emissions from products used**: these are the emissions associated with the manufacture of the product. This category also includes emissions associated with the production of purchased energy (i.e. upstream emissions related to the production of electricity or fuel).

CATEGORY 5

Includes **indirect emissions from the use of products**: includes total emissions due to the entire lifetime of the relevant products sold, mainly related to end-of-life scenarios. It also includes emissions from the operation of assets owned by the organisation.

CATEGORY 6

Relates to **any other indirect emissions**: includes all emissions not included in the previous categories.

For **Category 1** (direct emissions) in 2021 and 2022, the **emissions of CO₂, CH₄ and N₂O** were considered. For **indirect emissions**, **CO₂** emissions were taken into account. Biogenic CO₂ was not quantified because it was not considered relevant to the Company's activities.

The **emission factors** used for the inventory calculation in **2021 and 2022** according to **UNI EN ISO 14064-1:2019** came from the following databases:

- UK Department for Environmental, Food & Rural Affairs (hereafter referred to as UK DEFRA) Conversion Factors 2021.
- Ecoinvent 3.9.
- ISPRA Manual "Efficiency and decarbonisation indicators for the national energy system and the electricity sector" 363/2022.
- The global warming potential (GWP100) used is relative to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6).

The **emission factors** used to calculate the inventory in **2023** according to the **GHG Protocol** came from the following databases:

- UK Department for Environmental, Food & Rural Affairs (hereafter referred to as UK DEFRA) Conversion Factors 2023. This database uses the conversion factors for global warming potential (GWP100) from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4).
- Ecoinvent 3.8. Data calculated via the Ecoinvent database use the IPCC 2013 method based on calculation Page 13 of 27 of
- GWP100a. The ISPRA document "Emission factors for the production and consumption of electricity in Italy" dated 28.02.24 used to calculate the emission factor of the national energy mix also uses the GWP100a conversion factor.

For the calculation of the **national energy mix in 2023**, the **emission factor** for electricity production and consumption (Scope 2) was calculated using:

- The emission factors defined by ISPRA by fuel type (updated to 2022) shown in Table 12 of the ISPRA document "Emission factors for electricity production and consumption in Italy" dated 28.02.24.
- The percentages referring to the composition of electricity injected into the grid provided by the GSE for the year 2022.

Brandart’s decision to use the GHG Protocol in 2023 for the assessment of scope 1, 2 and 3 emissions was motivated by the fact that this method makes the calculation of emissions less burdensome in terms of requirements and resources needed.

Furthermore, the company is not required to certify its inventory to ISO 14064 standards, making the GHG Protocol a cost-effective, adequate and sufficient solution for its needs. This method is extremely robust and widely recognised globally, used by most companies around the world, giving Brandart greater credibility and compliance with best practices in emissions calculations.

Due to the differences in the emission factors used in the two different emission calculation methods, the comparison of the 2023 results with those of the previous two

years (2021 and 2022), which were obtained following EN ISO 14064-1:2019, must take this different approach into account. This means that results will not be directly comparable and may be affected by a bias related to variation in calculation methods.

Therefore, any analysis of emission trends over time must take this methodological discrepancy into account in order to avoid misleading conclusions and ensure an accurate assessment of progress in reducing emissions.

In both approaches, the control approach was applied to define the company’s organisational boundaries, whereby the organisation accounts for 100% of greenhouse gas emissions and/or removals related to operations and facilities/systems over which it has financial or operational control (which remained unchanged and

corresponded to what was declared in the GHG Inventory 2022).

In order to establish the operational boundaries for 2023, a preliminary relevance analysis was carried out to identify all sources of GHGs connected to the company’s operations.

For each category, all direct and indirect emissions related to the company’s processes have been identified and operational boundaries established.

The reporting of GHG emissions for 2023 was developed in accordance with the GHG Protocol principles of:



Relevance



Completeness



Consistency



Transparency



Accuracy

It is therefore underscored that Brandart's commitment to the reduction of greenhouse gas (GHG) emissions is not limited to direct actions to reduce energy consumption such as natural gas for heating buildings or the use of fuel for employee mobility, but extends on a larger scale to the use of environmentally sensitive logistics suppliers.


In fact, thanks to this policy **Brandart has significantly reduced the number of forwarding agents it uses over the years**, selecting those that also guarantee the best environmental performance.

Thanks to these choices Brandart has reduced indirect emissions from the transport of its materials, included in Scope 3, falling within the organisation's carbon footprint.

From the significance analysis conducted, the following emission categories were significant in addition to direct emissions in Category 1):




Emissions from **downstream** transport and distribution of goods (Category 3b).



Indirect emissions from **imported electricity*** (Category 2a).




Emissions from **upstream** transport and distribution of goods (Category 3a).




Emissions from **commuting** (Category 3c).




Emissions from **transporting employees** for business related activities in **non-company vehicles** (Category 3e).



Emissions from **purchased goods** (Category 4a).



Emissions from solid and liquid **waste disposal** (Category 4c).



Emissions from **product end-of-life** (Category 5c).

* Brandart buys 100% certified renewable energy, emissions in this category are therefore zero.

CATEGORY	SOURCE TYPE	EMISSION YEAR 2022	EMISSION YEAR 2021
CATEGORY 1	1a) Stationary combustion for heating buildings	137.20 tCO ₂ eq	152.64 tCO ₂ eq
	1b) Mobile combustion for the transport of persons or goods directly attributable to Brandart	207.81 tCO ₂ eq	209.28 tCO ₂ eq
CATEGORY 2	Electricity	0 tCO ₂ eq	0 tCO ₂ eq
CATEGORY 3	3a) Upstream freight transport and distribution	388.29 tCO ₂ eq	627.38 tCO ₂ eq
	3b) Downstream freight transport and distribution	4,075.83 tCO ₂ eq	4,085.81 tCO ₂ eq
	3c) Employee commuting	206 tCO ₂ eq	225 tCO ₂ eq
	3e) Business travel	194 tCO ₂ eq	0 tCO ₂ eq
CATEGORY 3	4a) Emissions from purchased goods	23,927.01 tCO ₂ eq	23,797.94 tCO ₂ eq
	4c) Solid and liquid waste disposal	35.34 tCO ₂ eq	0.75 tCO ₂ eq
CATEGORY 2	5c) End of product life	3,794.86 tCO ₂ eq	2,983.40 tCO ₂ eq

Table 5.4.1.1 shows the results of GHG emission reporting for the years 2021 and 2022 according to UNI EN ISO 14064-1:2019.

For the 2023 reporting year, on the other hand, the direct and indirect sources pertaining to the company were identified for each of the GHG Protocol categories.

The table on the following page lists the source categories and the input data or the specific process of the company to be considered as a source for inventory purposes. Categories not included in this list have been excluded because they are not relevant to Brandart’s business. An analysis of Brandart’s production process showed no biogenic emissions of any kind, nor GHG removal processes.

Table 5.4.1.1: tCO₂eq emitted and reported in the GHG inventory for the years 2022 and 2021 (ISO 14064)

SCOPE	GHG PROTOCOL CATEGORIES	INPUT DATA	EMISSION YEAR 2023
1	Direct GHG emissions and removals from stationary combustion	Consumption data of methane gas burnt in the boiler for heating	106.69 tCO ₂ eq
1	Direct GHG emissions and removals from mobile combustion	Fuel consumption data of company cars	240.92 tCO ₂ eq
2	Indirect emissions from imported electricity	Electricity consumption	0.00 tCO ₂ eq
3	SC3-1 Emissions from Purchased Goods	Everything purchased from Brandart and resold	36,177.09 tCO ₂ eq
3	SC3-3 Fuel- and energy-related activities	Scope 3 emissions due to fuel purchases and T&D losses of electricity	89.69 tCO ₂ eq
3	SC3-4 Upstream transportation	Emissions from goods transport purchased by the company and from third-party services purchased for the distribution of the finished product.	2,944.53 tCO ₂ eq
3	SC3-5 Waste generated in operations	Quantity of waste produced and disposed of at the Via Andrea Costa, Viale Lombardi, Via 5 Giornate sites	10.8 tCO ₂ eq
3	SC3-6 Business travel	Emissions from transporting employees for business-related activities in non-company vehicles.	172.50 tCO ₂ eq
3	SC3-7 Employee commuting	Emissions from commuting: Kilometres travelled by employees and means of transport	763.74 tCO ₂ eq
3	SC3-12 End of life	Disposal of products purchased and resold to the customer	3,480.02 tCO ₂ eq

Table 5.4.1.2: tCO₂eq emitted and reported in the GHG inventory for the year 2023 (GHG Protocol)

Below are the results obtained by following the **GHG Protocol for the 2023 reporting year**. Please note that in the case of Brandart, there are no biogenic emissions or sources of GHG removal.

— **5.4.3.1 SCOPE 1**

With regard to Scope 1 (Direct GHG emissions), the following were considered:

- **Direct GHG emissions and removals from stationary combustion**
- **Direct GHG emissions and removals from mobile combustion**

Fugitive emissions attributable to Brandart consist of any refrigerant gas leaks from the air conditioning system. However, no leaks were identified in the checks performed in

2023, so no additions were necessary.

To quantify the first type of emissions, the direct consumption of natural gas from the invoices for each of the three locations was used. For the second category, the fuel consumption of the company car fleet for the period in question was taken from figures produced by the accounting system.

Direct emissions and removals from stationary combustion calculated according to the GHG Protocol in 2023 show a decrease compared to previous years' values.

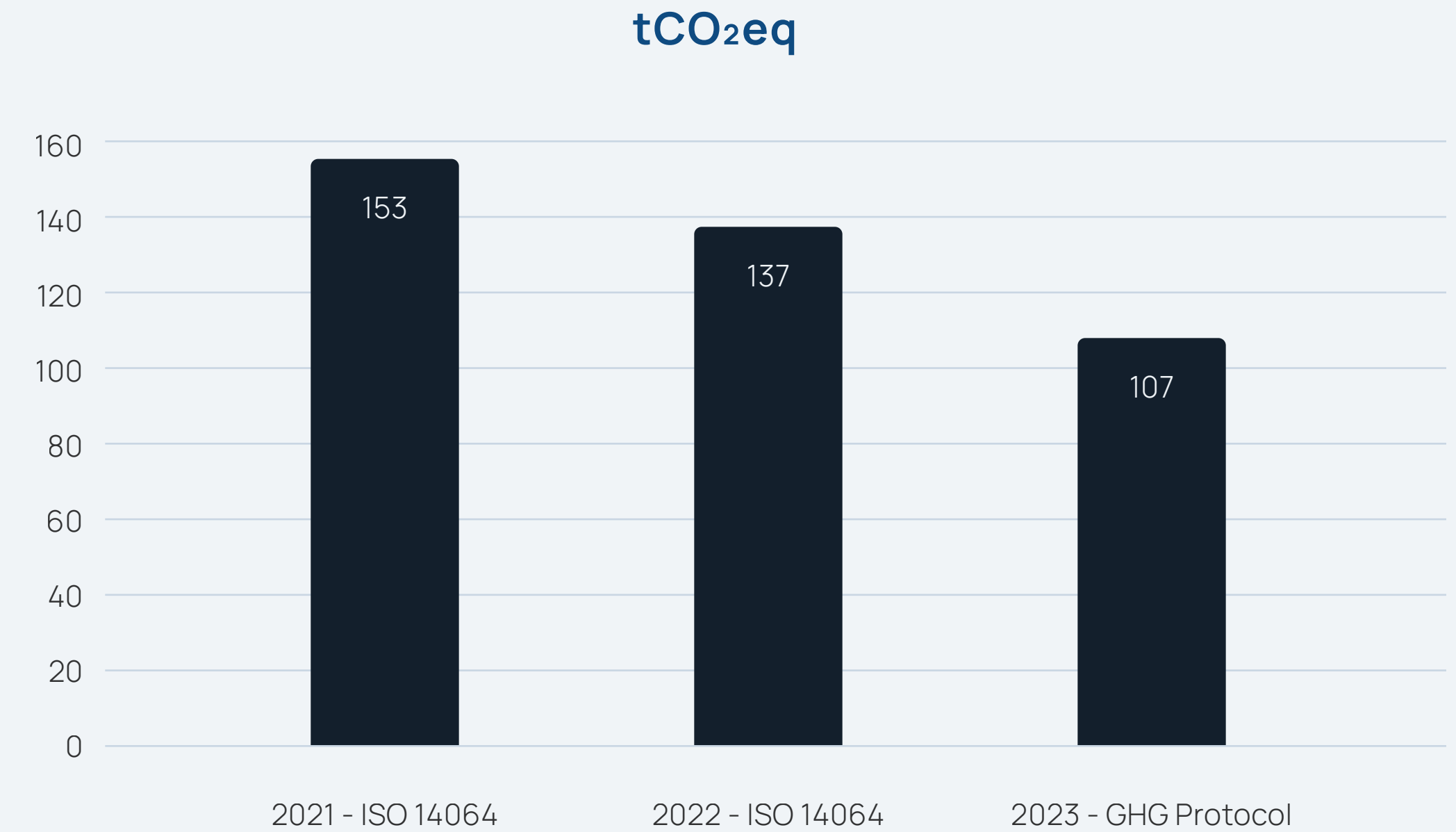


Figure 5.4.1.1.1: Direct emissions from stationary combustion for building heating (methane)

On the other hand, direct emissions and removals from mobile combustion (281 tCO₂eq for the year 2023) were higher than

in previous years, calculated according to EN ISO 14064-1:2019.

