

Sustainability Report
2023

CANALI

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LETTER TO THE STAKEHOLDERS

LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



Stefano Canali
President and CEO Canali Group

Dearest Stakeholders,

every day, we renew our commitment to excellence and sustainability, guided by a constant dedication to ESG standards and to the values of respect and responsibility. These principles are rooted in the culture of the Canali family. They not only permeate the business as a whole but define our way of operating, going beyond mere formal compliance. We have chosen to translate this commitment into concrete, measurable actions, with the aim of moving towards an increasingly responsible future.

The path we have taken presents us with significant challenges, opening up new perspectives vital for our development. The active involvement of a range of key players, such as our employees, suppliers and industry experts, has been essential to the sharing of knowledge and strategies. Through this extensive collaboration, we have been able to collect and analyse fundamental data that is shaping our sustainability strategy.

The CAre project – launched in 2023 – has enabled us to shape our environmental and social initiatives. We have set up a Sustainability Committee which, thanks to cooperation between the representatives of the various departments and technical and strategic consultants, has defined a strong governance. The committee has developed strategies aimed at improving environmental performance and promoted welfare initiatives, as well as protecting the people who form part of our work environment.

Adoption of the OEF and PEF measurement methods, recommended by the European Union, has allowed us to measure accurately the environmental impact of our business and of 59% of our production, while enabling us to draw up targeted action plans to improve it. OEF and PEF have confirmed that the decision to keep production exclusively in Italy – as consolidated over the last 90 years – not only reflects our commitment to craftsmanship excellence but is also sustainable. Our “Made in Italy”, synonymous with beauty and quality, translates into durable garments with less impact on the environment, made by craftsmen and women who enjoy full legal and social protection.

This first sustainability report is a significant step towards more structured management of our commitment. It not only formally documents our sustainability practices but also demonstrates our desire to improve continuously and measure ourselves against international standards to raise our social and environmental responsibility.

Looking to the future, we are committed to further refining our strategy, setting ever clearer and more measurable goals. This is a testament to our intention not only to maintain but to rise above our existing standards of responsible business practice.

We invite all of you to participate actively in this vision and sincerely thank you for your continued support and trust in us.

METHODOLOGY

This is the first Sustainability Report (hereinafter, also the “Report”) of CANALI HOLDING S.p.A. and its subsidiaries (“CANALI Group”), hereinafter also referred to as “Canali”, “Group” or “the Organisation”. It has been prepared voluntarily with the aim of providing a transparent description of the initiatives taken and the main results achieved by the Group in terms of sustainability performance during the 2023 reporting period (from 1 January to 31 December), in line with the fiscal year.

This Sustainability Report reports on the environmental, social, governance and human rights issues that are material considering the activities and characteristics of the business and the positive, negative, current and potential impacts generated by the Organisation and associated with the list of material topics contained in the report. Please refer to the “GRI Content Index” for details of the GRI indicators selected for reporting purposes and to the materiality assessment section for further information.

The Sustainability Report has been prepared with reference to the “Global Reporting Initiative Sustainability Reporting Standards” defined by the Global Reporting Initiative (GRI) and will be published annually.

The materiality assessment process involved an internal working group during the materiality assessment phase, as described in the relevant section of this document. We ensured that the data and information needed to compile the report were collected in compliance with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability laid down by the GRI guidelines.

The scope of the economic, financial and social information and data contained in this Report corresponds with that of the 2023 Consolidated

Financial Statements, except for Canali India Private Ltd which has been excluded from the reporting scope. Environmental data and information relating to Scope 1, Scope 2, Scope 3, waste, water and materials were also analysed through the OEF 2023 study, conducted in accordance with the relevant guidelines (European Recommendation no 2279 of 16/12/2021). Environmental data and information relating to Scope 1, Scope 2, waste, water and materials refer to the production, administrative and commercial sites of Canali S.p.A. The management, financial and legal services offices of the other Group companies are not considered material. Meanwhile, from a life cycle assessment perspective, the Scope 3 calculation includes consumption, waste and water data of the global commercial offices. Please refer to Chapter 3 on environmental responsibility for more details on the study performed, and to the dedicated section of the website (<https://gb.canali.com/care/reliability>) for consultation of the OEF and PEF environmental studies, the references of which are duly footnoted in this report.

With effect from 7 September 2023, Canai Retail France S.a.s., the company that operates the Canali boutique in Paris, was added to the list of subsidiaries consolidated on a line-by-line basis.

Where possible, a comparison with the 2022 reporting period has been provided in order to allow the comparability of data and information over time and an assessment of the company’s business over a period of time. In each chapter, any use of estimates when reporting quantitative information has been duly disclosed, contextualised and conducted on the basis of the best available information with the aim of not affecting the reliability of the information.

The Board of Directors of Canali Holding S.p.A. approved this Sustainability Report on 09-09-2024. It should be noted that this report has not been subject to external assurance.

The Sustainability Report is also available on the Canali website in the section dedicated to CAre, the project within which the company has decided to carry out all of its sustainability initiatives (<https://gb.canali.com/care>).

For further information on Canali's social responsibility policies and on the contents of the Sustainability Report, please write to the following email address: canalicare@canali.it.



1. The Canali Group

1.1 HISTORY

1.2 CANALI DNA

1.3 GOVERNANCE OF THE GROUP

For 90 years, Canali has been synonymous with luxury men's tailoring. It embodies and represents Italian craftsmanship and excellence in men's fashion and is based in the heart of the Brianza area, Italy.

As a family-owned brand, Canali has consistently influenced the evolution of men's style since 1934 with a sartorial approach that celebrates the experience of Italian artisans, infusing heritage and innovation into every garment.

Canali represents a whispered luxury lifestyle that transcends trends, generations and borders with sober confidence. Rooted in high quality, research and innovative designs, the Canali collections embody a contemporary sensitivity in menswear.

