

# REGENERATIONS

2023 Sustainability Overview



fashion  
all





# TABLE OF CONTENTS

<b>01</b>	<b>INTRODUCTION</b>	<b>6</b>
<b>02</b>	<b>PRINCIPLE OF GOVERNANCE</b>	<b>12</b>
<b>03</b>	<b>PROSPERITY</b>	<b>24</b>
<b>04</b>	<b>PLANET</b>	<b>28</b>
<b>05</b>	<b>PEOPLE</b>	<b>36</b>





## LETTER

# MESSAGE FROM THE CEO

We are pleased to present our 2023 Sustainability Overview, a document that represents an important step in our commitment to more sustainable and responsible fashion.

In recent years, we have embarked on a transformation path aimed at fully integrating sustainability into our business model. We are convinced that fashion can evolve while maintaining our hallmark quality and aesthetics, whilst adopting practices that respect the environment and promote social welfare.

The central theme of this paper is "Regeneration". For us, regenerating means bringing new life, rethinking, repositioning ourselves and redesigning the future. We have chosen to put this concept in the plural to highlight the diversity of our actions and our commitment to future generations.

We are proud to announce that 2023 was a year of exceptional growth, with 43% increase in turnover compared to the previous year. This achievement reflects not only our commitment to innovation and quality, but also the trust our customers and partners place in us. We have also made significant investments to support growth and improve long-term performance, ensuring a solid foundation for the future.

### **1. Principle of Governance**

Sustainability must be a participatory process that involves the entire company. We are evolving our governance to effectively manage this transition, involving all stakeholders through engagement activities and materiality assessments.

### **2. Prosperity**

Sustainability and ethics are not antithetical to profit. Our goal is to turn profit into shared value, reducing negative impacts and generating positive spillovers for everyone. In this section, we present the main economic-financial data by looking at them from a collective welfare perspective.

### **3. Planet**

The fashion industry needs to be rethought to reduce its environmental impact. We are committed to creating sustainable products, focusing on materials, circularity and processes. We will analyse our environmental performance, highlighting progress made and future goals.

### **4. People**

People are the most important capital of companies. We have initiated several welfare and support initiatives for the people in our company over this past year, creating a safe, inclusive and stimulating work environment. We are committed to ensuring that our staff can thrive and feel valued, making FashionArt a virtuous benchmark for our local area. We will also launch a training program to respond to the growing need to attract young talent, who will carry our know-how forward.

We understand that the journey is long and complex, but we are excited to take up this challenge. Our sustainability overview aims to be a tool for assessment and taking responsibility, to measure the progress made and guide our future actions.

Andrea Rambaldi  
Chief Executive Officer  
FashionArt spa



# REGENERATIONS: A NEW FASHION IS POSSIBLE

## **Being sustainable, therefore, is a strategic priority.**

This is why we have focused on these issues in our development plan because we want them to represent a new way of thinking, operating and being a company.

We have defined and already launched a multi-year sustainability plan that will guide us on this transition path towards these new models.

We chose a concept that not only sums up our commitment but also represents a goal that is as challenging as it is significant: **regeneration**.

A regeneration that we decided to put in the plural for this document because we want use this instrument to demonstrate **a plurality of visions and actions** and because the plural contains the word "**generations**", i.e. the true recipients of our actions: the future generations.

## **Regenerating means bringing new life and, therefore, rethinking, repositioning ourselves and redesigning tomorrow.**

**New materials, new production processes, new consumption models, and new relationships are the cornerstones of our strategy.**

To transition from plan to action, from statements to results, concrete facts are needed: real, measurable and demonstrable actions.

Hence the need to establish an annual assessment benchmark to document on what has been achieved and adjust the trajectory for the near future.

This resulted in the need to create a sustainability overview.

This first edition aims to be a first **step of openness, relationship and dialogue with our stakeholders and, at the same time, be an internal tool for us to assess** and realise our concept of sustainability: the creation of shared value.

We want this paper to be an agile and user-friendly document for everyone but at the same time a precise tool not only for reporting but also for shouldering responsibility for our future objectives.

To make the presentation of the data and information more organic and accessible, we have divided the overview into four sections, following a four "P" classification.

REGENERATING  
MEANS BRINGING  
NEW LIFE AND,  
THEREFORE,  
RETHINKING,  
REPOSITIONING  
OURSELVES AND  
REDESIGNING  
TOMORROW.  
NEW MATERIALS,  
NEW PRODUCTION  
PROCESSES, NEW  
CONSUMPTION  
MODELS, AND NEW  
RELATIONSHIPS ARE  
THE CORNERSTONES  
OF OUR STRATEGY.





# HIGHLIGHTS

**10,450,061**

value generated  
in 2023

**11,586,269**

value of operational  
production in 2023

**85%**

percentage of  
"core" purchases  
from Italian  
suppliers

**18**

GOTS-  
certified  
suppliers

**1,404,116**

total investments in  
2023

**144**

hours of training on  
sustainability issues

**99%**

percentage of "core"  
purchases from European  
suppliers

**0**

accidents in the  
2021-2023 three-  
year period

**10**

hiring in 2023



**-10%**

reduction of scope 3 emissions in 2023

**100%**

share of "green" energy (certified and/or compensated)