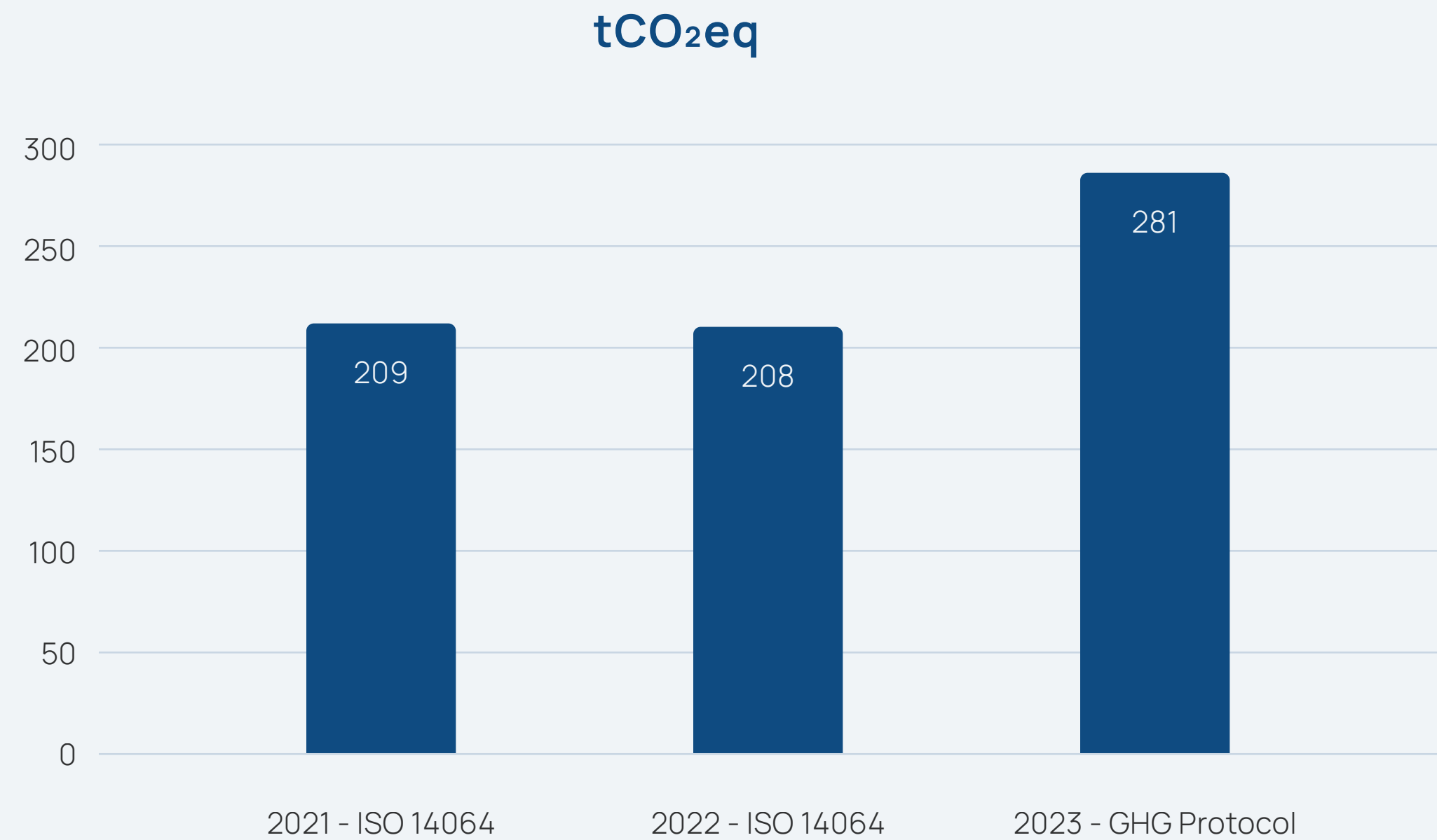


Figure 5.4.1.1.2 Direct emissions from mobile combustion for transport of persons or goods directly attributable to Brandart (company fleet)

— 5.4.3.2 SCOPE 2

In 2023, for Scope 2, as in previous years, indirect emissions from imported electricity were taken into account. Considering a market-based approach, Brandart does

not produce indirect GHG emissions from imported electricity as it purchases energy from 100% renewable sources.

CATEGORY	SITE	2023 CONSUMPTION	tCO ₂ eq
INDIRECT EMISSIONS FROM IMPORTED ELECTRICITY	Via Costa	172838.38 kWh	0
	Via 5 Giornate	41037.76 kWh	0
	Viale Lombardia	92031.34 kWh	0

Table 5.4.1.2: Direct emissions from imported electricity

— 5.4.3.3 SCOPE 3

Regarding indirect Scope 3 emissions, the GHG Protocol for 2023 considered the following categories:

- **SC3-1 Emissions from purchased goods**
- **SC3-3 Fuel- and energy-related activities**
- **SC3-4 Upstream transportation**
- **SC3-5 Waste generated in operations**
- **SC3-6 Business travel**
- **SC3-7 Employee commuting**
- **SC3-12 End of life**

These categories are traceable and comparable with the Scope 3 categories identified with the approach according to UNI EN ISO 14064-1:2019 for the years 2021 and 2022.

The following paragraphs compare the results obtained on the calculation of emissions using both approaches and using the GHG Protocol approach as a reference.

SC3-1 EMISSIONS FROM PURCHASED GOODS

The products resold by Brandart are designed in-house but all production is outsourced. These products therefore fall under Scope 3 for GHG accounting purposes.

In order to estimate the emissions following the GHG Protocol in 2023, the quantities of products bought and

sold by Brandart were converted into their respective raw material content. In addition, the actual raw materials were also considered, i.e. those materials that are purchased and sent to the Manufacturing Partner who uses them in production.

The annual quantities of products bought and sold by Brandart and packaging material by article type were queried in the management system. Subsequently, each item was assigned a weight in grams and a percentage composition from their technical data sheets and through interviews with staff. At this point, to calculate the quantity of raw materials purchased, the weight of the product was multiplied by its percentage composition. The raw materials purchased for the year 2023 were broken down by type (“virgin”, “recycled”, “organic” and “packaging”). In 2023 there were 36,177 tCO₂eq emitted.

For the estimates of indirect emissions generated by the purchase of goods following ISO 14064 for Category 4a, the emissions generated by the production of raw materials and products used by Brandart in 2021 and 2022 were reported.

These values show a slight increase of 129 tCO₂eq emitted. **The significant change in emissions from 2022 to 2023 may be due to differences in the methods used, having different reporting boundaries and emission factors, and the GHG Protocol method may have allowed for previously unaccounted-for emission sources or a more complete coverage of emissions.**

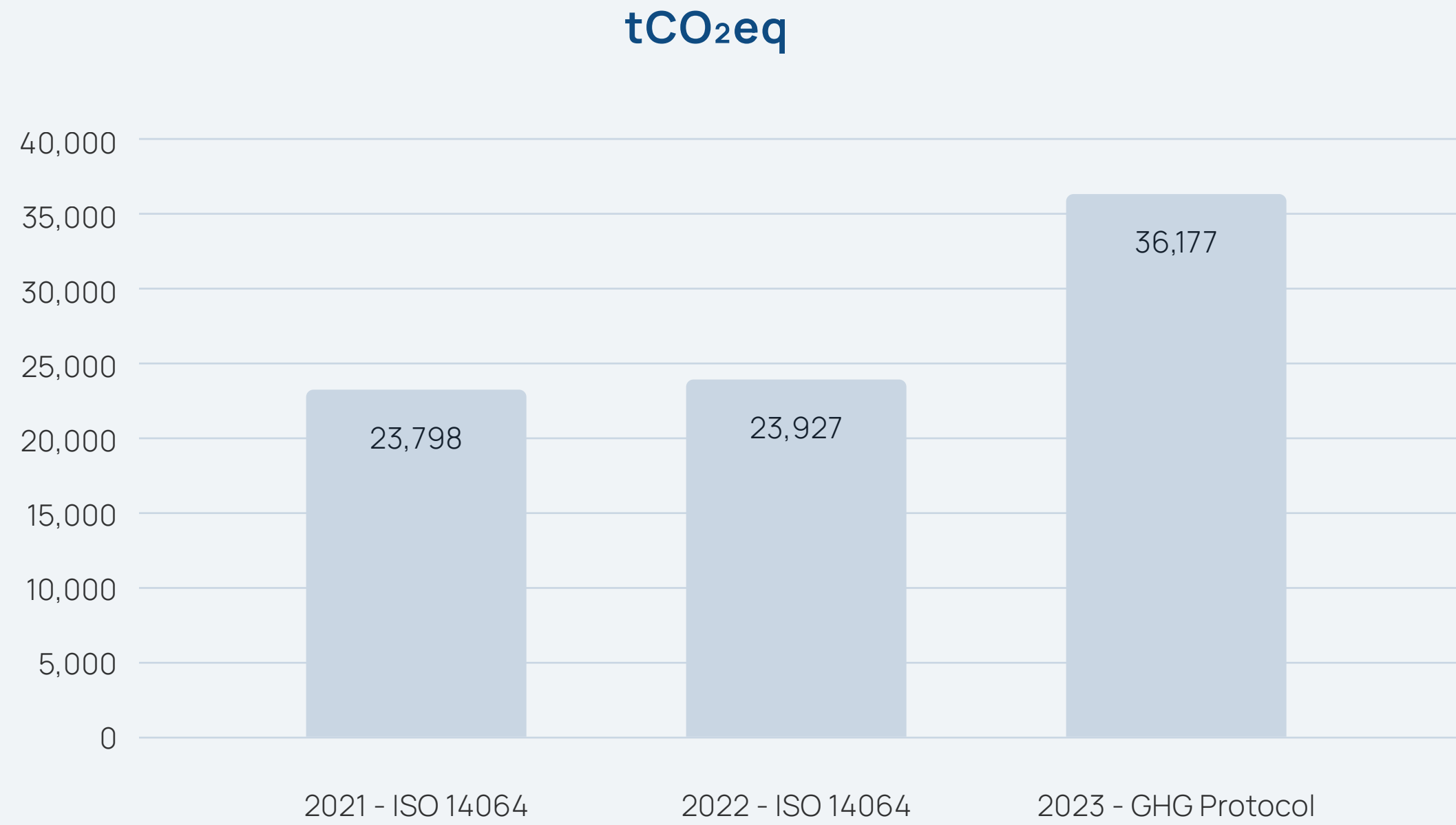


Figure 5.4.1.3.1.1: Indirect emissions from purchased goods

SC3-3 FUEL-AND ENERGY-RELATED ACTIVITIES

Within this category, the following were reported:

- Emissions related to the production of the fuels used for the calculation of Scope 1 emissions
- Distribution losses (T&D losses) related to imported energy and reported in Scope 2

CATEGORY	SITE	2023 CONSUMPTION	tCO ₂ eq
FUEL-AND ENERGY-RELATED ACTIVITIES	Natural gas	54,781.00 SCM	17.62
	Petrol	16,777.00 L	10.40
	Diesel	90,053.00 L	56.55
	T&D Losses ⁷	18,354.45 kWh	5.12

Table 5.4.1.3.2.1: Indirect emissions from fuel-and energy-related activities

⁷Electrical energy lost during transport and distribution through the electrical grid.

SC3-4 UPSTREAM TRANSPORTATION

In this category of the GHG Protocol for the year 2023, all upstream emissions related to the purchase of raw materials for tolling and finished products, as well as those related to the shipment of finished products by third parties and paid for by Brandart (purchase of a service) were reported.

The UNI EN ISO 14064 approach for 2021-2022 includes the same emissions, divided into categories 3a and 3b. Category 3a includes indirect emissions from the transport and distribution of goods upstream of Brandart, i.e. those related to tolling in Italy and Albania, and from the transport and distribution of fuel and electricity used by Brandart. Category 3b covers indirect emissions related to the transport of goods

downstream, i.e. to hubs or directly to customers. According to ISO 14064, these are referred to as “downstream” transport emissions. However, according to the GHG Protocol both types of emissions are classified as “upstream” transport since the cost of shipping is directly charged to Brandart. Consequently, for the year 2023 only the value of upstream transport emissions will be indicated.

In general, Brandart uses freight forwarders that are sensitive to the issues related to their carbon footprint and the impact generated by logistics, adopt travel optimisation policies and provide an annual GHG emission quantification service (report). Each forwarder provides a report at the end of the calendar year containing: method of transport of the goods (air, train, road, ship), the weight of the goods shipped, the mileage travelled

for each shipment, the GHG emissions per shipment and the annual total.

The chart below shows the emission values for the years 2021 and 2022 divided

between upstream and downstream, evaluated according to the ISO 14064 approach. For 2023, on the other hand, total emissions from upstream transport only are reported.

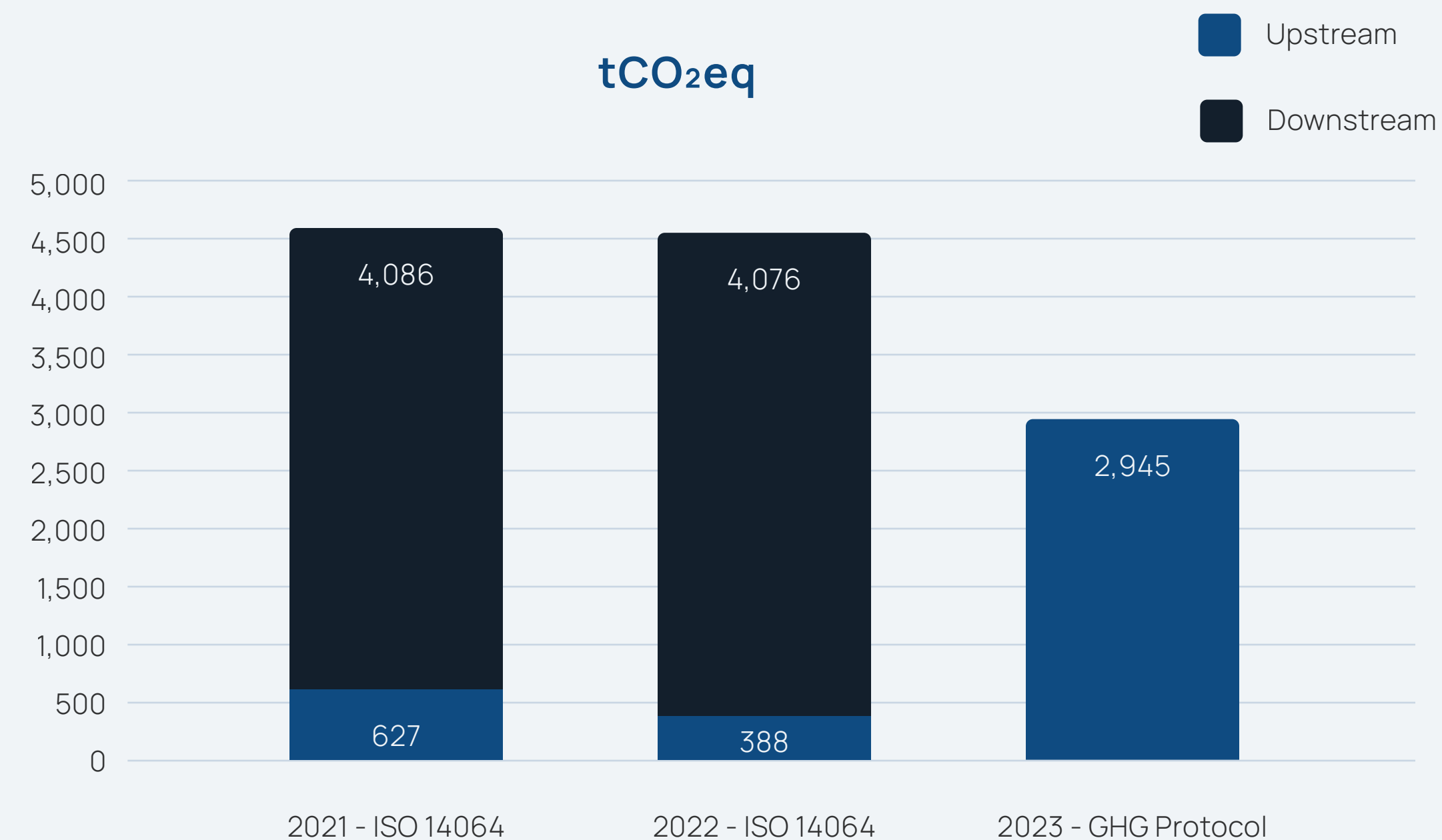


Figure 5.4.1.3.3.1: Indirect emissions from upstream and downstream freight transport

SC3-5 WASTE GENERATED IN OPERATIONS

According to the GHG Protocol, emissions from the disposal of waste produced by Brandart were reported in this category. This corresponds to category 4c in ISO 14064, where indirect emissions from the disposal of solid and liquid waste generated by Brandart are reported.