The entire Canali collection is meticulously crafted in Italy, embracing a timeless aesthetic and guaranteeing unalterable quality and responsibility towards the planet and people.

Today, the Canali Group is led by the third generation. It boasts five production centres strategically located in Italy and a global workforce in excess of 1,300 employees. The global presence of the manufacturing and design group extends beyond 190 boutiques, a number that continues to grow, and is present in more than 1,000 retail stores in over 100 countries around the world.

1.1 HISTORY

The Canali company was officially founded in 1934 when Giovanni Canali joined his brother Giacomo's tailor's shop in Triuggio, Brianza, greatly expanding the business.

Despite the challenges imposed by the Second World War, the second generation Canali brothers, Giuseppe, Genesio and Eugenio, showed determination and resilience, restarting the business after the war. Responding to the needs of the society that was being created, the company focused exclusively on overcoats and raincoats, testifying to the brothers' entrepreneurial intuition.

The brothers later strategically redefined their production to focus on formal wear with distinctive sartorial characteristics. This proved to be a fundamental change which allowed Canali to establish itself on the men's fashion market in the Seventies before conquering the United States in the Eighties. The global expansion continued in the Nineties and later and reached new markets in Europe, Asia and the Middle East.

The third generation ushered in a new era of innovation with an emphasis on commitment to garment quality, technical research, sustainability and the continuous training and development of the workforce. This period witnessed the evolution of the brand's style and offering which adapted to the changing landscape of men's fashion with the rise of social media and digital sales channels.

At the heart of Canali's success is a unique blend of work culture and a profound sense of belonging, testifying to the distinctive dynamics of a family-owned company and its values.

Today, Canali is not only a renowned name in the men's clothing sector but also a story that intertwines

family, heritage and a constant commitment to the creation of garments that harmonise tradition with contemporary spirit.



TIMELINE



- 
- **2015**
- The company launches its own e-commerce platform.
- **2020**
- Canali inaugurates its Virtual Showroom and publishes the Anthology communications project.
- **2021-2023**
- The brand embarks upon a new direction that brings with it many innovations:
- A renewed visual identity, a new website, a revised approach to the collection and a new communications campaign centred on the concept of **Inner Beauty**.
 - An **innovative store concept** that is first realised in the Madison NY and IFC Shanghai stores.
 - The company launches its digital flagship stores inside the Tmall Luxury Pavilion and JD
- In 2023, Canali also launches **CAre**, the global project under which the company decides to bring all of its sustainability initiatives.
- Double** workmanship is introduced with the FW23 and immediately becomes an icon of the Canali wardrobe, making the company sector leader in the use of this technique.
- The first **Canali Caffé opens in Beijing**, immediately followed by a second one in Shanghai.

1.2 CANALI DNA

VALUES

The values of the Canali Group represent the heart of its identity and the foundation on which its reputation is built. These principles guide every aspect of the company's business, from design to production, ensuring that each garment is not just a product, but an expression of excellence and tradition.

Inner Beauty

Inner Beauty is a way of being and a guiding principle firmly founded on empathy, kindness, care and respect. This conception goes beyond individual actions, embodying the brand ethos and values that have inspired and guided the Canali family over the years: common identity traits such as courtesy, moral integrity, collaborative work ethic and profound respect for people and the territory.

Through Inner Beauty, Canali aims to foster and

promote a renewed masculinity, characterised by calm, determination and self-awareness, which prioritises composure and listening over chaos and prevarication. A man who embodies Inner Beauty exudes positivity, empathy and elegance, reflecting respect for himself, other people and the environment.

Excellence

Canali is a harbinger of know-how, research and innovation, representing excellence in men's clothing. The fine quality of Canali garments comes from authentic craftsmanship, custodian of rare skills and delicate processes, and is the result of meticulous study that harmonises exclusive design, research into fine materials and manufacturing experience.

Canali Excellence is a continuous, dynamic commitment to the highest standards of design, quality and durability. It is a driving force that meets the desires of the most demanding consumers, repre-

Inner Beauty

Self confidence
Authenticity
Integrity
Kindness
Empathy
Respect
Passion
CAre

Excellence

Pure Made in Italy
Durability
Craftsmanship
Quality
Research

Whispered Luxury

Delicate perfection
Italian elegance
Effortless style
Sophistication
Connoisseurship
Design

Italian Heritage

Family
Since 1934
Independent company
Know how
Italian sartorial skills
Italian Culture

senting a brand that not only excels in its craft but also in its conscientious approach to the world.

Whispered Luxury

Whispered Luxury is a nuanced expression of sophistication and poise, in which Italian style and meticulous craftsmanship converge and which embodies a subtle, yet profound, commitment to quality and timeless appeal.

Whispered Luxury resonates with the discerning individual, who appreciates understated elegance and the skill and craftsmanship behind each item in his wardrobe. It is a narrative that speaks in subdued tones, celebrating attention to detail and the pursuit of delicate perfection in both style and fit.

Canali luxury is subtle and is expressed with a sophisticated language that whispers a story of authenticity, safety and enduring elegance.

Italian Heritage

Canali's heritage is a tapestry that spans 90 years of sartorial experience, reflecting the beauty inherited from Italian culture.

At the heart of this heritage lies the perfect integration of family values, handed down for generations, with Italy's history, style, taste and manufacturing know-how. Canali's success is down to an ability to integrate territorial tradition with international innovation. This balance has driven the company to evolve over time, developing its skills without ever compromising on excellence.

The Canali legacy acts as a bridge between a rich past and a forward-looking approach, describing a history of resilience and constant pursuit of perfection.

1.3 GOVERNANCE OF THE GROUP

The Canali Group is made up of Italian and foreign companies, under the management and coordination of Canali Holding S.p.A.