**6,900**

value of 2023 sponsorships and charity initiatives

**+15%**

growth of the workforce in 2023

**1,294**

total training hours

**71%**

female component of the workforce

**78%**

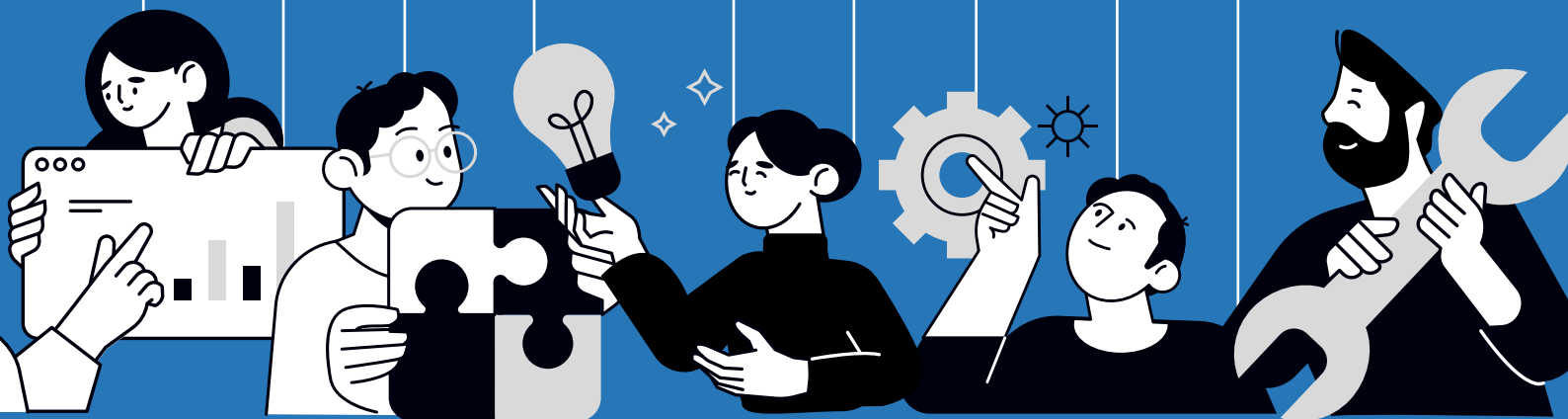
employees residing in the province of Padua

**181**

core suppliers in 2023

**12**

audits at supplier premises in 2023



*"Regeneration, both physical and spiritual,  
appeared to be the last frontier [...]"*

*Believe! That's the secret.*

*And the dream will come true!"*

*Sergio Campailla*

# PRINCIPLE OF

# GOVERNANCE

**Sustainability is a never-ending journey; a transformative process that calls for vision and alignment.**

**Strong vision and leadership are required for this approach to permeate as a shared culture throughout the organisation**

**We want to "regenerate" corporate governance, so that it can lead the company and its supply chain with conviction towards a change in the business model.**



## 1.1 OUR SUSTAINABILITY PHILOSOPHY

We believe in a company capable of creating economic value, producing a positive social impact and helping to restore natural balances. To guide us in the years to come, our North Star will be ReGeneration.

- **Regenerate the concept of luxury**, inspired by a beauty that is also sustainable and taking responsibility together with our partners to drive change and product innovation;
- **Regenerate the know-how** in the fashion sector that becomes art and fostering the birth of new generations of talent and a renewed chain of training that brings young people closer to our world;
- **Regenerate the industrial context** by caring for the beauty of company spaces and strengthening the bond with the local area;
- **Continuously regenerate relationships with our collaborators and partners** through personal and professional growth paths, transparency of information, mutual trust and fair sharing of value;
- **Regenerate ecosystems** through an increasingly lighter environmental footprint, limiting the extraction of natural resources and reintroducing materials into production processes guided by the principles of circular economy.









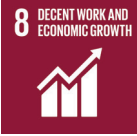


### OUR SUSTAINABILITY STRATEGY


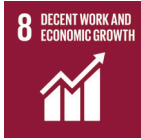



In 2023, we took the necessary steps to prepare our first sustainability overview. At the same time, we created our Strategic Sustainability Plan that allows us to define priorities.

The plan was preceded by an internal training course, brainstorming and listening to the main corporate stakeholders: it is developed on 5 pillars that cover all areas of environmental and social sustainability concerning our organization.

For each of them, specific areas have been identified with objectives and actions to be implemented in the coming years. The plan involves the entire company staff and the direct participation of about 12 people, organised in cross-functional teams, who develop the specific sustainability projects on a daily basis.



<b>PILLARS</b>	<b>SCOPES</b>	<b>GOAL</b>
<p><b>PRODUCT</b></p> <div style="display: flex; flex-wrap: wrap; gap: 10px;"> <div style="width: 50%; text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 50%; text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="width: 50%; text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="width: 50%; text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>	<p>Designing for eco-design</p> <hr/> <p>Raw materials</p> <hr/> <p>Packaging</p>	<p>Search for maximum compatibility between luxury and sustainability</p> <hr/> <p>Reduction of the environmental and social impacts of the raw materials used</p> <hr/> <p>Development of 100% bio-based circular packaging</p>
<p><b>PROCESS</b></p> <div style="display: flex; flex-wrap: wrap; gap: 10px;"> <div style="width: 50%; text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 50%; text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="width: 50%; text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="width: 50%; text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>	<p>Carbon neutrality</p> <hr/> <p>Logistics</p> <hr/> <p>Circularity</p>	<p>Contribution to the achievement of the Paris agreements</p> <hr/> <p>Progressive reduction of emissions and rationalisation of movements</p> <hr/> <p>Elimination of the concept of waste and minimisation of chemical risk beyond compliance</p>
<p><b>SUPPLY CHAIN</b></p> <div style="display: flex; flex-wrap: wrap; gap: 10px;"> <div style="width: 50%; text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="width: 50%; text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 50%; text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> </div>	<p>Upstream supply chain extension</p> <hr/> <p>Monitoring and measuring the level of sustainability of the supply chain</p> <hr/> <p>Involvement and growth of subcontractors</p>	<p>Integration of the upstream stages of the supply chain for greater control and guarantee of raw materials</p> <hr/> <p>Monitoring and measuring the level of sustainability of the supply chain</p> <hr/> <p>Support for the sustainable development of the supply chain</p>

PILLARS	SCOPES	GOAL
<p data-bbox="161 427 252 454">PEOPLE</p> <div data-bbox="151 479 292 618">  </div> <div data-bbox="304 479 445 618">  </div> <div data-bbox="151 636 292 775">  </div>	Training and merit	Strengthening of skills and recognition of results
	Work-life balance	Creating an organisation that is flexible and attentive to people's needs
	Sharing	Promotion of dialogue between departments, teams, generations
	Wellness	Creating a safe, healthy and people-friendly workplace
<p data-bbox="161 1032 268 1059">SOCIETY</p> <div data-bbox="151 1084 292 1223">  </div> <div data-bbox="304 1084 445 1223">  </div>	Training support	Relaunch and enhancement of technical sector-based training
	Support for the local area	Strengthening ties and contributing to the development of the local area



## 1.2 GOVERNANCE **TOOLS**

### A JOURNEY ON THE ROAD OF RESPONSIBILITY

We started out in 2008, but from the very beginning, we geared our approach and philosophy towards sustainability and the careful and virtuous management of the supply chain.