The chart below shows the values for 2021 and 2022 calculated according to the ISO standard and for the year 2023 calculated according to the GHG Protocol.

Emissions counted in Category 4c were 35 tCO₂eq for the year 2022, higher than in 2021. In fact, in 2022 the volume of waste produced was higher since a

stock analysis was carried out that identified a portion of obsolete goods that were then sent out for recovery and/or disposal as appropriate.

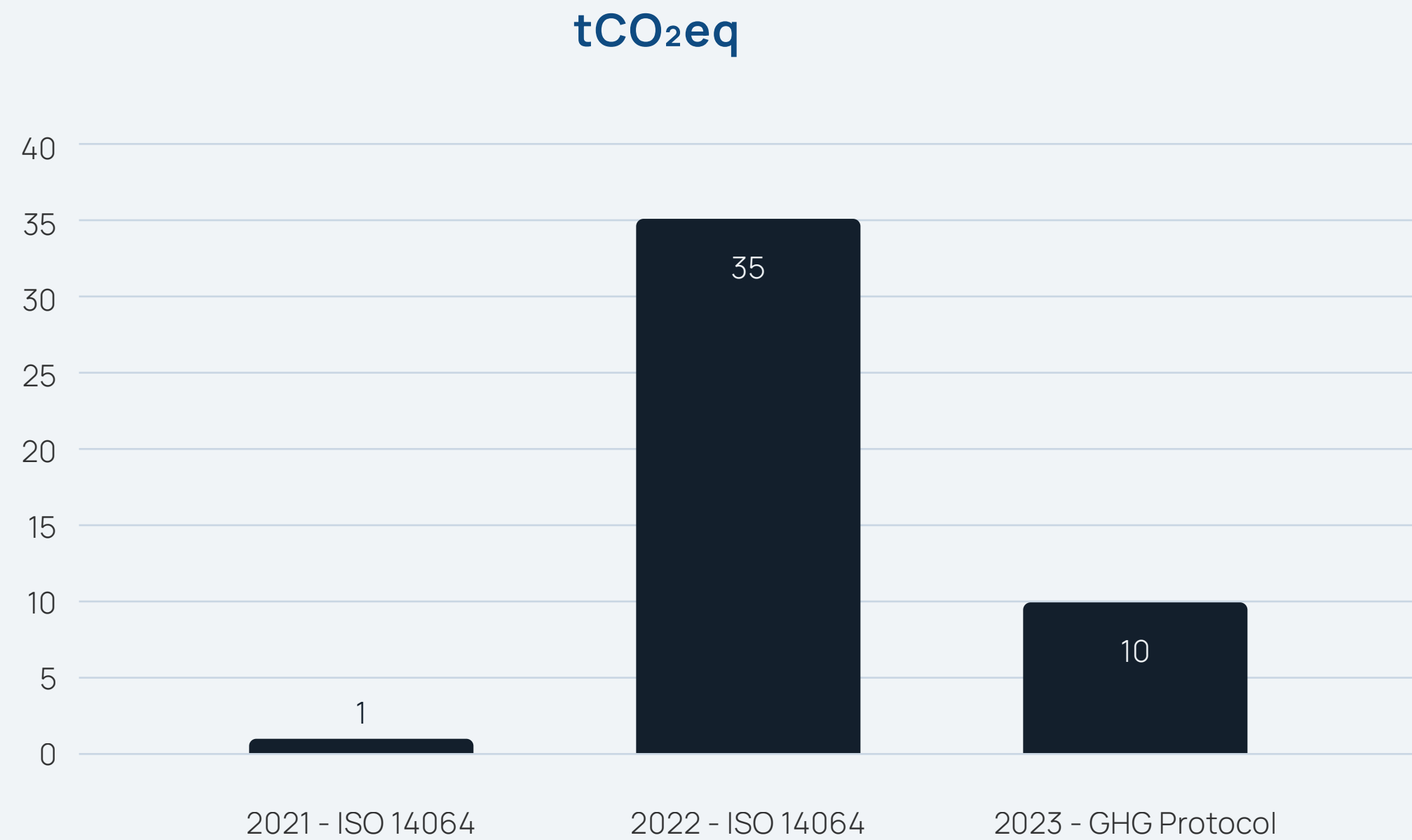


Figure 5.4.1.3.4.1: Indirect emissions from waste disposal

SC3-6 BUSINESS TRAVEL

All emissions from the travel of Brandart employees on business trips in non-company-owned vehicles, i.e. by plane, train, car and ferry, were accounted for under this category of the GHG Protocol. The data on business travel (with indication of the place of departure and arrival and indication of the vehicle used) were queried in the company management system. Based on these data, the kilometres travelled were calculated for each of the routes.

In the previous years of 2021 and 2022, indirect emissions from business travel assessed according to ISO 14064 were found to be insignificant following the significance analysis performed for the purpose of calculating the GHG inventory. In 2021 this category was not taken

into account as no significant number of business trips had been made. In 2022, 194 tCO₂eq were reported due to employee business travel.

In 2023 the calculation of emissions according to the GHG Protocol saw a decrease of 21 tCO₂eq compared to the previous year.



Figure 5.4.1.3.5.1: Indirect emissions from business travel

SC3-7 EMPLOYEE COMMUTING

All emissions from the commuting of Brandart employees in non-company-owned vehicles were accounted for under this category of the GHG Protocol. Specifically, reference was made to the 2023 Commuting Plan (CP) and the information on employees' residential addresses provided by the Human Resources Department to determine the emissions in this category.

Specifically:

- **The daily round-trip kilometres travelled by each employee to their place of work from their home address (round-trip) were calculated.**

- **The kilometres travelled by employees were then multiplied by the number of working days/year, excluding teleworking days, in order to obtain the total kilometres travelled annually.**
- **A modal split was then made of the total kilometres by the various means of travel according to the information obtained from the CP.**

According to ISO 14064, indirect emissions from employee commuting are reported in Category 3c. In the years 2021 and 2022 these emissions were not significant for the calculation of the GHG inventory. In 2022, 206 tCO₂eq were recorded, in line with what was calculated in 2021.

In 2023 emissions calculated according to the GHG Protocol more than doubled. This could be attributed to a decrease in the use of teleworking and an increase in the number of employees. The reduction of

remote work has probably led to a greater influx of personnel on site, thus contributing to the overall increase in emissions due to travel and company-related activities.

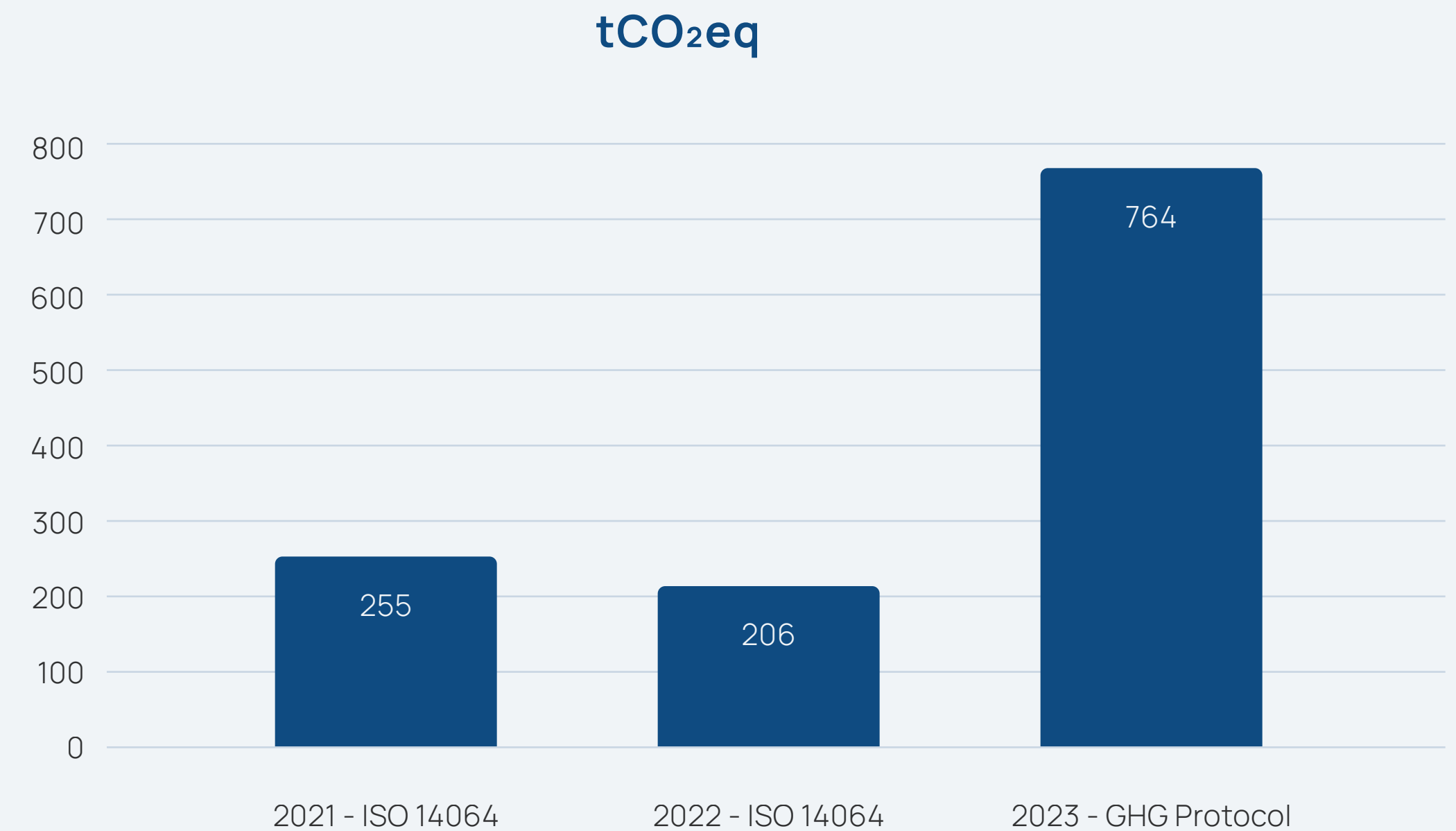


Figure 5.4.1.3.6.1: Indirect emissions from employee commuting

SC3-12 END OF LIFE

In this category of the GHG Protocol all emissions due to disposal (end-of-life) have been reported as it is assumed that there are no significant emissions due to the use of the product itself. The global distribution of Brandart products poses a challenge in defining end-of-life (EOL) scenarios. Moreover, due to the nature of the company’s products, which often include materials that cannot be separated and are not easily recycled, determining an appropriate EOL strategy is complex.

The procedure followed was as follows:

- **Only materials made entirely of paper were considered recyclable. Data from the 28th annual report of COMIECO, the Italian consortium for the recycling of**

packaging paper (81.2%) was used to quantify the recycled material in Brandart’s packaging. The remaining 18.8% of this material flow was classified as municipal solid waste.

- **All other products were considered to be disposed of as municipal solid waste.**

Finally, following ISO 14064 in the two-year period before 2023, indirect emissions from the end-of-life phase of the product were counted in Category 5c. For the year 2022, 3,795 tCO₂eq were reported, which is higher than in 2021 (2,983 tCO₂eq), as the figure is strictly dependent on the quantity produced annually.

The value calculated for 2023 according to the GHG Protocol also reflects the data of the previous years.



Figure 5.4.1.3.71: Indirect emissions from product end-of-life phase

The table in the following page shows the **total direct and indirect emissions** reported in the GHG Protocol inventory for the year 2023.

CATEGORY	tCO ₂ eq	tCO ₂	tCH ₄	tN ₂ O
Total Scope 1	347.60	344.42	0.19	3.00
Direct emissions from stationary combustion	106.69	106	0.2	0.00
Electricity	240.92	238	0.00	3
Total Scope 2	0.00	0.00	0.00	0.00
Indirect emissions from imported electricity	0.00	0.00	0.00	0.00
Total Scope 3	43,637.65	0.00	0.00	0.00
SC3-1 Emissions from purchased goods	36,177.09	0.00	0.00	0.00
SC3-3 Fuel- and energy-related activities	89.69	0.00	0.00	0.00
SC3-4 Upstream transportation	2,944.53	0.00	0.00	0.00
SC3-5 Waste generated in operations	10.08	0.00	0.00	0.00
SC3-6 Business travel	172.50	0.00	0.00	0.00
SC3-7 Employee commuting	763.74	0.00	0.00	0.00
SC3-12 End of life	3,480.02	0.00	0.00	0.00
TOTAL DIRECT EMISSIONS	347.60	344.42	0.19	3.00
TOTAL INDIRECT EMISSIONS	43,637.65	0.00	0.00	0.00

Table 5.4.1.3.7.1: Total direct and indirect emissions reported in the GHG inventory for the year 2023

Figure 5.4.1.3.7.2 shows the total direct emissions generated by Brandart. In 2022, the total for Category 1 was 345 tCO₂eq compared to 362 tCO₂eq in 2021. There was therefore a **slight decrease in emissions**

directly controlled by Brandart. The 2023 value is representative of the calculation obtained following the GHG Protocol and is aligned with the value for 2022.