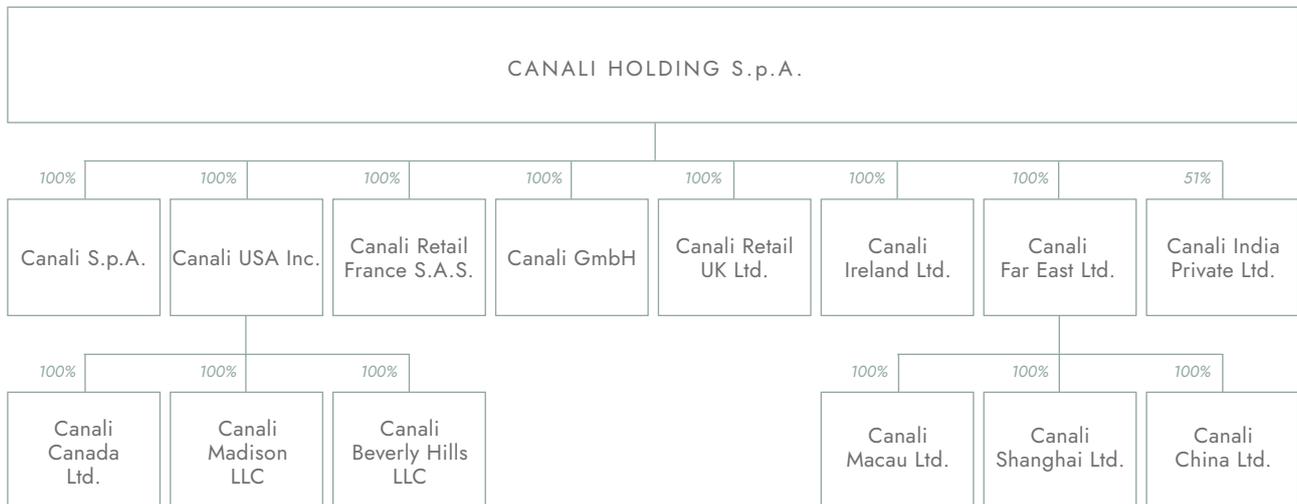
The organisational structure of the Canali Group is designed to support production of men's luxury formal wear, suits and accessories – strategically located in Italy at proprietary sites in Lombardy, Marche and Abruzzo – and an international sales network covering Europe, America and Asia. This configuration allows the Group to maintain a strong territorial identity while being present and competitive on global markets and guaranteeing control designed to ensure that Canali quality standards are met.

STRUCTURE AND PRESENCE IN THE WORLD

Holding company **Canali Holding S.p.A.** carries out financial activities only, specifically centralised treasury management and the acquisition/holding of equity investments. In this context, it also grants loans, carries out foreign exchange brokerage and performs the technical, administrative and financial coordination of investee companies and/or companies belonging to the Group.

The Board of Directors (BoD) of Canali Holding S.p.A., chaired by Stefano Canali, has between 5 and 9 members and is appointed by the Shareholders' Meeting based on lists of candidates who must be shareholders of the company – or shareholders of shareholder companies – and who are not older than 70 years of age as regulated by Article 19 of the Company's Articles of Association. The Board of Directors in office at 31 December 2023 has seven members – five men and two women – and a three-year term of office that will expire upon approval of the financial statements for the year ended 31 December 2024. Three of the directors in office are also members of the Boards of Directors of other Group companies. Stefano Canali, President and Chief Ex-

ORGANISATION CHART AT 31/12/2023

**EUROPE
AND UK**

- **Canali GmbH** is the agent of Canali S.p.A. for German-speaking countries.
- **Canali Ireland Ltd.** owns all Canali brands.
- **Canali Retail France S.A.S.** operates the Canali boutique in Paris.
- **Canali Retail UK Ltd.** operates the Canali boutique in London.

**USA AND
CANADA**

- **Canali USA Inc.** (owns 100% of Canali Canada Ltd, Canali Madison LLC, Canali Beverly Hills LLC) directly manages B2B sales and marketing activities in the USA and Latin America, as well as Canali boutiques, outlets and B2C e-commerce activities in the USA.
- **Canali Beverly Hills LLC** operates the Canali boutique in Beverly Hills.
- **Canali Canada Ltd.** manages B2B sales and marketing activities in Canada.
- **Canali Madison LLC** operates the Canali boutique in New York.

**ASIA AND
PACIFIC**

- **Canali Far East Ltd.** (owns 100% of Canali China LTD, Canali Shanghai LTD and Canali Macau LTD): is the agent of Canali S.p.A. in the Asia and Pacific area and operates the Canali boutique in Hong Kong.
- **Canali China Ltd.** manages cross-border cash pooling activities for China.
- **Canali Macau Ltd.** operates the Canali boutique in Macau.
- **Canali Shanghai Ltd.** operates the Canali boutiques and outlets in China, B2C e-commerce activities through marketplaces for China and the Canali Caffés in Beijing and Shanghai.
- **Canali India Private Ltd.** operates the Canali boutiques in India and B2C e-commerce activities in India.

ecutive Officer of Canali Holding S.p.A., is also the Sole Director of Canali S.p.A.

Headquartered in Sovico (Monza and Brianza), **Canali S.p.A.** is the Group's main operating company. The company manufactures and markets men's luxury clothing and accessories.

Internal production – which represents around 70% of total production – is carried out entirely in Italy at five production facilities situated in Lombardy (Sovico, MB), Marche (S. Maria Nuova, AN), Filottrano (AN), and Abruzzo (Gissi, CH). The remaining 30% of production is outsourced to third party suppliers, also located in Italy.

The Sovico headquarters carries out coordination activities and acts as distribution centre for all the Group's sales activities, through the retail, wholesale and e-commerce channels, both in Italy and abroad.

ECONOMIC PERFORMANCE

The Group constantly monitors key economic and financial performance indicators and assesses the effectiveness of the investments made, as well as the economic value directly generated and distributed, so as to ensure the economic sustainability of the business in the medium/long-term.