We realized, however, that mere statements and resolutions were not enough; what we needed were concrete actions, preceded by a clear and precise vision and governance. Consequently, in 2015, we embarked upon a structured path to equip ourselves with all the necessary tools to keep on track while remaining credible and effective.

2015

IMPLEMENTATION OF THE GENERAL TERMS AND CONDITIONS TO REGULATE SUPPLY CHAIN RELATIONSHIPS

2016

FIRST EDITION OF THE CODE OF ETHICS AND CONDUCT  
ADOPTION OF MANAGEMENT MODEL 231

2017

OBTAINING LEGALITY RATING

2018

IMPLEMENTATION OF THE PRIVACY ORGANISATIONAL MODEL  
ACTIVATION OF PERIODIC SUPPLY CHAIN AUDITS

2019

APPOINTMENT OF THE SOLE AUDITOR

2021

GOTS CERTIFICATION

2022

CORPORATE CHANGE AND CHANGE IN GOVERNANCE

2023

IMPLEMENTATION OF WHISTLEBLOWING REPORTING SYSTEM  
DEFINITION OF SUSTAINABILITY STRATEGY  
RISK ASSESSMENT ACTIVITIES  
START OF WORK FOR THE DRAFTING OF THE FIRST SUSTAINABILITY OVERVIEW  
ADOPTION OF COMPANY POLICY  
FIRST CARBON FOOTPRINT CALCULATION

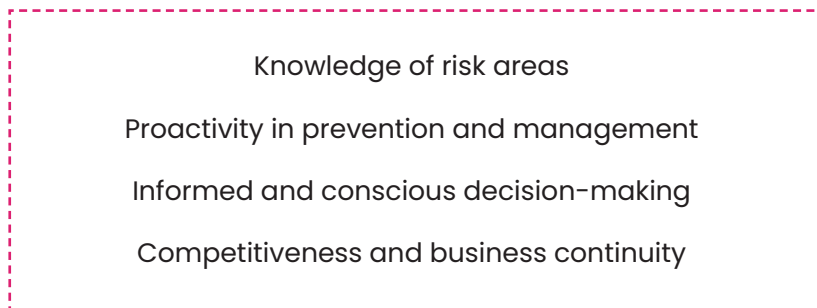


## 1.3 MAPPING FASHIONART RISKS

In 2023, we launched an initial risk assessment with the aim of mapping the main risk factors and consequently initiating a correct risk management strategy.

The goal, in addition to mapping and mitigating potential critical issues, is to support and disseminate a responsible corporate culture on the risk management front.

The pillars on which all the activity will be structured are:



A methodology was applied to assess the impact and likelihood ('inherent risk') of each risk occurring at branch level. A matrix of **65 areas of potential risk** that the company may face and manage as part of its business was thus mapped out.

This led to:

- the identification of the extent of the risks to be assessed;
- the definition of risk assessment criteria;
- the drafting of a first risk mapping.





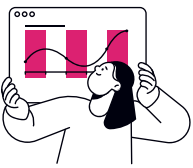
The following six risk categories have been identified:



Strategic risks

**Customers and competitors**

This includes the risks and challenges that can hinder the organisation's strategy. They also include all risks that could affect the company's positioning and performance in an increasingly volatile environment.



Financial risks

**Developments in economic and market scenarios**

This includes risks related to changes in the scenario that could affect the company's performance and business continuity.

These risks also include the relevance and volatility of business operations and related financial items.



Legal risks

**Regulatory frameworks and corporate governance**

This includes the risks that may increase the legal exposure and consequent liability profiles (including sanctions and economic liabilities) in the face of potential violations of laws, regulations or company policies.

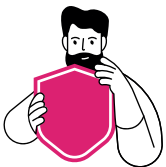


Operation

**Processes, systems, people and value chain**

This includes risks related to the inadequacy of internal processes, people or systems in the event of a crisis with negative repercussions on the organisation's operations and ability to execute the strategic plan.

This scope of risk also includes supply chains and partnerships with third parties



Cybersecurity

**Hardware, software and network controls**

This includes risks related to potential failures of technological and IT systems, even if linked to potential delays in the implementation of innovations.

Cyber risks consider potential critical issues in terms of infrastructure, controls and security.



People

**People, skills, knowledge and experience**

This includes risks related to the absence, shortage or non-alignment of the people and skills required for the organisation to achieve its strategic goals.

## FROM RISK ASSESSMENT TO SUSTAINABILITY

The risk assessment activity was preparatory to the identification of relevant cases of impact, risk and opportunity (IRO) related to the sustainability issues.

The relevance of the issues emerging from the assessment (reclassified into the three relevant areas of planet, people and governance), was subsequently validated by the stakeholder engagement activity. The objective of the next overview will be further focus on the IRO concepts of double materiality.





## 1.4 MATERIALITY **ASSESSMENTS**

### **PRIORITISATION OF MATERIAL ISSUES**

In line with the provisions of the "GRI 3 - Material issues" included in the GRI universal standards that came into force in 2023, material issues were analysed in terms of priority of intervention. Following the stakeholder engagement activity (surveys, focus groups, one-on-one interviews), the prioritisation that we will see in the following pages has been defined on the basis of the analysis of the results of the risk mapping activity and on the assessments that emerged from the involvement of sector-based experts and opinion leaders and from the analysis of the policy documents of the reference trade associations.

#### **1 REDUCTION OF ENVIRONMENTAL IMPACTS OF MATERIALS AND PROCESSES - PLANET**

The materials we use are mostly natural, but their environmental impact in terms of life cycle is still substantial.

We are actively committed to reducing negative externalities and emissions related to the production of our inputs and our manufacturing processes.

We are also always looking for new materials and new production technologies that allow us to optimise resources and reduce our environmental impact.

#### **2 EMPLOYEE WELL-BEING - PEOPLE**

One of FashionArt's priorities is to guarantee employees a safe, healthy and people-friendly working environment, that can enhance the skills, talents and vocations of each one. We are, therefore, committed to boosting the knowledge of employees with specific training projects dedicated to both the acquisition of hard and soft skills. We also enhance the results obtained by promoting internal dialogue between different departments, teams and generations.

We pay great attention to creating an organisation that is flexible and attentive to our staff's needs, reconciling work-life balance in the best possible way.