Figure 5.4.1.3.7.3 reports the total indirect emissions produced by Brandart. Indirect emissions thus comprise all reported categories, excluding the direct emissions category. In 2022, a value of 32,392

tCO₂eq was recorded, in line with what was calculated in 2021. The 2023 value is representative of the calculation obtained following the GHG Protocol.



Figure 5.4.1.3.7.2: Total direct emissions produced by Brandart

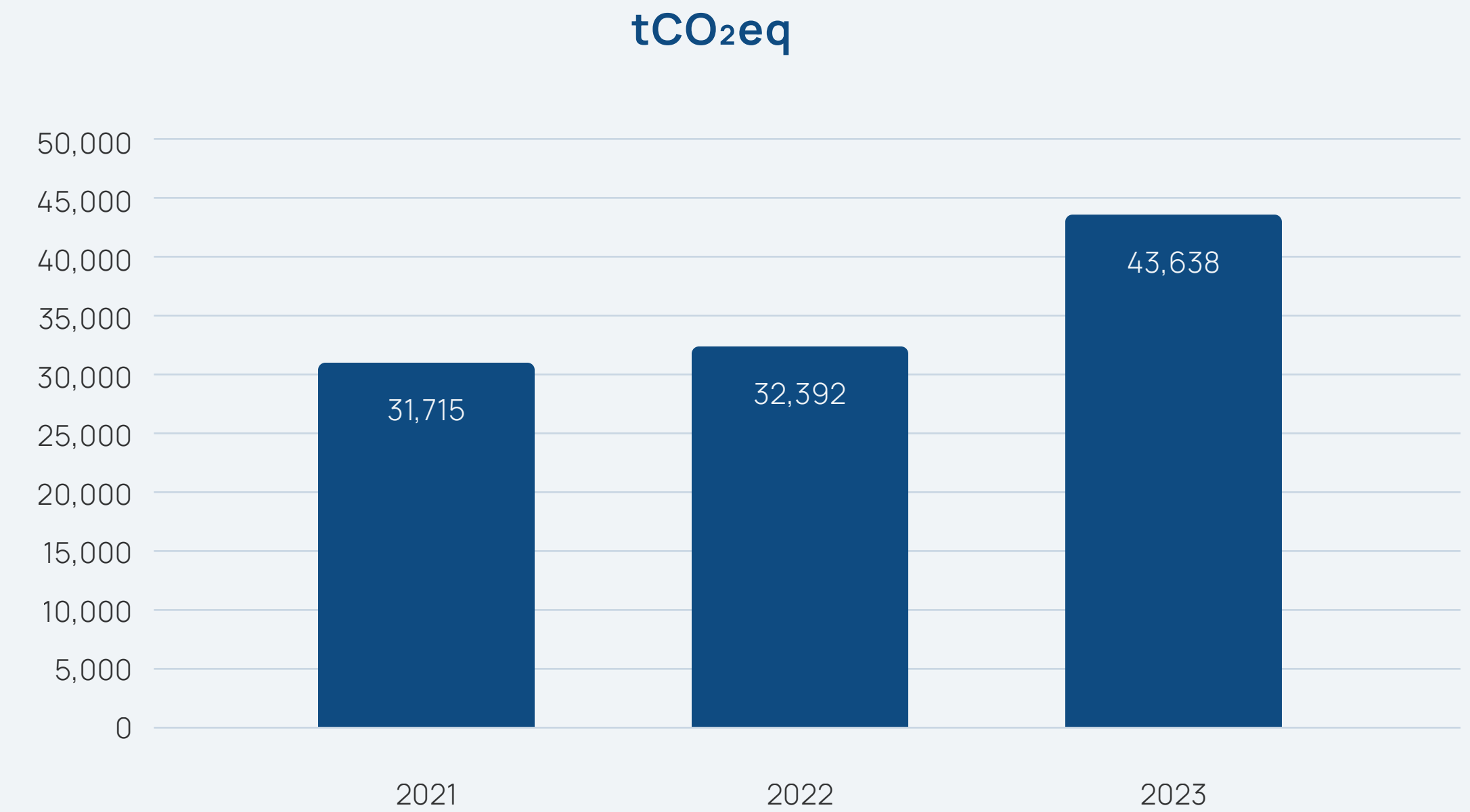


Figure 5.4.1.3.7.3: Total indirect emissions produced by Brandart

Figure 5.4.1.3.7.4 shows that according to the GHG Protocol, by 2023 69% of direct emissions were attributable to emissions from fuels in mobile devices, while 30%

were generated by direct emissions from stationary combustion.

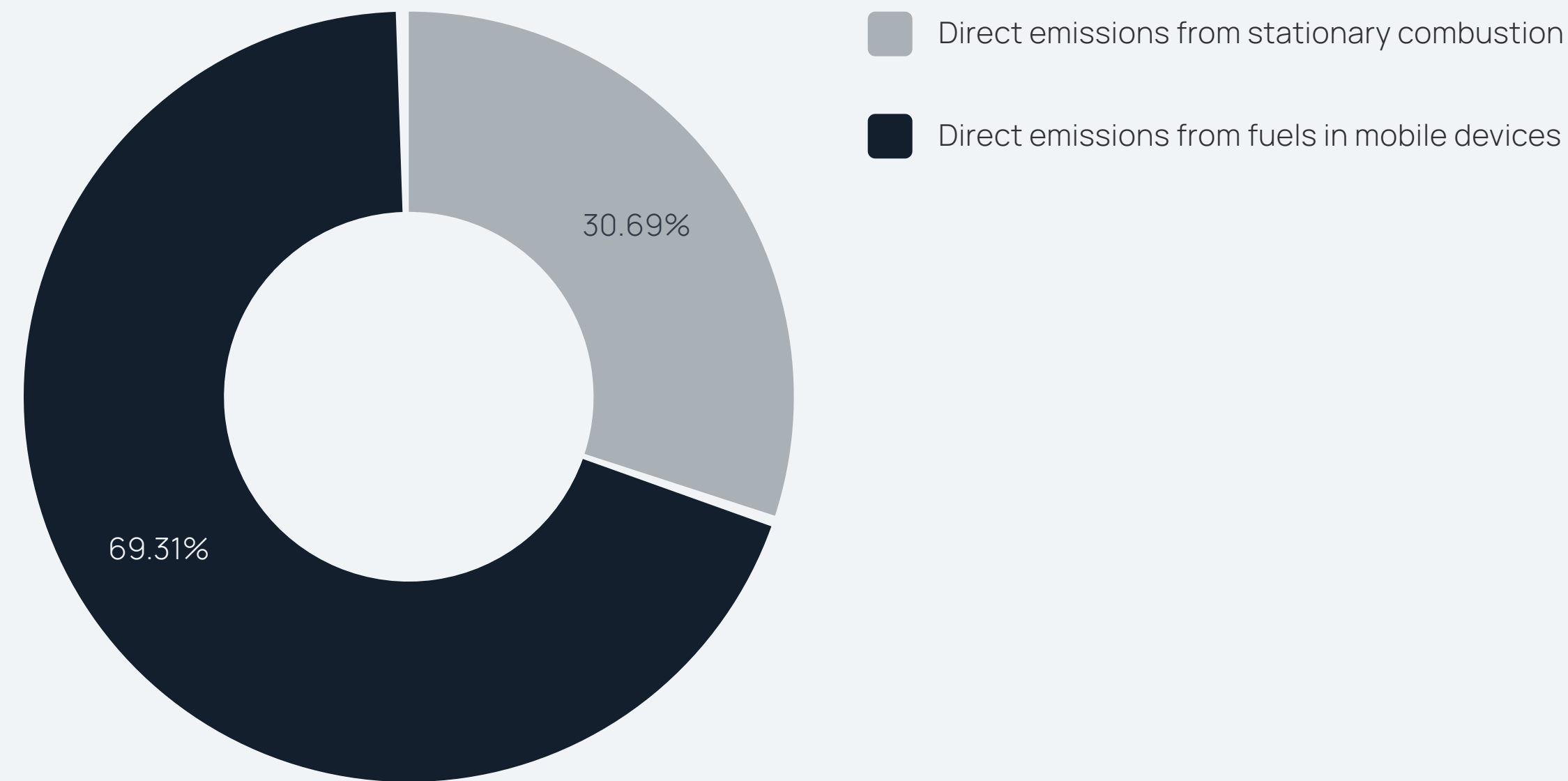


Figure 5.4.1.3.7.4: Percentage breakdown of direct emissions (2023)

From 5.4.1.3.7.5 it is evident that the category “Emissions from goods purchased” is the one that accounts for the highest level of emissions, with 83% of the total.

The “End of life” category comprises about 8% and the “Upstream transport” category 7% of the total indirect emissions.

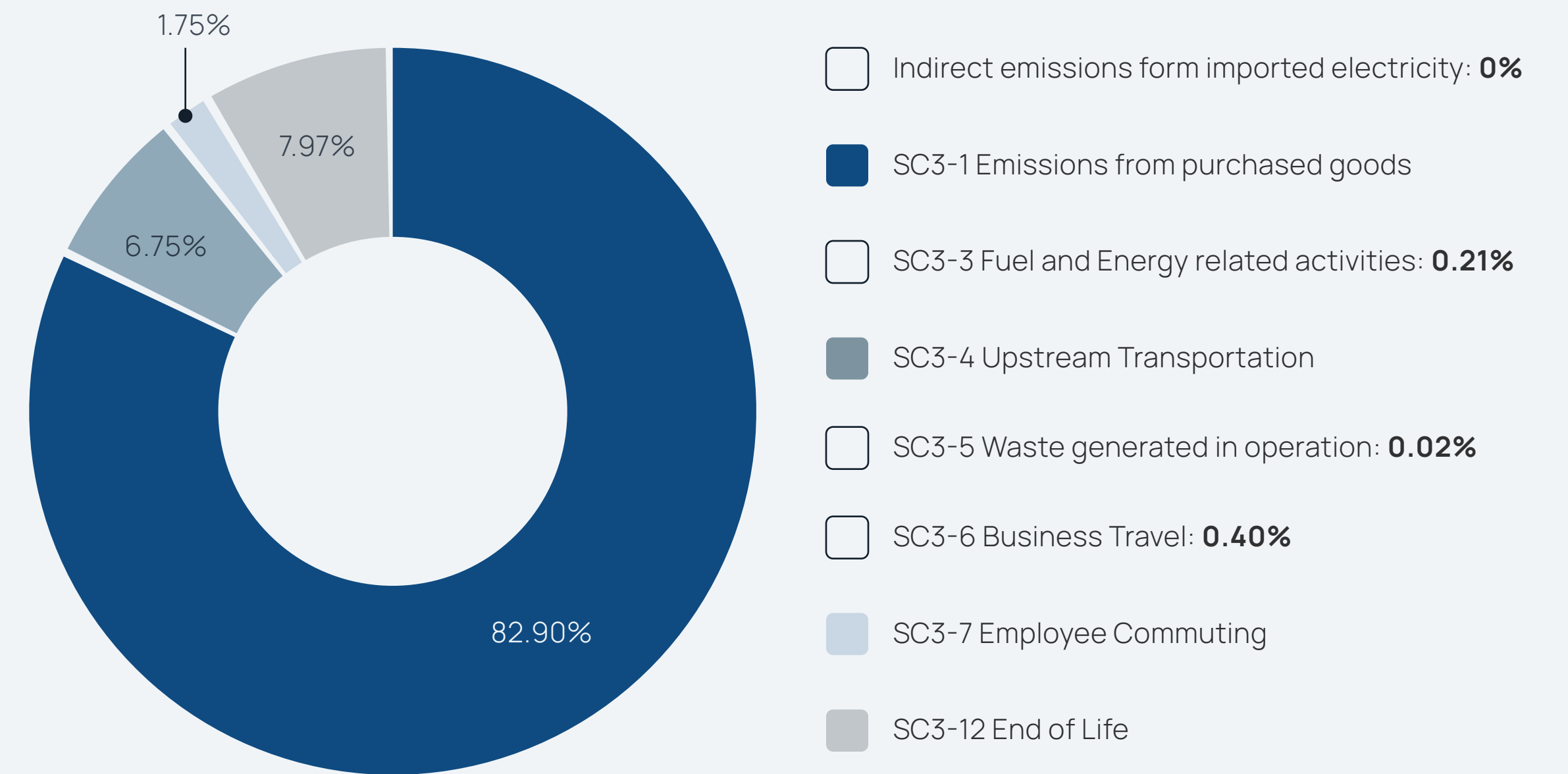


Figure 5.4.1.3.7.5: Percentage breakdown of indirect emissions (2023)

Table includes the **direct and indirect emissions** generated divided into **Scopes 1, 2 and 3** according to the three categories described by the **GHG Protocol**:

CATEGORY	tCO ₂ eq EMITTED
SCOPE 1	347.60
SCOPE 1	0.00
SCOPE 2	43,637.65

Table 5.4.1.3.7.2: Brandart emissions - broken down into Scope 1, Scope 2, Scope 3 (GHG Protocol)

A commitment to environmental protection and attention to climate change are crucial for Brandart. These were the pivotal points that drove Brandart towards the use of new tools to quantify the sustainability of processes and to direct its choices towards environmentally friendly solutions.

By drawing up the Sustainability Report and reporting on its emissions with the GHG Inventory, Brandart is increasingly able to identify possible improvement strategies in order to achieve its sustainability goals.

SCOPE 1

Which includes “direct emissions” generated by the company’s operations, such as the combustion of fossil fuels in stationary and/or mobile machinery or vehicles.

SCOPE 2




Concerns “indirect emissions related to energy consumption”, i.e. only those emissions due to the combustion of energy carriers associated with the production of electricity consumed to power the plant.

SCOPE 3

ncludes the “other indirect emissions” arising from the company’s entire value chain. This category also includes impacts generated by the procurement of materials, services used and all other impacts that do not fall under Scopes 1 and 2.