In this context, in 2023, the Group distributed 92% of the value generated (94% in 2022). The economic value generated directly by the Group amounted to around Euro 214 million (+12% compared to Euro 192 million in 2022). The main beneficiary of the distribution of economic value was suppliers and other operating costs which represented 64% of the total value distributed in 2023.

Operating costs – including raw materials, services, lease and rental costs, changes in inventories, internal

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (€)	2022	2023
ECONOMIC VALUE GENERATED	191,995,654	214,190,057
ECONOMIC VALUE DISTRIBUTED	180,104,782	196,449,277
<i>of which distributed to suppliers (operating costs)</i>	111,750,431	125,812,365
<i>of which remuneration of employees</i>	61,792,918	62,819,444
<i>of which remuneration of lenders</i>	3,176,524	1,326,131
<i>of which investment in the community</i>	103,249	239,423
<i>of which remuneration of the public administration (current taxes)</i>	2,261,660	6,251,914
ECONOMIC VALUE RETAINED	11,890,872	17,740,780

DISTRIBUTION OF THE DIRECT ECONOMIC VALUE	2022	2023
ECONOMIC VALUE DISTRIBUTED	94%	92%
<i>of which distributed to suppliers (operating costs)</i>	62%	64%
<i>of which remuneration of employees</i>	34%	32%
<i>of which remuneration of lenders</i>	2%	1%
<i>of which remuneration of the shareholders</i>	0,6%	-
<i>of which investment in the community</i>	0,1%	0,1%
<i>of which remuneration of the public administration (current taxes)</i>	1%	3%
ECONOMIC VALUE RETAINED	6%	8%

construction and other operating expenses – were the most significant item of expenditure. Employee remuneration – including wages, salaries, social security contributions, employee severance indemnity/ TFR and other personnel costs – accounted for 32%, in line with 2022.

Finally, donations increased from € 103,249.00 in 2022 to € 239,423.00 in 2023.

These figures highlight the Canali Group's commitment to distributing the economic value generated, with particular attention to suppliers and employees, while ensuring the economic sustainability of the business through careful, strategic management of financial resources.

BUSINESS ETHICS AND INTEGRITY

The Organisation seeks to stand out for its ability to create value through transparent, ethical relationships with customers and ongoing, formative dialogue with employees. Its business ethics are also reflected in environmental protection and social responsibility, taking the form of the implementation of production facilities that guarantee careful management of the environmental impacts of activities, and in the constant attention to the interests of employees and the local community in which the Organisation operates.

In accordance with Legislative Decree no 231/2001, Canali S.p.A. has voluntarily adopted an Organisation, Management and Control Model ("231 Model") and a Code of Ethics and monitors the main risk factors related to the occurrence of crimes and offences.

Canali S.p.A. has appointed a Supervisory Board

with the task of monitoring compliance with the principles of the Model and handling reports of unlawful and improper conduct. Canali Holding S.p.A. has also appointed a Supervisory Board. The Code of Ethics documents the values that guide the Group's daily operations, first and foremost the ethics which

formalises and implements the measures necessary for the prevention of unlawful and unethical conduct in the workplace and in dealings with third parties. Compliance with corporate values and applicable laws and regulations is safeguarded by means of a system of sanctions that provides for consequences proportionate to the seriousness of any proven violations.

In accordance with Italian legislation on Whistleblowing (Legislative Decree no. 24/2023), employees and collaborators may report any violation or suspected violation of the Code of Ethics and 231 Model to the Supervisory Board. Violations can be reported through specific whistleblowing channels such as a dedicated online platform, traditional mail or e-mail to the address of the Supervisory Board.

With regard to this topic, during the two years covered by the Report, no cases of corruption were identified and the checks carried out confirmed that there were no irregularities or unlawful conduct that could compromise the integrity and transparency of the Organisation.

Furthermore, no data breaches requiring notification to the Italian Data Protection Authority were detected. Constant attention to information security and the protection of sensitive information has made it possible to prevent any incidents that could compromise customer privacy and trust. The Group remains committed to maintaining and further improving its security standards to guarantee maximum data protection in the future.

are key and essential feature of the business activities. The Code is applicable both internally – defining and communicating rules of conduct to employees – and externally – involving Canali's main stakeholders with whom the Code is shared. Through the adoption of the Code of Ethics and the appointment of a Supervisory Board, the Group





2. The path to sustainability

2.1 CANALI CARE

2.2 MADE IN ITALY QUALITY AND CRAFTSMANSHIP

2.3 OUR STAKEHOLDERS

2.4 MATERIALITY ASSESSMENT

“CAre”

This word has a special meaning for us because it combines the first two letters of our name - Canali - with RE, a simple but tenacious syllable that recurs in our core values and in our present and future commitments. ”

Stefano Canali

Canali takes a holistic, rigorous approach to sustainability, linked to its values and identity, involving the entire organisation and the business as a whole.

The project under which the company has decided to bring all of its environmental and social sustainability initiatives is called CAre.

The core values of the CAre project are the same ones that have guided the actions of the Canali family and their way of doing business for 90 years. The project is a current one, which sums up what the company has been and perfectly reflects the direction that it wants to take.

2.1 CANALI CARE

The Group is committed to promoting and adopting a model of sustainable and inclusive development, aimed at creating lasting value for itself and its stakeholders.

This commitment took shape seriously in 2019 when, for the first time, the environmental performance of the organisation and its products throughout their life cycle was measured. In order to calculate the actual impact of its activities and its supply chain, Canali chose to adopt the best certified methodologies available i.e. the Organization Environmental Footprint (OEF) and the Product Environmental Footprint (PEF), demonstrating seriousness, transparency and responsibility towards environmental issues. The objective of these studies is to implement targeted, effective improvement measures for sustainable operations compatible with the competitive-

ness of the product and the organisation¹.

Since 1934, Canali has been designing and manufacturing wholly in Italy. The Group's production process can be defined as 100% Made in Italy and it can draw on know-how considered a great wealth and a fundamental asset.