#### **3 SUPPLY CHAIN SUPPORT - PROSPERITY**

Sustainability is a question of supply chain: especially in the fashion world, especially for our business model. We, therefore, want to become promoters of a virtuous business model throughout our value chain and we are committed to supporting these companies in their sustainable transition from both an environmental and social point of view.

We, therefore, seek to forge strong and long-lasting relationships with all our stakeholders and ensure the long-term continuity of the business by sharing strategies to achieve the goals in terms of reducing negative impacts.

#### **4 DEVELOPMENT OF CIRCULARITY PROJECTS - PLANET**

We strive to optimise the use of all materials involved in production processes, from raw materials to packaging, with the aim of creating as little waste and scrap as possible.

At the same time, however, we aim to continue to develop new circularity projects and find innovative applications for our waste to reduce the use of virgin resources and re-introduce raw materials into or out of our specific sector.

## **5 DEVELOPMENT OF TALENT AND TRAINING – PEOPLE**

We are a manufacturing company that bases its competitive advantage on skills, talent and know-how. For this reason, the training of our employees and continuous development of personal skills not only generate a positive impact on our staff and on models implemented in our local area, but they are our essential asset.

We carry out various training activities related to the development of essential technical skills for the textile sector in collaboration with local schools with the aim of engaging young people. We believe in the importance of preserving the know-how that is the hallmark of Italian manufacturing to the point of creating an in-house academy to best train a generation of talented staff for the textile sector.

## **6 QUALITY, DURABILITY AND SAFETY OF CLOTHING – PROSPERITY**

Offering quality, long-lasting and safe garments is the first promise to our customers.

This is the only way we can be credible players in a very demanding sector such as that of luxury fashion. The principles that guide us in the design of products are those of eco-design: we carefully select the materials, we work to ensure products can be repaired and reused, thus extending their life cycle as far as possible.

## **7 STRONG AND LONG-LASTING RELATIONSHIPS WITH CUSTOMERS – PROSPERITY**

Our business model and our market positioning allows us to manage a client portfolio focused on the most prestigious fashion houses worldwide. Maintaining stable relationships with these companies is highly strategic and allows us to constantly improve and grow our business. We aim to be recognised in the market as an extremely reliable partner and guided by the principles of integrity and respect.

## **8 MANAGEMENT AND INTEGRITY OF DATA AND INFORMATION – GOVERNANCE**

Our design and consultancy role with customers means we always guarantee the utmost discretion and security in the management of data and project information in terms of protecting brands and industrial property. As a result, cybersecurity, privacy, integrity and data storage are areas that we treat with the utmost importance to protect our stakeholders' highly sensitive data.

## **9 GENERATION OF SHARED VALUE FOR THE LOCAL AREA – PEOPLE**

Our entire approach to sustainability is based on the concept of the generation of shared value.

We aim to be an active player in the development and well-being of our stakeholders.

We want our attention to be directed not only to employees, customers and the supply chain but to the entire community around us.

Our main goal is to return part of the value created to the community by supporting projects dedicated to civil society, young people, schools, public institutions and all stakeholders.



## 1.5 OUR PARTICIPATION IN **COMMUNITY** LIFE AND **SUSTAINABILITY INITIATIVES**



### **CONFINDUSTRIA VENETO EST**

Openness, listening, comparison with other companies, including from different sectors, are key steps in the growth and development of FashionArt and our approach to business. With this in mind, we decided to join the Confindustria system and, in particular, Confindustria Veneto Est, which brings together Confindustria Padova, Unindustria Treviso, Confindustria Venezia and Confindustria Rovigo.

Thanks to our participation in Confindustria Veneto Est, in 2023, we had the opportunity to become part of the Sustainability Group: an aggregation of over 70 companies, from different product sectors, united by a tangible and pragmatic approach to ESG (Environment, Social, Governance) issues.

This activity enabled us to compare ourselves with other companies engaged in the field of sustainability, from which we were able to draw best practices, diversified points of view and operational solutions to face concrete challenges.



### **SISTEMA MODA ITALIA**

With about 50,000 registered companies representing about 400,000 employees. Sistema Moda Italia is one of the world's leading organisations representing the textile and fashion industries.

The Federation aims to protect and promote the interests of the sector and its members, acting as a representative for the entire supply chain, both nationally and internationally, in relations with institutions, public administrations, as well as economic, political, trade union and social organisations. SMI's operations play a significant role in positioning the textile and fashion sector as one of the most important economic pillars of Italian industry. SMI is affiliated to Confindustria and Confindustria Moda, as well as being the main founding partner of Euratex, the European Textile and Clothing Organization.



UniSMART  
Fondazione Università di Padova

### UNISMART

UniSMART - Fondazione Università degli Studi di Padova is the University's foundation established to promote technology transfer and post-graduate education.

The Foundation represents the meeting point between the University, the business world and private and public stakeholders, facilitating access to the University's skills and resources for the benefit of society. The foundation provides concrete and reliable answers to the needs of national and international organisations, both public and private, national and international, interested in gaining competitive advantages and acquiring know-how in terms of open innovation.

Our tie to the Padua area and our identification with the values promoted by UniSmart have led us to become partners of the UniSmart Community.



ASSOCIAZIONE  
degli AMICI  
dell'UNIVERSITÀ  
di PADOVA

### ASSOCIATION OF FRIENDS OF THE UNIVERSITY OF PADUA

The Association of Friends of the University of Padua seeks to promote and develop a connection between the worlds of business, enterprise and production, the University of Padua, and former students who have brought honour to the University through their professional contribution.

Considering knowledge as the main lever for promoting economic growth and improving the quality of life, the Association's initiatives are based on a continuous exchange of experiences between the University and the local area, with projects that demonstrably enhance culture, conservation and the dissemination of knowledge. As in the case of UniSmart, we wholeheartedly share the objectives and values of the Association, of which we are ordinary supporter members.

*"No social system will bring us happiness,  
health, and prosperity unless  
it is inspired by something greater than  
materialism"*

*Clement Richard Attlee*

# PROSPERITY

**The evolution of profit from exclusive return on invested capital to prosperity fuelled by the creation of shared well-being hides all the strength of the regeneration of the business model from a sustainable perspective.**

**In this section, we will present the main economic-financial data, looking at them, however, in a different key than that of the value produced by the company for all stakeholders.**



# SHARED VALUE

Profit, sustainability and ethics cannot, and should not, be viewed as potentially opposing elements but as related, inseparable and fundamental factors for a company to play a role, not only in production and economic terms, but also as an accelerator of social welfare.