5.5 Sustainable products and services

Brandart is dedicated to developing products and services that promote sustainability and eco-friendly innovation, actively contributing to the transition to a circular economy. Its main products are divided into four categories:

-  Packaging for fashion and accessories
-  Textile packaging
-  Packaging for eyewear and other categories, including merchandising



Industrial packaging

These products include shopping bags, dust bags, hard cases, industrial hangers, jewellery sets and car covers. In keeping with European Commission standards, **Brandart emphasises the reuse, repair, reconditioning and recycling of materials and products to extend their useful life and minimise waste.** This approach reduces its environmental impact and supports a greener, circular economy. Brandart is also committed to **informing end-customers about the importance of recycling and reuse, encouraging sustainable consumption behaviour.** The adoption of these practices not only reinforces Brandart's commitment to environmental sustainability, but also positions the company as a leader in product innovation and

the adoption of sustainable solutions in the packaging industry.

The company's strategy is based on a **co-design approach** involving Brandart teams and customers from the earliest

- 1 Redesign**, for the reduction of material waste.
- 2 Revision of the materials used**, reducing the consumption of virgin raw materials and avoiding the use of polluting pigments and additives.
- 3 Rerouting**, for innovation in delivery models to optimise efficiency.
- 4 Reuse**, for the creation of reusable products, promoting innovative delivery models and single-material solutions.
- 5 Recycling**, for design that facilitates recycling processes, avoiding landfills and incinerators, and limiting the use of chemicals.

stages of the product development process, optimising resource efficiency and promoting eco-innovation. Brandart has implemented a specific framework for the circular economy with five key steps:

The chart illustrates the contribution of Brandart's various initiatives related to the circular economy, highlighting how each initiative (Redesign, Revision of materials used, Rerouting, Reuse, Recycling) makes

a significant and equal contribution to the circular economy, underlining Brandart's integrated and holistic approach to sustainability.

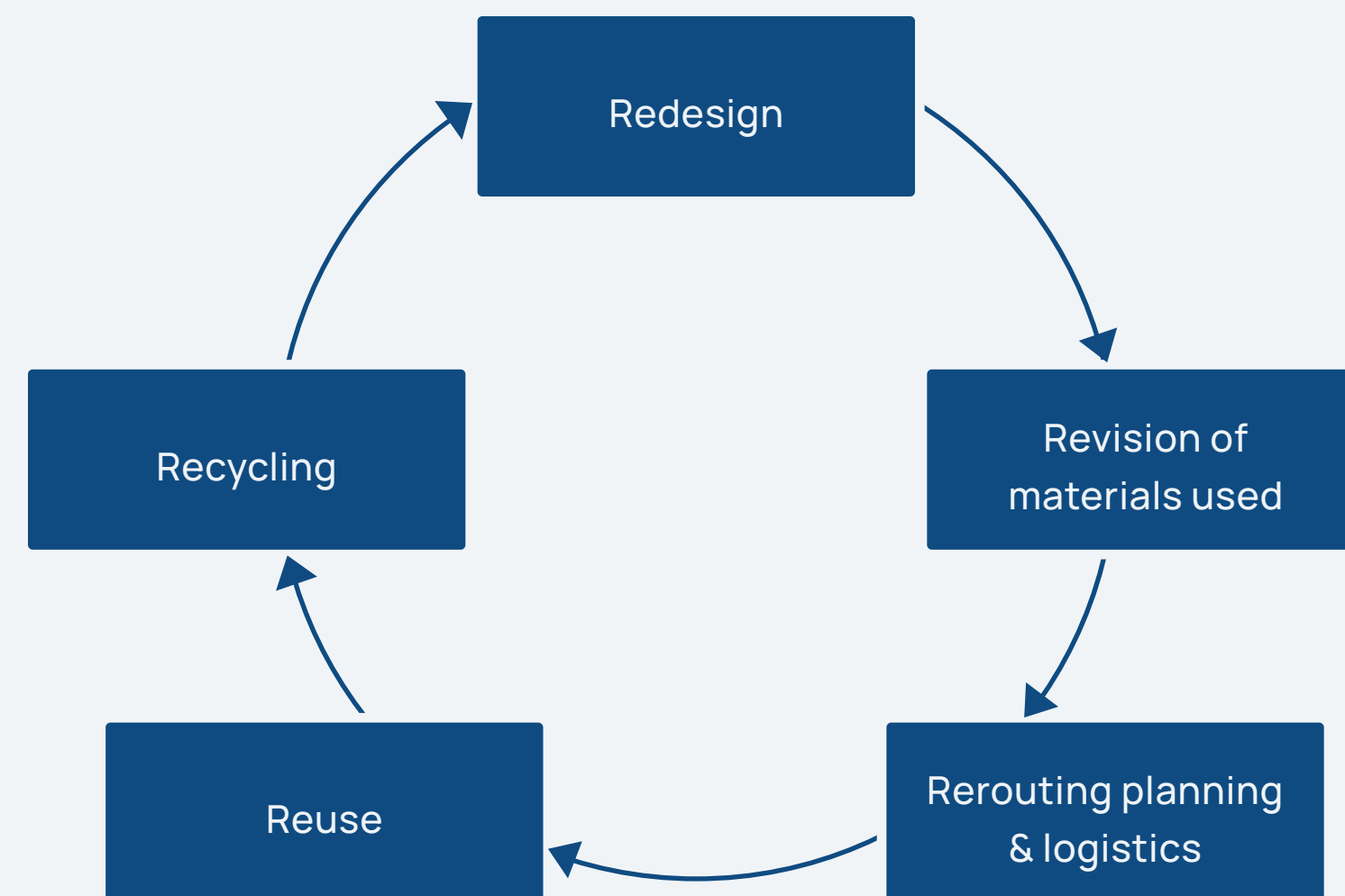


Figure 5.5.1: Brandart initiatives for the circular economy

Brandart is strongly committed to promoting sustainability through the adoption of innovative practices and resource efficiency. This commitment is reflected in the performance of life cycle analyses (LCAs) for all paper and textile packaging, ensuring continent-wide solutions to reduce the overall environmental impact.

Brandart has integrated a number of initiatives related to research and development and efficient design into its core business. These include: a dedicated in-house innovation laboratory for the study, testing and prototyping of sustainable design; long-term collaborations with key customers such as LVMH, Kering and Luxottica to develop innovative solutions; extension of LCA analyses to all products to assess and improve environmental impact; and the elimination of unnecessary packaging through efficient design, minimising the use of superfluous materials. Brandart's approach is recognised as one of the most advanced in the packaging industry, with a strong commitment to eco-innovation.

To ensure sustainability throughout the supply chain, Brandart has implemented a rigorous approach to production, ensuring that production partners adhere to strict social and environmental standards. Brandart's policies, based on ISO 20400:2017, include

Manufacturing Partner qualification, annual audits, and monitoring of results in a central database, as well as support to production partners with corrective action plans, training, and approval of second-tier subcontracting partners. The company has set sustainability goals, aiming to certify the top 30 manufacturing companies with EcoVadis by 2025 and to eliminate pollutants and additives from its production processes in accordance with the guidelines of the Zero Discharge of Hazardous Chemicals Organisation. Brandart is also committed to the design of paper and textile packaging for recycling and reuse, following the guidelines of the EU packaging waste policy. It favours the use of single materials and the limited mix of materials to facilitate recycling, and is committed to achieving 100% reusable, recyclable or compostable packaging by 2025. The focus on product reusability extends to both individual packaging components and use by end consumers. The group's initiatives include continental production solutions to reduce environmental impact, Last-Mile delivery programmes to reduce the use of road transport, and e-procurement tools to optimise Manufacturing Partner and inventory management processes. These efforts solidify Brandart as a leader in the field of sustainable packaging, committed to continuous eco-friendly innovation and reduction of its environmental impact.

6.0 BELONGING

IN THIS CHAPTER YOU WILL FIND

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BELONGING

6.1 Workforce and labour practices

Brandart’s sustainable approach is also expressed in its policies for the protection and development of human capital. The achievement and maintenance of sustainability principles is also pursued by monitoring compliance with internationally recognised social requirements and by adopting an Integrated Management System for the requirements of SA8000 and EASI® standards.

Brandart has always been committed to working conditions that respect people’s dignity, health and safety, human rights and equal opportunities. In accordance with these principles, Brandart is committed to rejecting any form of child labour, forced labour and any discriminatory

procedures. For the people within the company and those involved in the value chain, Brandart is committed to ensuring working conditions that respect health and safety and current agreements on working hours, pay and trade union freedoms. Brandart is also committed to developing and promoting a culture of inclusion and respect for and appreciation of diversity.

A total of 199 people⁸ have directly contributed to Brandart’s achievements, in addition to those located in the Group’s various subsidiaries and branches. For the sake of clarity, the following data will only refer to the scope of the parent company, Brandart SPA, and information on the Group’s other legal entities will be highlighted in specific boxes within the chapter.

⁸ Not including interns and temporary workers

⁹ In the previous report the calculation of employees included trainees and interns. Since 2023 these have not been taken into account for the calculation and therefore for the sake of comparability the figures for previous years have been updated to reflect this change.

As at 31 December 2023, the 199 employees in Italy consisted of 121 women and 78 men.

	♀ WOMEN	♂ MEN	TOTAL
MANUAL WORKERS	10	9	19
CLERICAL WORKERS	98	56	154
MANAGERS	9	7	16
EXECUTIVES	4	6	10
TOTAL	121	78	199

Table 6.1.1: Breakdown of employees by professional category and gender (2023)

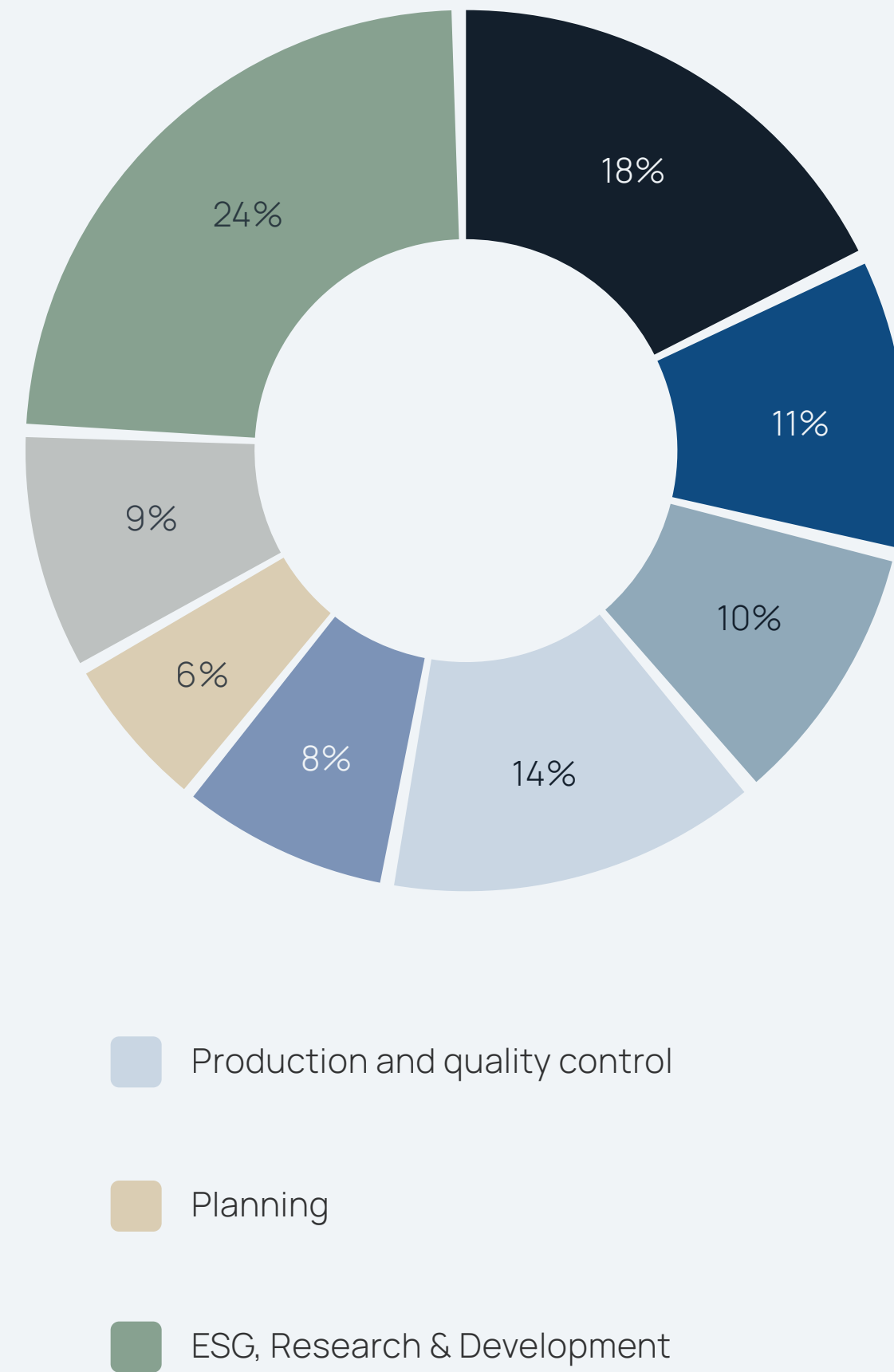
The growth of the workforce recorded in recent years has continued, with an increase of 14 people (6 women and 8 men) compared to 2022.

	2021	2022	2023
MANUAL WORKERS	19	22	19
CLERICAL WORKERS	129	139	154
MANAGERS	12	15	16
EXECUTIVES	8	9	10
TOTAL	168	185	199

Table 6.1.2: Employees in the three-year period by professional category⁹

For the most part, Brandart employees come from the local community.

Specifically, 90% of the executives come mainly from the provinces of Varese, Como, Monza and Brianza and Milan.



- Management, Finance & Control, HR, IT, General Services
- CRM & Customer Satisfaction and Sales
- Customer Care
- Logistics
- Procurement
- Production and quality control
- Planning
- ESG, Research & Development

Figure 6.1.1: Percentage of employees per sector

96% of the workforce is permanent. 4% of the employees are part-time: eight women and one man.