CORE PRINCIPLES

REspect

When it concerns people, the respect that guides every Canali action translates into a Code of Ethics to protect moral integrity and the human factor. When it concerns the Plant, it translates into an Action Plan aimed at reducing consumption and emissions.

REsponsibility

The firm desire to be Made in Italy stems from a deep sense of responsibility towards the environment

REspect

REspect is the value which guides our every action towards people and planet.

REsponsibility

Being Made in Italy, is about our sense of belonging to the territory and representing the people who work with us.

REliability

Canali has decided to measure its own environmental footprint, both at an organizational (OEF) and product (PEF) level.

REcycle and REuse

Recognise the importance of the circular economy to manage and recycle pre- and post-consumer waste.

REpair and REstore

REpair and REstore are the services that Canali provides to ensure maximum durability to the garments.

REward

In accordance with the ethical principles that guide the family and the Group, Canali is committed to returning value to society.

¹ See Chapter 3 *Environmental responsibility* for further details.

and people, responding to the desire to safeguard the territory and protect the conditions of Canali workers. Made in Italy goes beyond the traditional need for quality, evolving into a broader concept of sustainability. In fact, producing a garment with sartorial characteristics in Italy, using excellent raw materials, extends its lifespan and reduces its overall impact.

REliability

The reliability that distinguishes the company's business ethics is naturally reflected in its approach to sustainability. Therefore, it is essential for the company to base its commitment on an objective framework, outlined by reliable information, including on ESG issues. Measurement of the environmental footprint – both at the organisational level (OEF) and at the product level (PEF) – considering not only operations but also the supply chain, raw materials and logistics, provides a solid base for CAre. This approach ensures consistency in determining lines of action and strengthens the company's credibility on the market.

REcycle and REuse

Awareness of the importance of a circular economy for environmental sustainability also drives the company to take care of the final stages of the life cycle of its products. This commitment takes form through Retex.Green, the consortium launched by Sistema Moda Italia and the Fondazione del Tessile Italiano – of which Canali is a founding member and Stefano Canali a member of the Board of Directors – for the management, recovery and recycling of pre- and post-consumer waste from the textile, clothing, footwear and leather goods sectors.

REpair and Restore

Canali offers its customers garment care, repair and restoration services to ensure maximum durability, extending product life cycle and reducing their environmental impact. These services marry perfectly with the intrinsic characteristics of Canali's design

which ensures repairability and adaptability thanks to the quality of the materials and the sartorial construction of the garments.

REward

Canali is committed to sharing the value generated through its activities with civil society.

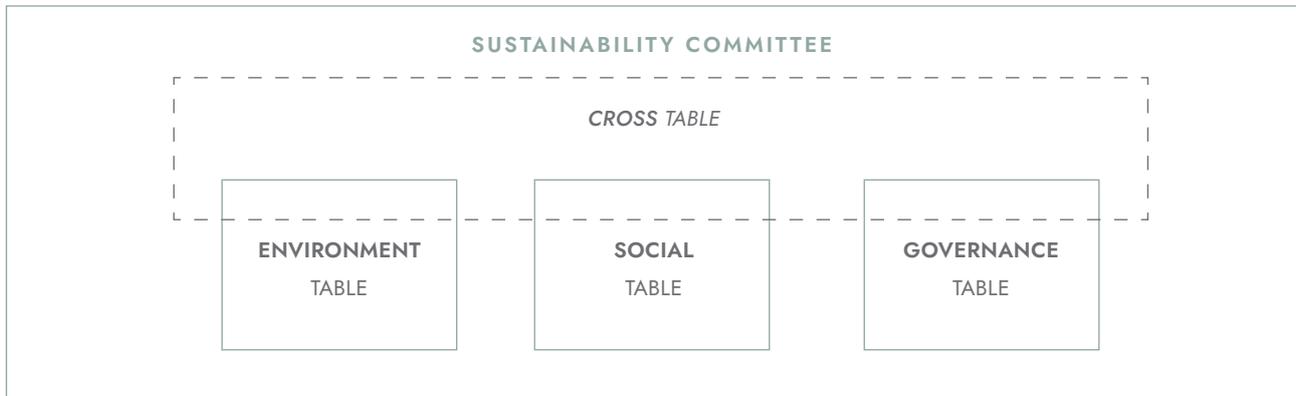
This commitment takes shape through the projects of the Canali Onlus Foundation, a non-profit institution of social utility which, since 2013, has been expressing and transmitting the values that are at the heart of the ethics of the Canali family and the Canali Group.

ESG GOVERNANCE

As the company that carries out management and coordination activities, Canali Holding S.p.A. also determines strategic guidelines on ESG issues which are then operationally implemented by Canali S.p.A. and by the other Group companies within the scope of their responsibility.

A **Sustainability Committee** has been set up to conduct ESG activities. Its members include senior representatives of Canali S.p.A. and they are constantly supported by technical and strategic advisors. The Committee's objective is to identify and manage the Group's impacts on the economy, the environment and people. Since the launch of CAre in 2023, the Committee has been working constantly to develop strategies to reduce consumption and emissions, implement initiatives for the welfare and protection of all people who come into contact with Canali, and structure solid corporate governance. Stefano Canali, CAre's main promoter and value custodian, plays a key role in supervising the Committee's work and defining the Strategic Plan. A company individual specifically dedicated to the operational coordination of the Committee reports to him periodically, ensuring that the results of ESG processes are the direct responsibility of the Group's highest governance body.

MANAGEMENT OF ESG ACTIVITIES



The Committee's participation in ESG activities is sub-divided into three Strategic Tables. Each is dedicated to an ESG topic and involves Directors and technical advisors depending on the skills required, providing input and specialist insight to define themes, KPIs and objectives. The work organised in this manner is regularly shared and discussed by a Cross Table which supervises and approves proposals to ensure compatibility with CARe's values. The decisions and strategies of the Sustainability Committee have an impact on the entire Group.