The sustainable company must, therefore, generate profit because this guarantees the continuity of the business, the upholding of commitments and promises with its stakeholders and the development of an evolutionary and sustainable development path.

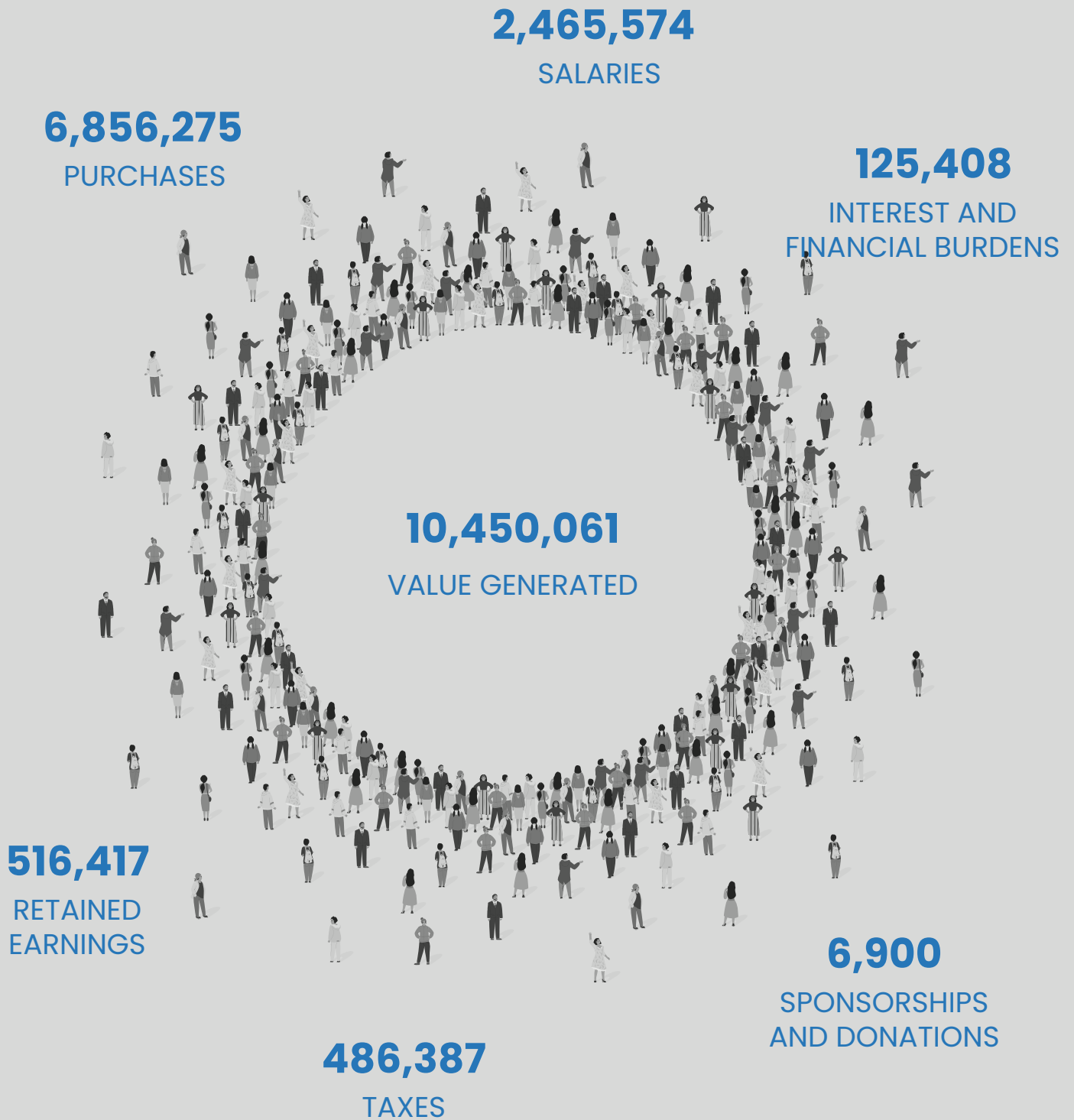
The sustainable company must, therefore, work for the generation of profits with the aim of certainly adequately remunerating the capital invested by the shareholders, but also accompanying this goal with the creation of widespread well-being for all stakeholders.

The traditional meaning of CSR (Corporate Social Responsibility) evolves into a more modern CSV-oriented vision: that is, Creating Shared Value.

In this perspective, the traditional items of the statutory financial statements are reinterpreted and those that, in the economic-financial view, are costs become fundamental elements of this distributed value.

Purchases are not only negative items in the profit and loss account but become items that enable other companies to operate, grow and fuel a virtuous circle with their stakeholders. Salaries are not only costs but constitute the most effective way to guarantee stability to our employees, just as at the same time, financial burdens fuel the credit world, taxes and duties maintain the public system, and sponsorships, together with donations, constitute a concrete contribution to the third sector, culture and sport.

In this reclassification, we also include retained earnings, given that they are not intended to generate dividends for shareholders, and thus allow the consolidation of the company's financial fundamentals in order to ensure further business continuity and the comprehensive pursuit of strategic goals.



## SUPPLIER SUSTAINABILITY ASSESSMENT

As required by the international standard, FashionArt GOTS-certified products must also comply with certain technical sustainability specifications on the supply chain front.

The selective protocols applied within our company - and required by the certification - must also be guaranteed by external suppliers.

These aspects concern textile processing and product manufacturing operations, treatment, finishing operations and washing of garments as well as the assessment of the chemical products used.

To date, **18 of our suppliers are GOTS certified:**

- 5 raw material suppliers
- 13 service providers (including 8 certified sub-suppliers within the FashionArt supply chain and 5 independently certified).

**18**

GOTS-CERTIFIED  
SUPPLIERS

Special attention is paid to chemical aspects.

Core suppliers are profiled on the basis of chemical risk and are invited to subscribe to the **ZDHC platform** which enables the level of compliance with a list of substances banned in production processes to be defined (MRSL - Manufacturing Restricted Substances List).