TYPE OF CONTRACT	♀ WOMEN	♂ MEN	TOTAL
FIXED TERM	4	4	8
PERMANENT	117	74	191
TOTAL	121	78	199

Table 6.1.3: Breakdown of employees by contract type and gender (2023)

During the year two apprenticeships were confirmed, **seven fixed-term contracts were converted to permanent contracts**, and one person was hired after a training internship in the company.

< 30 YEARS				30-50 YEARS				> 50 YEARS			
MEN		WOMEN		MEN		WOMEN		MEN		WOMEN	
IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
7	2	6	1	11	8	13	10	3	2	0	3

Table 6.1.4: Turnover by age group and gender (2023) GRI 401-1

Net turnover is positive, with 40 hires and 26 departures. Hiring was motivated by office reinforcement, maternity replacement, replacement of resigning/terminated staff.

On the other hand, departures resulted from termination of fixed-term employment (three persons), failure to successfully complete the trial period (two persons), resignation (20 persons) and retirement (one person).

The need for any increase in staffing is identified by top management based on the number of total workable hours, workload and total hours worked.

In the event of the need to expand the workforce, the human resources function deals with the search for personnel through various channels such as the publication of advertisements through the website or dedicated portals, databases, employment agencies or direct searches. At least two

interviews are then conducted, the first directly with HR, the other with the function head.

By embarking on a path of sustainability, including social sustainability, **Brandart has made a commitment not only to full legal compliance but also to improved performance with respect to the minimum legal requirements.** The implementation of an SA8000 management system and its certification demonstrate the serious nature of this commitment to all aspects covered by the standard: pay; child labour; forced or compulsory labour; disciplinary management practices; working hours; [occupational health and safety](#); discrimination and equality; freedom of association and the right to collective bargaining.

In order to ensure fair and decent work and respect for all workers' rights, there

is also a trade union representative within the company, whose task is to oversee the proper application of the relevant National Collective Labour Agreement (CCNL) and the proper management of personnel.

Relations between management and union representation are collaborative and mutually satisfactory.


6.2 Health, safety and training

It is one of Brandart’s commitments to **minimise occupational injuries** and illnesses by ensuring a healthy and safe working environment for employees and workers who are not strictly employees. This is governed in Italy by **Italian Legislative Decree 81/2008**, where the operations indicated are constantly conducted and verified by Brandart, as follows:


-  Proper maintenance of machinery and devices
-  Updated certificates of conformity
-  Emergency plans and fire drills
-  Monitoring of worker health
-  Definition of H&S responsibility

In 2023 there were two injuries at work (Table 6.2.1) that resulted in a total of 104 hours of absence from work, or 0.039% (Table 6.2.2) of the total hours worked by employees in the year 2023.

Thus for 2023 the Rate of Recordable Occupational Injuries was 5.93.

 Risk assessment

 Safe management of chemicals

 Worker training

	Hours of absence due to injury	Total hours worked per year	Type
INJURY 1	24	1,497.25	On-site
INJURY 2	80	1,199.75	On-site

Table 6.2.1: Work-related injuries in 2023

	HOURS
TOTAL ABSENCE DUE TO INJURY	104
TOTAL WORKED BY ALL EMPLOYEES IN THE YEAR	336,802
% INJURY	S.I.= 0.039

Table 6.2.2: Total hours of absence from work due to work-related injuries in 2023

Brandart considers it a priority to **involve workers** and provide them with **continuous training on company safety issues** in order to reduce the frequency and severity of injuries. All workers are made aware of the main information on occupational health and safety, and their participation in the company’s risk assessment

is ensured at all times through the RLS (workers’ safety representatives).

Table 6.2.3 shows the hours spent by Brandart employees in health and safety training by gender, while Table 6.2.4 shows

the same hours broken down by job qualification and gender.

TYPE OF TRAINING	♀ WOMEN	♂ MEN	TOTAL
GENERAL TRAINING	56 hours	32 hours	88 hours
SPECIFIC TRAINING	68 hours	44 hours	112 hours
UPDATES	95 hours	84 hours	179 hours
FIREFIGHTING	56 hours	16 hours	72 hours
FIRST AID	8 hours	8 hours	16 hours
SUPERVISOR	16 hours	0 hours	16 hours
TOTAL	299 hours	184 hours	483 hours

Table 6.2.3: Hours dedicated to health and safety training by type of training and gender

QUALIFICATIONS	♀ WOMEN	♂ MEN	TOTAL
MANUAL WORKERS	50 hours	50 hours	100 hours
CLERICAL WORKERS	203 hours	94 hours	297 hours
MANAGERS	46 hours	30 hours	76 hours
EXECUTIVES	0 hours	10 hours	10 hours
TOTAL	299 hours	184 hours	483 hours

Table 6.2.4: Hours dedicated to health and safety training by job qualification and gender

For Brandart, continuous training, even on topics unrelated to Health and Safety, is of absolute importance in order to increase and solidify the skills of employees.

In 2023 Brandart dedicated a total of 4,381 hours of training to its employees, in addition to compulsory training.

Training projects launched during the year included the following topics:

sustainability, SA8000 certification, privacy regulations, whistleblowing, leadership, PLM, environmental labeling, management control, payroll, FSC, GOTS, Incoterms, SAP, foreign languages and sector-specific technical skills. This includes compulsory training hours for apprentices and training hours when onboarding new staff. The numerous training initiatives, their pervasiveness and the variety of topics addressed

fulfil the strategic objective of personnel reskilling and upskilling, a topic assessed as material and included in Brandart’s sustainability roadmap.

Table 6.2.5 shows the training hours broken down by job qualification and gender.

QUALIFICATIONS	♀ WOMEN	♂ MEN	TOTAL
EXECUTIVE	42 hours	47 hours	89 hours
CLERICAL WORKER	2,138 hours	1,818 hours	3,956 hours
MANUAL WORKER	29 hours	13 hours	42 hours
MANAGER	217 hours	77 hours	294 hours
TOTAL	2,426 hours	1,955 hours	4,381 hours

Table 6.2.5: Hours spent on training by job qualification and gender

Below is the average number of hours of health and safety and general training per year per employee, broken down by

gender (Table 6.2.6) and employee qualification (Table 6.2.7)

GENDER	Average hours of health & safety training	Average of general training
WOMEN	2.47 hours	20.04 hours
MEN	2.35 hours	25.06 hours
TOTAL	2.42 hours	22.01 hours

Table 6.2.6: Average number of hours devoted to H&S and general training by gender

QUALIFICATION	Average hours of health & safety training	Average of general training
MANUAL WORKERS	5.26hours	2.21 hours
CLERICAL WORKERS	1.92 hours	25.68 hours
MANAGERS	4.75 hours	18.40 hours
EXECUTIVES	1 hours	8.9 hours

Table 6.2.7: Average number of hours devoted to H&S and general training by employee qualification

6.3 Diversity, equity and inclusion

Brandart approved the Diversity and Inclusion Policy in 2023, formalising principles and conduct that have always characterised the company’s organisation. Diversity, understood as variety of people, is a key asset for Brandart, which, working worldwide and with international customers, needs to identify and respond creatively and with innovation to the needs of each stakeholder. Brandart’s vision is to bring together each person’s unique experiences, culture, skills, points of view to work together and achieve unprecedented results.

In order for diversity to unleash its full potential, Brandart is committed to creating an organisational environment based

on fairness and inclusion where the dignity and specificity of each individual are respected, where there is no form of discrimination, where fairness and equal opportunities create real inclusion at all levels, not only in the intentions of management but also in people’s perceptions. 62% of the workforce are women. Women are also present at the managerial and executive levels, accounting for 40% of executives and 56% of managers. Of the 40 hires in 2023, 48% were women. Brandart is also committed to equality in terms of remuneration.

Table 6.3.1 shows the gender pay gap between female and male pay for the same category and qualification level. While the CCNL also provides for Level 1, at Brandart the minimum entry level is Level 2.

CONTRACTUAL LEVEL	Gender Pay Gap (Female - male pay difference) / Male pay
EXECUTIVES	-1%
LEVEL 8	0%
LEVEL 7	-8%
LEVEL 6	-7%
LEVEL 5	-3%
LEVEL 4	-8%
LEVEL 4	-5%
LEVEL 2	0%
LEVEL 1	n/a

Table 6.3.1: Gender Pay Gap

All those who took maternity leave, paternity leave, and **parental leave** (a total of 11 women and one man) **returned to work** at the end of the leave and are **still employed** by the organisation.

The average age is 41. 12% of the company's workforce is under 30 years old, 22% over 50 years old and the remaining 67% between 30 and 50 years old. 33% of the 2023 hires concerned persons under 30 and 8% persons over 50. 69% of managerial and executive positions are held by people between 30 and 50 years of age.

In 2023 two apprenticeships were confirmed, seven fixed-term contracts were converted into permanent contracts and one intern was hired at the end of the internship.

To ensure equal opportunities and to protect all employees against all forms of discrimination, several communication and reporting channels are in place, such as segnalazioniSA8000@Brandart.com, the human resources office, the Social Performance Team, the compliance office and the whistleblowing platform.

6.4 Employee well-being

All persons with a permanent contract are entitled to **supplementary health care** (Sanimoda). In 2023 a **wage welfare system** was introduced through an agreement with the trade unions which affected the entire company workforce with the exception of executives, the sales force and staff in their trial period. The benefit consists in the allocation to each beneficiary of an amount that can be spent as they choose in the expense items envisaged by Articles 51 and 100 of the Consolidated Law on Income Tax, such as **school canteen reimbursement**, **enrolment in children's summer camps**, or **gym memberships**.

There is also a form of welfare of an organisational nature that takes the form of **hourly flexibility with daily offsets**, the

possibility of **teleworking one day a week** and the provision of **daily meal vouchers**, which are also recognised for days worked remotely.

Brandart has also long been committed to the well-being of its people. A **psychological help desk** was set up, numerous **e-learning initiatives** were introduced to provide tools for reducing stress, special meetings were organised with **mindfulness experts** which free attendance, and lastly – in order to make these initiatives increasingly structural – two people from the human resources function are completing training to become experts in organisational wellness.

6.5 Human capital in the world: subsidiaries and branches

As at 31/12/23, the French branch and subsidiaries in Italy, the USA, Mexico and China were also part of Brandart’s value chain.

Each entity in the group defines the governance arrangements and policies for personnel selection, management and training in line with its own specificities and locally applicable regulations. Nevertheless, all personnel policies are inspired by company values, the principles of the Code of Ethics, the DE&I policy and the requirements of SA8000 certification.

ENTITY NAME	TYPE	COUNTRY	ASSETS
Guangzhou Brandart Packaging DesignService Co., Ltd (China)	Subsidiary	China	Scouting and monitoring subcontractors in the Far East, quality control, auditing and compliance of Chinese Manufacturing Partners
Atelier Archiand SRL	Subsidiary	Italy	Designs and produces shop-in-shop solutions, window displays and shop fittings for high-end brands in various end markets, including beauty and fragrances, consumer electronics, eyewear, fashion and accessories
Packaging USA Corp (USA)	Subsidiary	USA	Sales and logistics office for US-based customers
ABC Lab SRL	Subsidiary	Italy	Design and production of “indoor”, “outdoor”, “pop up” installations and events
Brandart Mexico	Subsidiary	Mexico	Sales and procurement in the US market
Brandart India PVT	Subsidiary	India	Sale of Brandart products in the local market
Brandart Image Packaging (France)	Branch	France	Provision of marketing and sales support services.

Table 6.5.1: Brandart S.p.A. subsidiaries and branches

EMPLOYEES	CHINA			ITALY (Atelier & ABC)			USA			FRANCE			INDIA			MEXICO			TOTAL GROUP
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Manager	6	6	12	2	2	4	0	1	1	1	3	4	0	0	0	0	0	0	21
White collar	16	22	38	24	15	39	0	4	4	0	0	0	4	0	4	1	0	1	86
Blue collar	0	0	0	23	8	31	0	0	0	0	0	0	1	0	1	0	0	0	32
TOTAL	22	28	50	49	25	74	0	5	5	1	3	4	5	0	5	1	0	1	139
PERCENTAGE	44%	56%	100%	66%	34%	100%	0%	100%	100%	25%	75%	100%	100%	0%	100%	100%	0%	100%	

Table 6.5.2: Workforce by gender and classification

All employees in Mexico, France, the US and India are permanent, in Italy 95%, and in the Chinese subsidiary 18%.

In China there is a CSR office responsible for auditing and verifying the general compliance of Chinese Manufacturing Partners In India, with the introduction of Section 135, Schedule VII of the

Companies Act of 2013, the Indian government gave legal recognition to the charitable/reformative approach of Indian companies, including foreign permanent establishments, for the development of the community the company belongs to. **It is recognised that integrating social, environmental and ethical responsibilities into corporate governance ensures**

their success, competitiveness and long-term sustainability. The minimum amount to be allocated to CSR activities is 2% of the average pre-tax profits of the three immediately preceding financial years. Up until 2022 the Indian branch of Brandart, which became PVT in 2023, decided to allocate these sums to the Karur Round Table 138 trust, for the construction/

maintenance of schools in Karur and for the purchase of medical equipment by the Karur hospital. In 2023 the beneficiary remained the same, but the purpose of the donation was solely for the construction of a new school building in Seetha Patty Colony, near Karur.

6.6 Community engagement and development

Brandart believes in the power of inclusion, not only internally but also in its social context, striving to promote equality and opportunities for all. Therefore initiatives that promote a more fair and equitable world, inclusive for all, are directly encouraged and supported.



FOOD COLLECTION FOR THE FOOD BANK

Brandart initiated a community-led effort, collecting nearly 180 kilograms of food. This contribution provided essential support to those facing food insecurity during the holiday season. Every item collected was donated to the Food Bank, an organisation that combats hunger, marginalisation and poverty.



CHRISTMAS GIFTS FOR THE LITTLE PRINCE AND THE YELLOW HOUSE NON-PROFIT ORGANISATIONS

Through internal fundraising initiatives within the community, Brandart raised funds to fulfil the Christmas wishes of children in The Little Prince and The Yellow House children's homes near Milan. This donation made it possible to fulfil the Christmas wishes of every child in these family homes, turning their dreams into reality.



COLLABORATION WITH EVA ONLUS - LOCAL ANTI-VIOLENCE CENTRE IN BUSTO ARSIZIO

For the International Day for the Elimination of Violence against Women, Brandart held a workshop with the participation of the Director of EVA Onlus, the Anti-Violence Centre in Busto Arsizio. The event aimed to raise awareness of this serious form of gender discrimination and to support the organisation with monetary donations.