For the **materiality processes** regarding the identification of environmental impacts, internal stakeholders are periodically involved in the collection of data to measure the Organisation Environmental Footprint (OEF) and Product Environmental Footprint (PEF). With the same objectives, direct relationships with the supply chain are established through the relevant internal departments and individuals. For processes regarding the identification of social impacts, qualitative questionnaires are used to gain awareness of the culture, perception and opinion of employees and end customers on sustainability topics.

The Sustainability Committee is responsible for

reviewing the effectiveness of these processes with the frequency of its reviews based on the timing of each ESG project.

The Canali S.p.A. Sustainability Committee examines all ESG policies and they are then submitted for final approval by the highest governance body, the Board of Directors of Canali Holding S.p.A. Once approved, the commitments made through policies are applied to the organisation's business activities and relationships through the design and adoption of specific projects. These projects are carried out and supervised by the respective ESG Tables and are constantly monitored by the Cross Table.

Internal **communications** are as multi-directional as possible and rely on corporate media depending on the objective: official statements are used to inform – as distributed via intranet and company email – as are notices on bulletin boards; training and internal messaging apps are used to engage with people, through dedicated thematic channels. Official communications with external stakeholders take place by means of this Report, interviews and interventions of the CEO, press releases, the web site, official corporate social media pages and trade/general media.

Events are a fundamental means of communication

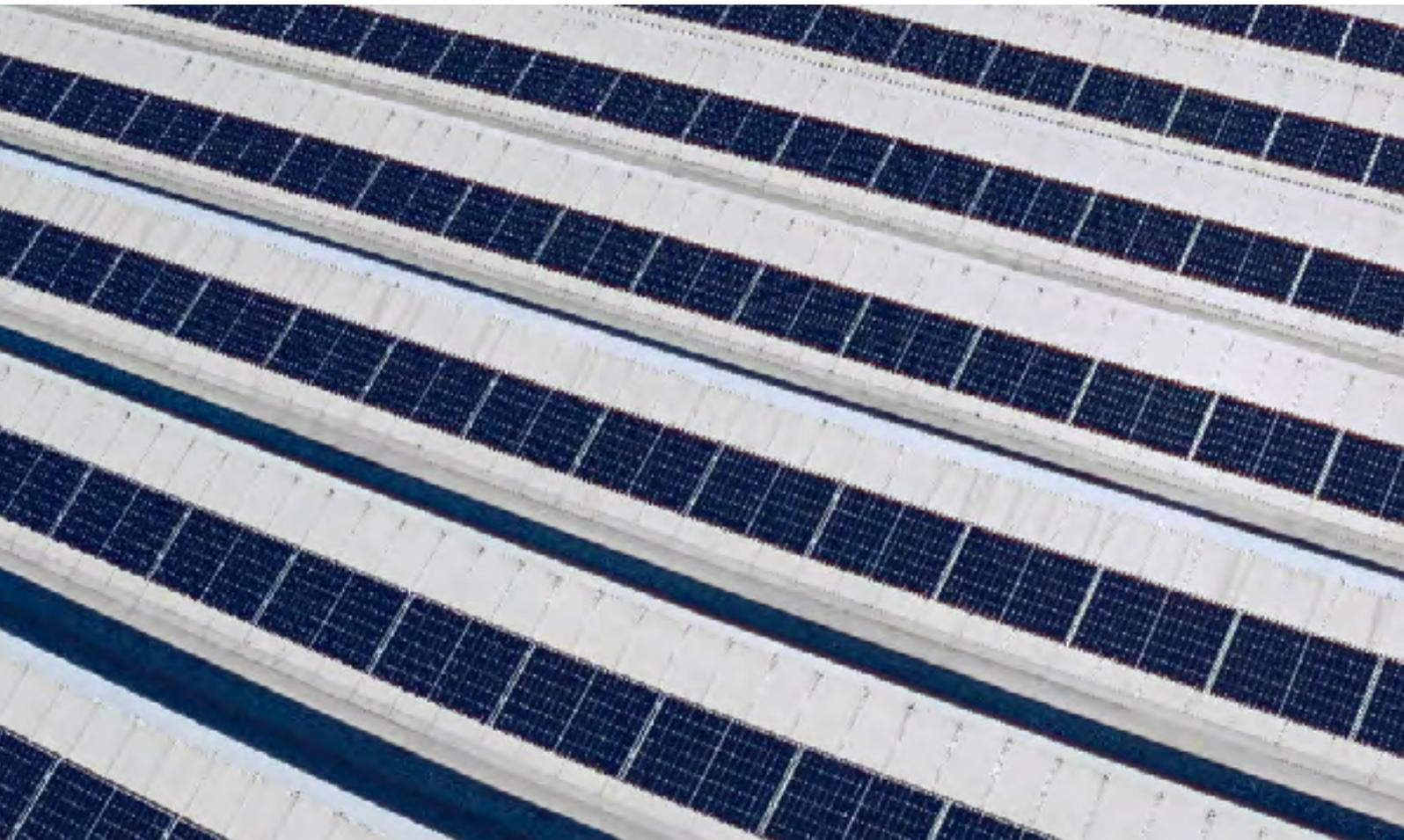
for both external and internal stakeholders: a time to tell and share, they are the ideal occasion to provide a concrete demonstration of the company's commitment to sustainability.

COMMITMENTS AND ACTIONS

In accordance with the principles of the CArE Project, the Organisation is committed to taking action aimed at mitigating the negative impacts caused by its business activities. Since 2022, Canali has been following an **Action Plan** to reduce impacts and implement actions and strategies consistent with the material topics emerging from

measurement of its environmental impact through OEF (Organisation Environmental Footprint) and PEF (Product Environmental Footprint) and from the CArE My Voice survey aimed at the Italian business population. An overview of the actions identified – divided by topic – is set out below.

Implementation of the Action Plan follows the priorities established by the Sustainability Committee; it is currently in progress, is constantly monitored and will be incorporated into a long-term Strategic Plan.