This platform is an integral part of the Zero Discharge of Hazardous Chemicals (ZDHC) programme created in 2011 in response to a growing reputational crisis in the sector.

Starting from an initiative of six of the most important global brands, today it represents one of the most significant multi-stakeholder initiatives to which over 160 companies in the fashion and footwear sector have adhered.

Also on the chemical front, we carry out regular audits on our suppliers who, in any case, are involved in specific training activities on the topic.

To date, **16 suppliers have been classified as high chemical risk out of a total of 181 core suppliers** (equal to 8.8% of the strategic supplier base) with whom common monitoring and potential impact reduction paths have been defined.

In particular, in 2023 a training course was held that involved the active participation of five suppliers.

Overall, **12 HSE/ethics supplier audits were carried out in 2023.**

**12**

AUDITS  
CARRIED OUT  
BY FASHIONART  
AT SUPPLIERS'  
PREMISES IN 2023

*"Nature is our greatest inspiration.  
It is our refuge, our medicine,  
our temple, our home."  
Lailah Gifty Akita*

# PLANET

**To ensure the true well-being of stakeholders, it is essential to recognise the interconnection between the company and the surrounding environment. Although the environment should not represent the only direction of sustainability, it must, however, be at the centre of the strategies of all companies, especially those in the fashion sector.**

**Our challenge is to constantly work to reduce the impacts of our processes and products while maintaining the goal of always offering the best solution to our customers. This is because technical performance and sustainability represent two sides of the same coin called quality, both fundamental to meet the needs of the market and ensure the long-term success of the company**

## 3.1 MATERIALS

### MATERIALS FOR PRODUCTION

Our main raw material is denim, a tightly woven cotton fabric. In addition to traditional cotton, we use:

- **organic cotton.** This cotton is the result of crops treated with organic fertilisers with a low environmental impact. Organic cotton is certified by third parties who verify the entire production process and, in the event of a positive outcome, the origin and production chain. In addition to all this, organic cotton must be produced from natural and non-genetically modified (GMO) seeds;
- **GOTS-certified cotton.** This is an organic cotton certified according to an internationally recognised standard that certifies compliance with environmental criteria (including the control of toxicity to humans) and compliance with some minimum criteria of social commitment.

Most of the fabrics we use contain high % cotton (on average over 95%) along with low or zero % elastane.

In addition to cotton, we also use - in a residual way - other typical synthetic materials for the production of clothing such as: polyester, polyamide and viscose.

In addition to fabrics, our raw materials include accessories such as buttons, studs and zips.



## **GOTS CERTIFICATION**

It is recognised as the most important international standard for the sustainable production of garments and textile products, made with natural fibres from organic farming, such as cotton and wool.

The GOTS includes the issue of an environmental statement verified by a third party that certifies: the content of natural fibres from organic farming of both intermediate and finished products, the upholding of traceability throughout the entire production process, restrictions on the use of chemical products and compliance with environmental and social criteria at all stages of the production chain, from the collection of natural fibres in the field to the subsequent manufacturing stages, up to the labelling of the finished product. Textile products, manufacturing activities and chemicals for the textile industry can be certified according to the GOTS.

The Global Organic Textile Standard guarantees:

- products containing at least 70% natural fibres from organic farming;
- manufacturing activities, such as dyeing or printing, carried out on behalf of third parties, provided by operators who have adopted management models and procedures that comply with the requirements;
- chemical products used in the processing of the textile industry that comply with the requirements, through appropriate assessment, based mainly on the verification of toxicology and ecotoxicology effects.



## **IMPROVEMENT PROJECTS**

### **Reduction of scrap**

The optimisation of the machining placement or the layout of the cutting patterns plays a fundamental role in reducing fabric waste.

Our placement system is automated and results in an average efficiency of 84%.

In 2023, we worked on setting up a new waste management system that would split waste into three types for improved recycling.

### **Waste recovery**

Since denim is an organic material, it offers interesting possibilities for recycling with a view to circularity. We are, therefore, studying solutions to reuse waste products or obsolete materials in recycling or upcycling projects.

## **COTTON WITH SHORT AND SUSTAINABLE SUPPLY CHAIN**

Cotton is a renewable natural fibre, however, it poses critical production challenges, especially in terms of water requirements.

For this reason, we are paying special attention to short supply chains and, therefore, to the production of Italian cotton.

The goal is to source a local raw material produced with innovative techniques based on maximum environmental sustainability, especially in terms of water saving.

Cotton that will later be processed exclusively by Italian companies.

In parallel, we have also identified other high quality productions in Spain and Greece. This geographical distribution will allow us to differentiate production by limiting the negative impact of any adverse or catastrophic weather events.

The production of the fabric, however, will always remain under the quality control of FashionArt, guaranteeing a Made in Europe product.

## THE ENERGY MIX

During 2023, we decided to change our energy provider in favour of Alperia, a supplier that guarantees the supply of 100% green energy accompanied by certificates of origin.

We have also compensated for the energy purchased in the first part of the year (not linked to a specific green tariff contract) by purchasing the certificates of origin separately.

**Consequently, 100% of the energy purchased by FashionArt is compensated through the purchase of certificates of origin.**



**We are committed to using renewable energy to meet our energy needs, phasing out the use of fossil fuel-based energy sources.**

## +6.5%

THE INCREASE IN THE SHARE OF SELF-CONSUMPTION OF ENERGY PRODUCED BY THE PHOTOVOLTAIC SYSTEM

## PHOTOVOLTAICS

To date, the self-consumption energy share is produced by a photovoltaic system installed on the roofs of the facility producing 52 kWh of power in total.

## THE 2024/26 PROJECTS: ENERGY SAVING

With a view to the energy efficiency of the structure in 2023 (with work scheduled for 2024/26), we have implemented both a replacement of the windows of the Via Breda building and the **renovation of the heating and air conditioning** system with the use of the latest-generation heat pump technologies.

**Further work on buildings** aimed at improving energy efficiency is planned in 2024/26.



## 3.2 WATER

As with energy, our business processes are not particularly critical on the water front. Water consumption refers exclusively to civil use and is not, to date, a direct factor of production. Water is, therefore, taken exclusively from the mains water supply and is not critical during the drainage stage.

The average annual consumption is about 200 cubic metres. In the coming years, the future integration process of the most strategic production stages will involve the internalisation of the washing phase for the direct management of prototypes and small production batches.