SUPPORT TO LOCAL EDUCATION ORGANISATIONS

Brandart demonstrated its commitment to local education by participating in Milan Polytechnic's Career Day held in May 2023 and by organising three-month curricular internships for some students of the ITIS INCOM technical high school in Busto Arsizio, offering them valuable opportunities for professional growth.



BRANDART'S SUPPORT FOR ITALIAN CYSTIC FIBROSIS RESEARCH

In solidarity with the fight against cystic fibrosis, Brandart actively participates in major support campaigns. From Christmas to Easter, Brandart actively participates in major support campaigns, ordering solidarity panettone and colomba cakes for all 280 employees of the company. This involvement demonstrates Brandart's commitment to supporting research efforts and raising awareness of cystic fibrosis.

7.0 ECONOMIC PERFORMANCE

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ECONOMIC PERFORMANCE

7.1 Principal financial data

In 2023 Brandart posted a net profit of 18,440,879 euros compared to 16,962,134 euros in 2022, an increase in absolute value of 1.5 million euros, or 8.72%, compared to the previous year. This increase is due to lower taxes for the year of 5.8 million euros compared to 7.6 million euros in 2022, and higher profitability of business operations. The following table shows the results in euros achieved by Brandart Spa in the last two financial years, including sales revenue, EBITDA, Adjusted EBITDA, net income, Adjusted net income, net financial position and shareholders' equity:

Revenues from sales and services as at 31 December 2023 amounted to 198.5 million euros (208.5 million euros in 2022), with

	31/12/2023	31/12/2022
REVENUES FROM SALES AND SERVICES	198,464,332	208,498,322
EBITDA	25,566,764	27,602,675
% EBITDA/REVENUE	12.88%	13.24%
ADJUSTED EBITDA	26,854,961	
% ADJ EBITDA/REVENUE	13.53%	
PROFIT FOR THE YEAR	18,440,879	16,962,134
ADJUSTED PROFIT	19,729,076	
NET FINANCIAL POSITION	- 11,757,144	- 9,142,042
SHAREHOLDERS' EQUITY	59,416,830	39,333,113

Table 7.1.1: 2022-2023 Brandart financial results

EBITDA of 25.6 million euros, corresponding to 12.88% of sales revenue (2022 EBITDA of 27.6 million euros, corresponding to 13.24% of revenue net of operating subsidies).

The **EBITDA** of 25.6 million euros (27.6 million euros in 2022) showed a decrease

in absolute value of 2.0 million euros compared to the previous year due to the reduction in sales volume. This reduction absorbed the benefit of the lower incidence of ancillary purchase costs and extra costs, such as one-off personnel costs and costs incurred for the Atelier Archiand Srl and ABC Lal Srl acquisitions.

Adjusted EBITDA is also reported, normalised for a more uniform reading of the figure, excluding one-off M&A and personnel costs, which amounted to 26.9 million euros. The impact of Adjusted EBITDA on revenues amounted to 13.53%, up on the previous year (13.24% in 2022).

7.2 Economic impact

The statement of generated and distributed economic value provides an indication of the creation of wealth by Brandart and its redistribution to the various stakeholders that contributed in various ways to its generation.¹⁰

The statement reclassifies the income statement for the year, on the one hand considering revenues, other income and financial income, which represent the economic value generated. On the other hand, the operating costs (whose counterpart is the suppliers) and the income statement items relating to employees, lenders, investors, public administration and external donations are shown, representing the remuneration of the

¹⁰ The 2023 report provides a more detailed analysis than the previous years' classification (which have therefore been recalculated accordingly) and takes into account the correction of some inaccuracies in last year's table.

	YEAR 2021	YEAR 2022	YEAR 2023
Revenues	138,545,697	208,498,322	198,464,332
Other income	1,563,795.58	1,616,913	702,082
Financial income	102,886.40	4,907,871	3,609,973
Total economic value created	140,212,379	215,023,106	202,776,387
Operating costs (suppliers)	124,308,798	173,435,116	161,493,959
Personnel remuneration	11,290,692	13,627,484	15,521,727
Lender remuneration	87,769	481,852	616,018
Investor remuneration	1,000,000	1,500,000	3,000,000
Public administration remuneration	886,238	7,610,809	5,776,588
External donations	3,746	10,100	74,574
Total economic value distributed	137,577,243	196,665,360	186,482,866
Bad debts	-	-	-
Unrealised exchange differences	-278,840.83	1,102,473	- 575,653
Value adjustments to financial assets	-	-	-
Depreciation/amortisation	636,474.11	625,606	454,859
Provisions	439,146.96	1,167,533	973,436
Reserves and retained earnings	1,838,356	15,462,134	15,440,879
Economic value retained	2,635,136	18,357,746	16,293,521

Table 7.2.1: Statement of economic value generated and distributed GRI 201-1

company's main stakeholders (distributed economic value).

The remuneration of suppliers and employees increased in absolute value while remaining broadly in line in terms of percentage of the total economic value distributed.

The difference between the economic value generated and distributed represents the economic value retained for the benefit of the company, and which specifically went into the items relating to depreciation/amortisation, provisions and reserves. **The profit recorded, which was only partially distributed, went to remunerate the company.**

Other income includes contributions received by the company for various

reasons, specifically relating to: € 27,359 for the Industry 4.0 investment bonus, € 518 for an energy and gas tax credit, € 578 for an Anpal contribution, € 43,750 for a Simest contribution.

7.3 Innovation and investment

Innovation, ecodesign and R&D are material topics for Brandart and its stakeholders. This means that they represent aspects with the potential to generate significant positive environmental, social and economic impacts. Innovation is for all intents and purposes the competitive lever par excellence of an organisation like Brandart that, without having in-house production, manages to guarantee its customers sustainable products, services and solutions of the highest quality.

For the company, innovating and investing generates changes and improvements, optimisation of costs, increase in turnover, growth of its competitiveness and process efficiency. It is a systematic

and continuous process that affects all aspects of company life, in every department, and whose lifeblood are people's skills, in their ability to research, transform and design new processes and products.

Among the innovations and investments that distinguished 2023, some were in processes, some in products and others in external growth through acquisitions.

PROCESS INNOVATION: NEARSHORING

With nearshoring, Brandart aimed to **bring production closer to the customer’s region of consumption**, choosing production and/or logistics locations near a time zone similar to that of the customer in order to facilitate communications, providing quick responses and a functional service. This results in a shorter and more resilient supply chain insofar as transport costs are limited, customs operate more smoothly and goods are moved efficiently, shortening delivery times and increasing competitiveness.

The benefits of nearshoring are also evident from the point of view of environmental sustainability, due to the reduction of CO₂ emissions caused by the shortening of distances covered by downstream logistics. **Thanks to the widespread nature of the supply network, with more than 220 production partners worldwide, Brandart is in a position to provide nearshoring service for any geographical area.** In addition to choosing Manufacturing Partners near the customer’s warehouse, Brandart is able to guarantee quality, prices and systematic compliance with environmental and social sustainability requirements.

PRODUCT INNOVATION: CIRCULAR PACKAGING

Research and innovation in the product area has enabled economically sustainable solutions to be devised:

- Favour the use of only one type of material to ensure complete recyclability of the packaging at the end of its life.
- Use recycled and certified materials.
- Ensure the sourcing of materials in areas close to the product manufacturing companies and close to the target market.
- Use water-based inks.

Focus on Materials Employed

Mono-material, to ensure total recyclability at the end of its life-cycle

ECO Labels



Paper: FSC Paper with recycled content of post-consumer waster paper.

Board Reinforcement: FSC Paper with recycled content post-consumer waste paper.

Logo: Water based inks or Blind embossing/Debossing (no ink).

Geographical Sourcing: Paper sourced from supplier close to boxes manufacturing facility and manufactured in proximity of delivery market.

Figure 7.3.1: Circular solution: Folding box



Figure 7.3.2: Circular solution: Dust Bag

GROWTH BY EXTERNAL LINES: ACQUISITIONS

In 2023 Brandart acquired two important businesses that are complementary and functional to its business model: **Atelier Archiand** and **ABC Lab**. Atelier Archiand designs and produces shop-in-shop solutions, window displays and shop fittings for high-end brands in various end markets, including beauty and fragrances, consumer electronics, eyewear, fashion and accessories. The company has a tradition of almost 30 years in the production of high-quality furniture and displays for retail shops, with an in-house team of architects, designers and specialised fitters. ABC Lab designs and produces in-store and event installations, pop-up stores and shop-in-shops for high-end brands. The company’s creative and technical capabilities, combined with its high flexibility and fast delivery times, have ensured a strong positioning with brands. Design, project management and execution are the common thread running through both companies.

Atelier Archiand and ABC Lab are known for their design teams and project management skills, which are able to come up with innovative and efficient concepts. **Both companies share Brandart’s strong commitment to innovation and sustainability.** With the integration of the two companies in the Group, Brandart extends its partnership with brands in the visual merchandising and display sector, pursuing a nearshoring strategy in multiple regions, driven by innovative and sustainable solutions, applying the same principles that have always guided the company in the packaging sector.

7.4 Supply chain management

The promotion and protection of human rights, environmental commitment and business ethics are fundamental principles of Brandart's procurement policy. To make this commitment a reality, the company implements sustainability assessment and monitoring programmes for Manufacturing Partners and other specific projects throughout the supply chain, in close cooperation with the Manufacturing Partners themselves.

To implement this programme, Brandart identified internal key figures and defined a rigorous Manufacturing Partner qualification and monitoring process, with a particular focus on Manufacturing Partners of packaging and display

products (such as finished products, components and performers of certain production steps), generically called "production partners" (or "manufacturers").

At the beginning of the new relationship all Manufacturing Partners are asked to sign Brandart's Code of Conduct, which focuses on human rights, working conditions, health and safety, environmental protection, confidentiality, fair and ethical business practices, innovation and research.

Brandart adheres to the same ethical principles and requires compliance with the Code by all suppliers working with the company, their production sites and any subcontractors. Brandart selects Manufacturing Partners from among the most experienced in the world that can guarantee technical and management

quality as well as compliance with environmental and social requirements, preferably possessing sustainability-related certifications. If a manufacturer with strong potential but without the required certifications is identified, Brandart supports and assists it in the process of obtaining them, steering it towards the continuous improvement of its sustainability performance to comply with the most stringent international regulatory and compliance requirements. In many cases Brandart invests in new producers,

supporting them technically and financially, in order to build strong and lasting partnerships.

Brandart is also deeply committed to **supporting local economies**.

Approximately 65% of all packaging and visual display Manufacturing Partners are located in Northern Italy, accounting for 18% of their purchasing turnover. In addition, about 86% of the 42 total contract Manufacturing Partners are located in the provinces surrounding the company headquarters (Varese, Como and Milan).

7.4.1 SUPPLIERS

Brandart’s business model is based on the **outsourcing of all production and the in-house management of all services**, with the aim of achieving a high degree of diversification, guaranteeing competitive prices, high quality products and excellent services at every stage of the value chain.

Brandart’s main business partners are packaging and visual display manufacturers, which are of great strategic importance as customers perceive them as being closely associated with Brandart. Brandart exercises strict control over all outsourced production processes to ensure product quality and compliance with legal and customer requirements.

Table 7.4.1.1 shows the categorisation of the 577 suppliers used by Brandart during 2023.

TYPE	2021		2022		2023	
	QTY	%	QTY	%	QTY	%
Packaging	414	66.5%	391	61.8%	355	61.5%
Technical services*	160	25.7%	188	29.7%	166	28.8%
Logistics	49	7.9	54	8.5%	56	9.7%
TOTAL	623	100%	633	100%	577	100%

Table 7.4.1.1: Percentage breakdown of suppliers by category

The analysis includes all Manufacturing Partners of materials, products, processes and samples, suppliers of logistics services and suppliers of technical services.

*Technical services include consultancy, legal and administrative support, equipment and facilities, ICT services, security, surveillance providers, certification bodies, laboratories, regulatory bodies, architects and other external collaborators or minor suppliers.

7.4.2 PRODUCTION PARTNERS

Brandart’s main business partners are Packaging and Visual Display manufacturers. These partners are of strategic importance as they are recognised by customers as part of the Brandart network.

The following below shows the **distribution of production partners by category.**

The analysis includes all partners used for both production and ancillary activities (e.g. sampling) for at least one production order during the year in question.

As part of the procurement process, Brandart requires all its production partners to be willing and able to comply with social and environmental compliance audits, following a risk-based approach.

TYPE	2021		2022		2023	
	QTY	%	QTY	%	QTY	%
Accesories	88	22%	97	24.1%	85	23.9%
Tolling	47	11.8%	52	12.9%	42	11.8%
Displays	32	8%	23	5.7%	21	5.9%
Eyewear	28	7%	33	8.2%	30	8.5%
Other	28	7%	28	7%	20	5.6%
Packaging	58	14.5%	66	16.4%	59	16.6%
Raw materials	86	21.5%	74	18.4%	67	18.9%
Textiles	33	8.3%	29	7.2%	31	8.7%
TOTAL	400	100%	402	100%	355	100%

Table 7.4.2.1 - Percentage breakdown of production partners (Packaging and Visual Display) by category

The audits are based on Brandart’s Code of Conduct and comply with local laws and voluntary international standards such as SA8000 and ISO 14001. Some audits are specific to FSC, GOTS and GRS requirements. Audits are conducted by Brandart’s CSR Team, which includes qualified lead auditors and works closely with the Development and Procurement departments. If necessary, third parties are involved to provide support. Audit results are processed and documented in a Manufacturing Partner Database, which includes supporting information and statistics, and is shared with all departments and branch co-workers.

The results of the audits help to define the qualification status of Manufacturing Partners: if critical issues are identified and no commitment to resolving them is shown, the qualification process stops.

In order to obtain a complete technical qualification of its supply chain, Brandart’s Quality team also checks compliance with quality standards with the support of third-party auditors, checking all operational steps (e.g. production, printing, finishing, packaging).

7.4.3 NEW PARTNERS

In 2023 Brandart started cooperation with 45 new production partners, the distribution of which is shown in Table 7.4.3.1 by product type and geographical area.

46.7% of the new Manufacturing Partners can be classified as local, as they are based in various Italian regions.