WELL-BEING AND DEVELOPMENT OF HUMAN RESOURCES



Launch of *CAre Pills*: training pills on sustainability issues, shared with all Group personnel through the OneCanali company intranet.



Introduction of feedback and performance management as mandatory annual processes.



Expansion of the training offering with specific workshops and training on ESG topics for managers and employees at production facilities and stores.



Launch of the *CAre My Welfare* platform for the conversion of performance bonuses into goods and services for the individual and the family, and for access to a network of dedicated discounts.

BUSINESS INTEGRITY



Actions to improve supply chain monitoring.



Implementation of external stakeholder engagement for a more in-depth and diversified materiality assessment.

LOGISTICS



Optimisation of finished product packaging: labels, hangers, tissue paper, cellophane bags and shopping bags made with 70% recycled material, with a reduction of around 3,000 kg/year of paper used.



Maximisation of air shipments from Europe to Asia and America with garments hanging in big boxes not in individual cases.



Use of liquid methane gas vehicles for all internal logistics, from the supply of production departments to the collection of finished products from internal production departments.

RAW MATERIALS



Trial of alternatives to virgin fibres in order to mitigate impacts throughout the life cycle of Canali products.



Implementation of Research and Development Projects to mitigate impacts related to production of raw materials (Scope 3).



Foundation and membership of Retex.Green, the consortium launched by Sistema Moda Italia and Fondazione del Tessile Italiano for the management, recovery and recycling of pre- and post-consumer waste in the textile, clothing, footwear and leather goods sectors.

INTERNAL PRODUCTION



Installation of photovoltaic systems in the Lombardy headquarters in Sovico which, added to those in Filottrano, in the Marche region and Gissi, in Abruzzo, make for a total of more than 600,000 kWh of self-generated electricity capacity per annum.



Installation of LED lamps at all facilities in Lombardy, Marche and Abruzzo.



Replacement of less efficient machinery in all production departments.



Installation of measuring equipment in each production unit connected to the central EMS system in order to monitor the worst energy inefficiencies and take targeted action to improve efficiency.

CUSTOMER SERVICES



Implementation of *REpair & REstore*, the garment care, repair and restoration service dedicated to Canali customers to ensure maximum durability.



Sharing of good practices for the daily maintenance of the most delicate products.

2.2 MADE IN ITALY QUALITY AND CRAFTSMANSHIP

Canali's Made in Italy is a commitment that goes beyond the limits of a label and becomes a promise of quality and responsibility. Thanks to sartorial construction and the quality of the raw materials,



Canali garments are designed to be long-lasting, coming into line with the principles of circular fashion and contributing to a reduction in environmental impact. This approach, taken from the tradition of craftsmanship and rooted in ninety years of business ethics and values, reflects the brand's dedication to respecting People and the Planet, preserving the essence of true Italian tailoring.

QUALITY AND TAILORING: ECODESIGN ACCORDING TO CANALI

Italian know-how is a source of richness and a fundamental asset for the company. On the one hand, it guarantees an excellent offering thanks to direct control over the quality of goods and processes and, on the other hand, it ensures the preservation of tailoring techniques, the cultural heritage of the Italian artisanal tradition.

Canali has always put the utmost care into in the choice of materials and has always aimed for excellence. **Raw materials** of the highest quality are selected in collaboration with respected, certified, long-standing partners: extremely important companies that have contributed and continue to contribute to the history of Italian textile excellence. In this sense, the Biella district plays a key role for Canali, supplying 99% of the fabrics destined for its formal collections. Each fabric and material that enters the supply chain is then carefully analysed in the Cutting Room at the Sovico Headquarters, where checks are carried out on colour,

“ *Made in Italy is no longer only synonymous with beautiful, well-made products, it has become an expression of a production system that is responsible towards the planet and people.* ”

Stefano Canali

hand, weight, alterations and specific studies for patterned fabrics.

These choices are perfectly reflected in the finished garments, a concrete representation of the Italian craftsmanship culture that has historically inspired the brand. Canali garments are made with **sartorial construction**, combing the most advanced technology with sophisticated manual skills and craftsmanship. This approach ensures that Canali garments are not only of high quality, but also durable, allowing for repairs and modifications over time, and ensuring that the products have a reduced environmental impact in the long run.

TERRITORY AND SUPPLY CHAIN: SOCIAL RESPONSIBILITY

Production takes place entirely in Italy. 70% is “Made in Canali”, in the workshops in Lombardy, Marche and Abruzzo while the remaining 30% is outsourced to third party suppliers who are monitored and engaged with constantly.

Suppliers operating in the relevant industrial districts and who have a unique know-how derived from their artisan tradition have been selected for the part of the collection produced externally. Leather garments in Tuscany, shoes in the Marche, Tuscany or Campania, knitwear in Carpi or Perugia, ties and silk in the



Como area and denim in Veneto – every product is assigned to the specialist industrial district. Decisions regarding the weaving and purchase of fabrics follow the same logic: wool in Biella, silk in Como, cotton in Bergamo. Extremely close ties have been forged with suppliers and collaborations have been entered into for exclusive projects in terms of both design and materials.

Being able to rely on a **short, verticalized, integrated supply chain** enables us to maintain direct control of operations, embracing a virtuous business model that is logistically leaner and more efficient. This approach, widely recognised as crucial in policies and strategies to develop more sustainable socio-ecological systems, has positive impacts on the well-being of people and the territory in which it operates. Canali's Made in Italy contributes to the social sustainability of the business, making use of craftsmen and women who enjoy full protection from a legal, social security and healthcare perspective. It is also fundamental for the cultural value of the business because, by safeguarding territorial traditions, it helps preserve cultural diversity and combat processes like standardisation and homogenisation.