This will allow us to control the entire production cycle, in particular the prototyping stage, ensuring a short turnaround and the desired quality.

An in-depth analysis is being carried out on the technological solutions available in the market, focusing closely on the selection of the best facilities and the most advanced technologies that allow **the optimisation of water usage while minimising the use of chemical agents**.

## 3.3 EMISSIONS

To calculate our emissions, we referenced the tools provided by the GHG Protocol which lays down the standards with which every organization can calculate its carbon footprint and classifies emissions as:

- **Direct emissions (Scope 1):** include emissions from sources owned or controlled by the company, such as those from direct fuel consumption.
- **Indirect emissions (Scope 2):** are from energy purchased mainly for electricity. These are, therefore, emissions generated by third-party combustion.
- **Indirect emissions (Scope 3):** include emissions related to the company's activities that do not fall under Scope 1 and 2. These are mainly emissions produced along the value chain, such as those related to employee mobility, the supply chain, the use of the products made, etc.

The purchase in 2023 of totally green energy certified or, in any case, compensated through the appropriate certificates has allowed us to fully offset the scope 2 emissions.

For the calculation of the 2022 scope 3 emissions, we adopted the pricing tool related to estimates made by EcoAct even though this approach returns overestimated values in the face of the highly significant impact of inflation in recent years.

For 2023, the estimates are presented with a greater degree of punctuality as they are based on some parameters of the emissions of third-party processes related to the LCA project currently under way.



## 3.4 PRODUCTS AND PROCESSES: FUTURE PROJECTS

### NEW SET OF MACHINES

FashionArt's industrial development plan also includes a significant intervention on the innovation front of the machine park (cutting machines and sewing machines).

The **application of 4.0 technologies** will allow:

- a clear improvement in the effectiveness and efficiency of production thanks to the **optimisation of cutting and the automatic set-up of the systems**;
- automatic and timely generation of **data for the digital passport**;
- better **traceability of products through RFID and barcode systems**, also thanks to more punctual traceability of individual processes and individual processes.

In addition, **innovative digital and business intelligence systems** will be implemented that will allow better predictive management of processing, maintenance and business processes.



## **DIGITAL PASSPORT**

The Digital Product Passport (DPP), also known as the Digital Product Passport, represents an innovative technology being studied by the European Union that will revolutionise the world of quality fashion in a profound way. The passport will constitute an identification tool that will provide a set of detailed information on the composition and supply chain of various products. The EU's main objective is to make this data accessible to consumers for a better understanding of the items they choose while promoting awareness and encouraging informed and sustainable consumption.

**We are working on and studying the possible technologies on the market to be able to collect and make available the data provided by the digital passport to our customers.**

This phase will lead to an increasingly careful and profiled management of the production phases, environmental impact and supply chain with obvious positive spillovers on procurement policies that will increasingly consider the environmental and social sustainability aspects of the supply chains.

*"The measure of a company's success  
does not lie in its net worth,  
but in the well-being and happiness  
of its people."  
Helen Keller*

# PEOPLE

**The true value of a company does not lie in its financial or productive assets, but in the people who are part of it. Companies are essentially communities of people: customers, stakeholders, and collaborators are all individuals with unique needs and interests. For us, putting sustainability at the heart of our business model does not simply mean doing charity work, but ensuring the peace of mind of our employees and all the people with whom we want to cultivate genuine relationships, by helping to build a working and social environment that promotes the success and well-being of everyone.**

## 4.1 OUR STAFF: EMPLOYEES



**+15%**

GROWTH OF THE  
WORKFORCE IN 2023

**71%**

FEMALE COMPONENT OF THE  
WORKFORCE

**78%**

EMPLOYEES RESIDING IN THE  
PROVINCE OF PADUA

The company's growth in the last few years has also had a positive impact on the size of the workforce, which has grown in the past year by 15% (10 new hires compared to 4 departures).

Our workforce is mainly composed of women (71%), also in view of the specific manufacturing activity. An even higher presence in the offices and in production (78%).

Our closeness to the local area is also confirmed by the fact that almost 80% of our employees reside in the province of Padua, i.e. just a few kilometres from the company headquarters (a percentage that rises to 95 if we extend the radius to the Veneto region).

The international nature of our company – strengthened by belonging to a large global group and a supranational market orientation – is also reinforced by the make-up of our workforce, which includes 13% non-Italian employees.

### ONBOARDING OF NEW HIRES

To enable the new employee to enter the FashionArt world as quickly and smoothly as possible. This is why onboarding is essential.

The programme includes assistance that includes, in the first instance, the delivery of a welcome kit and the sharing of business-related information, as well as all the guidelines about the code of ethics, protocols and security. From here, the individual onboarding plan is developed – overseen by a tutor – which provides all the insights related to the technical and operational aspects of the job.

All onboarding activities are tracked by filling out a form compliant with the dictates of the 231 organisational model.

ON THE WORK-LIFE BALANCE FRONT, **A 14-WEEK PARENTAL LEAVE PERIOD IS ALSO GRANTED FOR NEW FATHERS**, I.E. LONGER THAN THE MANDATORY REQUIREMENTS.

## WORKING FROM HOME

To facilitate work-life balance, in 2023, 23 employees were given permission to work from home in the form of one day, or two half days, per week with the possibility of one full week per year.

The requests were assessed according to the types of activities carried out and endeavouring, where possible, to meet the needs of individuals while increasing their productivity.

Working from home tends not to be used to manage exceptional situations which, however, can be managed by taking advantage of the possibility of rescheduling working hours within a time frame of 6 a.m. to 10 p.m.



## 4.2 REMUNERATION POLICIES AND LISTENING TO THE PARTIES

Since 2022, specific awards have been established related to business trends and the performance of individual areas. These are awarded through an internal dialogue by analysing the results, development of projects and specific and individual contributions.

Although the company did not intend to adopt cascading policies in 2022, it still granted all its staff a one-off extra salary increase of 3%.

**From 2024, an MBO system will be implemented that will include rewards for managers achieving the set objectives. These objectives will also include some goals related to the correct implementation of the sustainability plan.**

In the near future, the determination of the objective plan will also involve the individual departments in order to ensure that the determination of performance and related bonuses is as objective and fair as possible.