TYPE	TYPE	2023	
		QTY	%
Europe	Displays	2	4.4%
	Packaging	3	6.7%
	Raw materials	2	4.4%
Total Europe		7	15.6%
Far East	Accessories	1	2.2%
	Eyewear	3	6.7%

Table 7.4.3.1: Distribution by product type and geographical area of new producers in 2023

TYPE	TYPE	2023	
		QTY	%
Far East	Packaging	9	20%
	Textiles	4	8.9%
Total Far East		17	37.8%
Italy	Accessories	6	13.3%
	Tolling	3	6.7%
	Displays	1	2.2%
	Packaging	2	4.4%
	Raw materials	5	11.1%
	Other	4	8.9%
Total Italy		21	46.7%
TOTAL		45	100%

In planning the audits, Brandart prioritised manufacturers with a higher risk of non-compliance, taking into account volume of purchases, location of sites, business structure, type of activity and its environmental impact.

Table 7.4.3.1: Distribution by product type and geographical area of new producers in 2023

7.4.4 LOGISTICS PARTNERS

Brandart is committed to managing its business responsibly, respecting the environment and finding solutions to mitigate climate change in order to promote more efficient freight forwarding through a sustainable logistics strategy.

For this reason, Brandart prefers sea shipments with fully loaded containers (FCL), minimising the use of half-loaded containers (LCL). Moreover, Brandart is committed to reducing energy consumption and CO₂ emissions by requiring its shippers to work exclusively with the world's leading shipping companies that already adhere to strict sustainability policies and apply all the measures of the 2020 IMO (International Maritime Organisation).

Whenever possible, Brandart favours the use of bamboo-floored containers to reduce the consumption of conventional wood, containers with water-based paints (WBCs) to limit volatile organic compounds (VOCs), and shipments to and from ports adopting shore power supplies (SPS), reducing the CO₂ emissions of ships in port by about 85%.

Since 2018, Brandart has implemented rail transport for intercontinental shipments (China-Italy) to keep the environmental impact low and offer an alternative to maritime shipments, especially in the event of bad weather or ship shortages.

Road shipments are reserved for internal transfers and last-mile deliveries. Brandart's partners for these shipments guarantee modern fleets with the latest CO₂ emission control technology. For air shipments, Brandart only works with the world's leading airlines, which use efficient, low-carbon aircraft models.

Brandart's selection of logistics suppliers takes their green policies into account, using only suppliers who are distinguished by their green policies and who are sensitive to carbon footprint issues and the impact generated by logistics. These suppliers adopt travel optimisation policies and provide an annual GHG emission quantification service (report).

In this regard, a new supplier qualification portal was launched in 2023, allowing all supplier information to be collected in one repository (centralised repository). The information collected is accessible to the Logistics function, which is responsible for taking action during the pre-evaluation, evaluation and monitoring processes, ensuring that logistics partners meet high standards of quality, legal compliance and sustainability.

All logistics partners are also encouraged to sign Brandart's Code of Conduct or adopt similar ethical and environmental commitments.

7.4.5 COMPLIANCE AUDITS

As shown in Table 7.4.5.1, Brandart’s compliance team conducted a total of 104 compliance audits in 2023, an increase from 85 in 2022. Purchases made by Brandart from the 104 audited production partners account for about 90% of its total purchases.

These audits covered 58 sites in the Far East and 46 in Europe, Latin America and the United States, focusing on social and environmental responsibility aspects in accordance with SA 8000 and ISO 14001 requirements.³

Specifically, for Europe and the LATAM region (Latin-American countries), 25% of these audits were performed by accredited third-party auditors on behalf of Brandart,

³ The partners audited are finished product Manufacturing Partners, mainly located in Asia, and tolling manufacturers, mainly located in the vicinity of Busto Arsizio. Manufacturing Partners of accessories and raw materials are not audited.

a figure approximately three times higher than in 2022 (8%). This trend responds to customer demands for third-party compliance audits.

In the Far East, six manufacturers were found to have a significant social and/or environmental impact. However, no active manufacturer was excluded from supply contracts, unlike in 2021. In fact, while significant social impacts were found concerning overtime, insurance coverage or lack of documentation, these manufacturers committed to implement agreed corrective action plans to work on the improvement opportunities identified during the audits. These opportunities for improvement identified will be closely monitored.

Conversely, the qualification process stalled for two potential Manufacturing Partners due to the results of social audits performed in 2023.

In Europe and other regions only two manufacturers were found to have a significant social and/or environmental impact. Again, they committed to work on opportunities for improvement through an agreed corrective action plan. The most significant impacts

were found on safety issues, such as fire safety and the lack of official authorisations. No supply contracts were terminated in 2023 following the social and environmental impact assessments.

REGION	2021		2022		2023	
	QTY	%	QTY	%	QTY	%
Far East	62	65.9%	45	52.9%	58	55.8%
Europe + LATAM	32	34.1%	40	47.1%	46	44.2%
TOTAL	94	100%	85	100%	104	100%

Table 7.4.5.1: Compliance audits performed by Brandart’s compliance team

7.4.6 DUE DILIGENCE ON WOOD PRODUCTS

The main objective of Regulation (EU) no. 995/2010 is to prevent the trade of illegal timber in Europe. For companies introducing wood-fibre products into the European market, the regulation requires the adoption of an internal due diligence system that includes a set of procedures and measures necessary to control the origin of timber and timber products and ensure their legality. **Brandart constantly monitors the wood-based materials it introduces into Europe, implementing this due diligence through three main steps:**

- 1** Collection of relevant information and documents.
- 2** Risk assessment using specific indicators.

3 Risk mitigation, i.e. identification of additional procedures appropriate and proportionate to the risk detected.

This process takes considerable time, sometimes several weeks, to collect all original certificates and transaction documents.

In 2023, 27 due diligence procedures were carried out, of which 14 by third parties, a significant increase from seven in the previous year. Of the manufacturers audited, only one was assessed as high risk, which is why the relevant service was terminated.

7.4.7 AUDITING BY CUSTOMERS

Brandart’s customers increasingly demand manufacturer accreditation before assigning brand work. This accreditation includes the performance of social and environmental compliance audits, performed by the customer itself or by third parties on its behalf. These audits are repeated periodically to continuously monitor manufacturers and maintain accreditation.

In Europe, 15 audits were completed by third-party auditors on behalf of Brandart’s customers to verify manufacturers’ compliance with customer requirements and assess their social and environmental impact. All manufacturers passed the audit and were subject to monitoring of the corrective actions and an attentive follow-up by Brandart. No contracts were terminated and no Manufacturing Partners were rejected by Brandart’s customers as a result of the evaluation. **In the Far East**, 16 audits were carried out (five in India and 11 in China) by third parties on behalf of Brandart’s customers. The audits focused mainly on social compliance, and for some both social and environmental compliance were audited. Here again, all manufacturers involved passed the audit and were subject to monitoring of the corrective actions and an attentive follow-up by Brandart. No contracts were terminated and no Manufacturing Partners were rejected by customers as a result of the evaluation.

The table shows the total number of audits conducted by Brandart customers in 2023, broken down by the manufacturers’ country of origin.

Country	Qty
China	11
Italy	10
India	5
Albania	2
Poland	1
Spain	1
Hungary	1
TOTAL	31

Table 7.4.7.1: Brandart customer audits in 2023 by country of origin of the manufacturers

8.0 APPENDIX

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APPENDIX


8.1 GRI Index


Brandart S.p.A. reported the information mentioned in this GRI content index for the period 1 January 2023 – 31 December 2023, with reference to GRI Standards.


The organisation’s highest governing body, in the person of the Sole Director, is responsible for reviewing and approving the information reported, including its material topics.

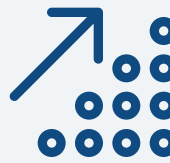
Brandart operates in the Textile sector, so there are no relevant GRI sector standards.


The Materiality Analysis found the following topics to be extremely relevant:


 Integrity of business conduct, anti-corruption and compliance


 Risk management

 Stakeholder engagement


 Economic growth and financial performance


 Diversity, equality and equal opportunity


 Training (upskilling) and skills development

 Welfare and work-life balance

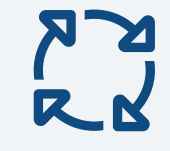
 Health and safety

 Supply chain traceability

 Pursuit of excellence

 Innovation, eco-design and R&D

 Product quality and conformity

 Circular economy and second-life use of products

Below are the disclosures in the Report, including their titles and chapter.

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
GRI 2 - General Disclosures (2021)			
Activities and workers			
2-1	Organisational details	1.3 - 2.3 - 6.5	Integrity of business conduct, anti-corruption and compliance
2-2	Entities included in the organisation's sustainability reporting	1.3-6.5	Stakeholder engagement
2-3	Reporting period and frequency	1.4	Economic growth and financial performance
2-4	Restatements of information	7.2-6.1-3.3	Integrity of business conduct, anti-corruption and compliance
2-6	Activities, value chain and other business relationships	2.1-2.4-5.3.3-5.5-7.4-7.4.4	Stakeholder engagement/Supply chain traceability
2-7	Employees	6.1-6.2-6.4	Diversity, equality and equal opportunity
2-8	Workers who are not employees	6.1	Diversity, equality and equal opportunity
Governance			
2-9	Governance structure and composition	4.1	Integrity of business conduct, anti-corruption and compliance

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	3.1-3.2	Pursuit of excellence
2-23	Policy commitments	3.1	Integrity of business conduct, anti-corruption and compliance.
2-26	Mechanisms for seeking advice and raising concerns	4.2-6.2-6.3	Stakeholder engagement
2-27	Compliance with laws and regulations	5.1.1	Integrity of business conduct, anti-corruption and compliance
2-28	Membership associations	3.5	Stakeholder engagement
Stakeholder engagement			
2-29	Approach to stakeholder engagement	3.3-3.4	Stakeholder engagement
2-30	Collective bargaining agreements	6.1-6.3	Diversity, equality and equal opportunity
GRI 3 - Material topics (2021)			
3-1	Process to determine material topics	3.3	Stakeholder engagement
3-2	List of material topics	3.3	Stakeholder engagement

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
GRI 3 - Material topics (2021)			
3-3	Management of material topics	3.3-4.3	Risk management
201 - Economic performance (2018)			
201-01	Direct economic value generated and distributed	7.1-7.2	Economic growth and financial performance
201-04	Financial assistance received from the government	7	Economic growth and financial performance
202 - Market presence (2018)			
202-02	Proportion of senior management hired from the local community	6.1	Diversity, equality and equal opportunity
204 - Procurement Practices (2018)			
204-01	Proportion of spending on local suppliers	7.4	Supply chain traceability
205 - Anti-corruption (2018)			
205-01	Operations assessed for risks related to corruption	4.2	Integrity of business conduct, anti-corruption and compliance
205-02	Communication and training about anti-corruption policies and procedures	4.2	Integrity of business conduct, anti-corruption and compliance

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
301 - Materials (2018)			
301-01	Materials used by weight or volume	5.3.3	Supply chain traceability
301-02	Recycled input materials used	5.3.3	Circular economy and second-life use of products
301-3	Reclaimed products and their packaging materials	5.3.3	Circular economy and second-life use of products
302 - Energy (2018)			
302-01	Energy consumption within the organisation	5.4-5.4.2	Innovation, eco-design and R&D
303 - Water and Effluents (2018)			
303-01	Interactions with water as a shared resource	5.3.1	Health and safety
303-3	Water withdrawal	5.3.1	Health and safety
303-04	Water discharge	5.3.1	Health and safety
303-05	Water consumption	5.3.1	Innovation, eco-design and R&D

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
305 - Emissions (2018)			
305-01	Direct (Scope 1) GHG emissions	5.4-5.4.1-5.4.1.1	Innovation, eco-design and R&D
305-02	Energy indirect (Scope 2) GHG emissions	5.4-5.4.1-5.4.1.2	Innovation, eco-design and R&D
305-03	Energy indirect (Scope 3) GHG emissions	5.4-5.4.1-5.4.1.3	Innovation, eco-design and R&D
306 - Waste (2018)			
306-02	Management of significant waste-related impacts	5.4.1.3-5.2-5.3.2	Circular economy and second-life use of products
306-03	Waste generated	5.3.2	Circular economy and second-life use of products
306-04	Waste diverted from disposal	5.3.2	Circular economy and second-life use of products
306-05	Waste directed to disposal	5.3.2	Circular economy and second-life use of products
308 - Supplier environmental assessment (2018)			
308-01	New suppliers that were screened using environmental criteria	7.4.3	Supply chain traceability

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
401 - Employment (2018)			
401-01	New employee hires and employee turnover	6.1-6.3	Diversity, equality and equal opportunity
401-02	Benefits provided to full-time employees that aren't provided to temporary or part-time employees	6.4	Welfare and work-life balance
401-03	Parental leave	6.4	Welfare and work-life balance
403 - Occupational health and safety (2018)			
403-2	Hazard identification, risk assessment, and incident investigation	6.1-6.2	Health and safety
403-03	Occupational health services	6.1-6.2	Health and safety
403-4	Worker participation, consultation and communication on occupational health and safety	6.1-6.2	Health and safety
403-05	Worker training on occupational health and safety	6.1-6.2	Training (upskilling) and skills development
403-06	Promotion of worker health	6.1-6.2	Health and safety
403-09	Work-related injuries	6.2	Health and safety
403-10	Work-related ill health	No cases of occupational diseases during the three-year period.	Health and safety

Table 8.11: GRI Content Index

GRI CONTENT INDEX			
GRI STANDARD	DISCLOSURE	CHAPTER	MATERIAL TOPIC
404 - Training and education (2018)			
404-01	Average hours of training per year per employee	6.2	Training (upskilling) and skills development
404-02	Programmes for upgrading employee skills and transition assistance programmes	6.2	Training (upskilling) and skills development
405 - Diversity and equal opportunity (2018)			
405-1	Diversity of governance bodies and employees	6.1	Diversity, equality and equal opportunity
405-02	Ratio of basic salary and remuneration of women to men	6.3	Diversity, equality and equal opportunity
406 - Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the three-year period.	Diversity, equality and equal opportunity
414 - Supplier social assessment (2018)			
414-01	New suppliers that were screened using social criteria	7.4.3	Supply chain traceability
417 - Marketing and labelling (2016)			
417-1	Requirements for product and service information and labelling	5.2	Product quality and conformity

Table 8.11: GRI Content Index