## 4.3 EMPLOYEE BENEFITS , WELFARE AND WELLNESS

### SPIRITUAL WELLNESS PROJECT

During the traditional end-of-year meeting held on 1 December 2023, all employees received a fitness mat.

The spiritual wellness project officially started at that time, which from the beginning of 2024 sees the periodic intervention in the company of an osteopath, called to work on personal wellness with a view to reducing related stress and psychological and physical improvement.

One day a month is planned, led by the osteopath and massage therapist, Mario Longhin, which will involve the everyone in the company, divided into homogeneous groups through physical exercises aimed at improving physical fitness, muscle tone and mood, contributing to cognitive performance and overall vitality, also with a view to preventing diseases.

This innovative project is based on the principles that have always inspired our approach: looking for opportunities in adversity, thinking and acting in a flexible and simple way. The ultimate goal is to shape the mindset of FashionArt collaborators in the direction of dynamism, resilience and innovation.

### INSURANCE PROJECT

In 2023, as a benefit, the company took out a life insurance, permanent disability and professional and non-professional accident policy for everyone in the company, aimed at protecting its employees both during working hours and in their free time.

For executives and middle managers, there is also an extra CCNL health insurance coverage that includes the reimbursement of some medical expenses.

In 2024, this health insurance coverage is expected to be extended to all **employees and family members**.

**0**

ACCIDENTS AND INJURIES RECORDED IN THE 2021-2023 THREE-YEAR PERIOD

**20%**

THE RISK REDUCTION TARGET SET IN THE 2023-24 PLAN

**11%**

THE TARGET REACHED IN 2023 IN THE RISK REDUCTION PLAN

### TRAINING AND INFORMATION IN THE FIELD OF SAFETY

The continuous up-to-date delivery of safety training is not only the fulfilment of a legal obligation for us, but also an additional way of ensuring our employees' comfort and peace of mind when carrying out their work.

The training also includes the specific part for young people completing internships and work experience. **In 2023, a total of 476 hours were allocated.**

## 4.4 TRAINING

At FashionArt, we believe that people and their skills are fundamental to business growth and success.

For this reason, we invest with determination in training and continuous improvement programs. We do not limit ourselves to meeting training and safety obligations, but actively seek to provide our employees with the tools and knowledge necessary to excel in a dynamic business context as well as to strengthen their motivation and sense of belonging.

### A SPECIAL INITIATIVE: THE THEATRE COURSE

Theatre has always been an extremely effective way to develop interpersonal communication and public speaking.

Which is why we wanted to bring the magic of this world to the company.

We involved a professional actress who allowed us to experiment with communication techniques with the aim of improving both internal relations between colleagues and external relations with customers and stakeholders.

The training involved all the first lines of management who - during four highly interactive and engaging meetings - were able to learn the methods of anxiety management, voice control and interaction techniques with the "public".

The course was **attended by 11 employees for a total of 65 hours.**

### TRAINING AND INFORMATION ON SUSTAINABILITY ISSUES

2023 was a particularly active year in terms of training on sustainability issues.

A total of 144 hours were allocated. This is the detail of the courses that were held





## 4.5 INITIATIVES IN THE LOCAL AREA

We want to positively impact the local area in which we operate by strengthening our community, which is why we are committed to creating strong and long-lasting relationships of value with the world of schools, sport, culture and voluntary work.

A commitment that is not only meant to be financial, but an effective and long-lasting contribution to the development of the well-being of people, community and local area.



### RELATIONS WITH THE WORLD OF SCHOOLS AND TRAINING

Fashion is a potentially very attractive world for young generations but, like all businesses, it has peculiarities that require study, dedication and skills.

We firmly believe in the relationship between schools and business as a way not only to guarantee a future for new generations, but also to ensure the development of the skills necessary to be protagonists in a rapidly changing world.

We have long had well-established partnerships with high schools and technical institutes of the textile world that sees us involved both with periods of work experience and internships.

In particular, we are "participating members" of ITS COSMO, the Veneto-based higher technical institute specialising in the world of fashion.

**14**

THE NUMBER OF  
INTERNSHIPS IN THE 2022-  
2023 TWO-YEAR PERIOD

Great attention is paid to the university world not only for active support in student training courses but also to strengthen the drive for technology transfer from the academic world to that of industry.

On this front, in recent years we have strengthened our partnerships with the University of Padua and the Ca' Foscari University of Venice.

We try to encourage dialogue with young people and promote knowledge of the arts by organising visiting days at the company by schools with the involvement of all company departments.

## FASHIONART ACADEMY

Young people are our future but they must also be our present, which is why we firmly believe that companies must make an effective and tangible contribution through training courses.

We do not, however, want to stop at sporadic involvement, we want to share our skills and experiences with young people so that they can become concrete elements on which to build professionalism and a job in the future.

This is why we are working on an equally ambitious and important project: the FashionArt academy. We want to create a training centre of excellence to create the talented workers of tomorrow for the textile industry and, in particular, for luxury tailoring.

A hub that will provide a comprehensive, well-structured training program, specially designed to guarantee overall training, combining theory, practical workshops and tutoring by professionals in the field.

## RELATIONS WITH THE WORLD OF ASSOCIATIONS, VOLUNTARY WORK AND CULTURE

Our company cares about the local area and the community, providing support in a number of social and cultural activities.



In particular, in the 2022-2023 two-year period, we:

- contributed to the purchase of a disabled transport vehicle for the Municipality of Limena
- sponsored the Bellisario Foundation event on the role of women in times of international crisis
- supported for the "free mammography and ultrasound" project organised by the municipality of Limena.

**€12,020**

OUR CONTRIBUTION  
TO SOCIAL  
AND CULTURAL  
INITIATIVES IN THE  
2022-2023 TWO-  
YEAR PERIOD

## THE MAMMOGRAPHY AND ULTRASOUND PROJECT

We were delighted to wholeheartedly support the "Free Mammography and Ultrasound" initiative that allowed women not included in the screening programs to carry out - on specific days in July 2023 - free diagnostic tests at the Welfare Care mobile clinic in Limena.

An initiative welcomed with enthusiasm and strong participation as it represented a valuable opportunity for women who have difficulty accessing these essential services for prevention and early diagnosis.



Partner Evento

**Mammografia**   
**ed Ecografia Gratuita**



**fashion**  
art

Sostiene la Prevenzione  
del Tumore al Seno

**careCare**  
recreate.org

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