INNOVATION IN BUSINESS PROCESSES

For Canali, the values and experience built up over the years are perfectly integrated with the study of new production processes and product research. The challenge is not to reinvent things from scratch but to evolve traditions carefully with dedication and an innovative spirit. Through the adoption of cutting-edge technologies and sustainable methodologies, the Group aims to transform every phase of the production process, guaranteeing efficiency, greater quality and a lesser environmental impact. This approach not only allows Canali to respond to the needs of a constantly evolving market but also to anticipate trends, maintaining its commitment to excellence and sustainability.

A significant example of this approach is the innovative version of the fabric cutting management system which has been implemented following a critical review of the entire process. Today, **the Sovico Cutting Room** uses a technique that is unique on the market – it was designed in-house, co-developed thanks to valuable partnerships and perfected in ten years of research and development.

The process begins with quality control of incoming goods. Thanks to an innovative system of analysis and

CUTTING SYSTEM: IMPLEMENTATION RESULTS



Maximisation of marker efficiency thanks to average use of **70%** of the fabric surface.



Avoided on average the wasting of **940 metres** of defective fabric.



3% reduction in kilogrammes of fabric scrap.



Recovery of more than **1,100 km** of paper and cellophane used during the cutting process.

control, fabric defects are pinpointed and managed without resulting in the rejection of the entire piece, as would occur in a traditional system. This system makes it possible to design the cutting matric in such a way as to avoid defects or make them insignificant, thus drastically reducing the amount of rejected goods.

Particular attention is paid to the qualitative study of checked and striped fabrics, where any imprecision in the pattern can cause visible defects in the finished product. The system is designed to anticipate and manage such errors, avoiding manufacturing defects that would make the product unsuitable for sale and providing suppliers with tools to improve the quality of their fabrics, this reinforcing the mutual

collaboration relationship.

In terms of outgain waste, the cutting technique optimises utilisation of the useful surface of the fabric, reducing the volume of remnants. The system makes it possible to use almost 80% of plain fabric and 60% of striped or checked fabric, minimising waste.

Finally, this process management system allows only the fabric to be cut, thus reducing the need for consumables like paper and cellophane which are necessary with traditional multi-layer cutting. This also avoids the generation of mixed non-separable and/or non-recyclable waste, further increasing the efficiency and sustainability of the process.

By optimising fabric cutting and minimising production waste, the model has led to a substantial



improvement in terms of quality, efficiency and impact, achieving important sustainability milestones for Canali production.

The unique, state-of-the-art nature of the Canali Cutting Room makes it a destination for educational guided tours, aimed at both internal personnel and external stakeholders such as customers, students, institutions and the media.

2.3 OUR STAKEHOLDERS

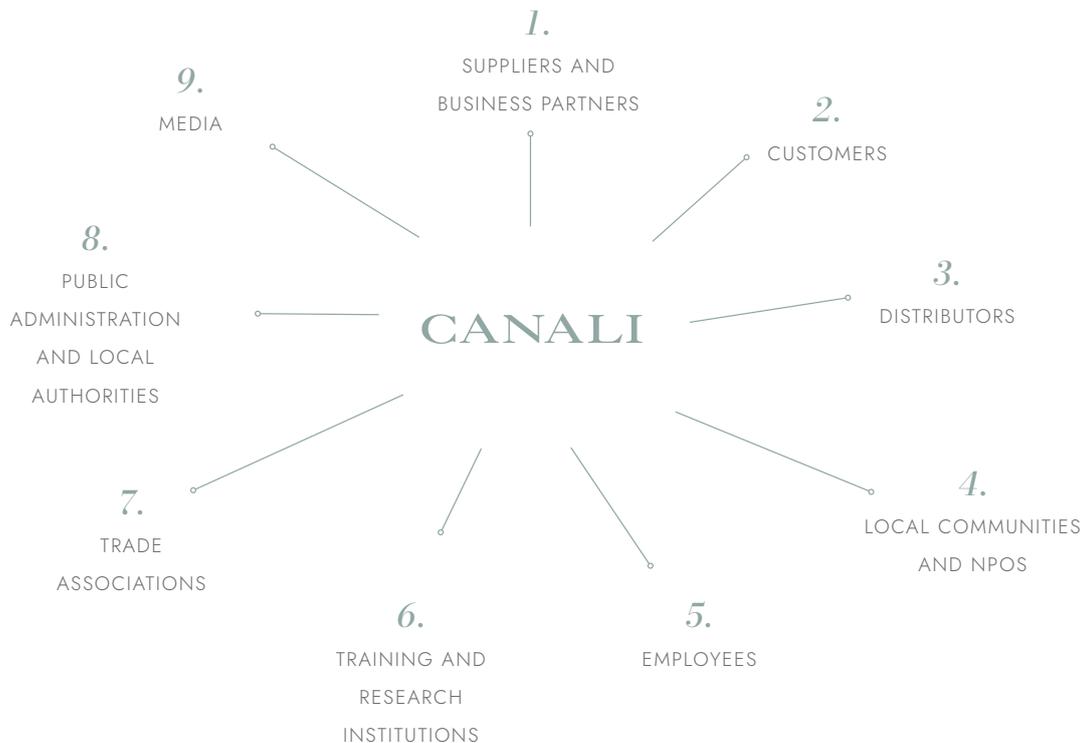
In accordance with the GRI Standards and the main industry frameworks, **Stakeholders** are defined as all those entities or individuals who may be influenced by the organisation’s activities, products and services or whose actions can reasonably affect the organisation’s ability to successfully implement its strategies and achieve its objectives.

Canali performed a context analysis of the main

peers and competitors in the sector. This was the starting point from which to proceed with identification of its Stakeholders. In this way, it was possible to map the entities and individuals that can influence or be influenced by the organisation, whether directly or indirectly.

Engagement with Stakeholders, both internal and external to the Company, and identification of their expectations is a critical success factor, especially with regard to definition of the Group’s development strategies.

Alongside the overall objective of dialogue aimed at identifying, measuring and mitigating ESG impacts, the following table lists the specific engagement objectives and the main dedicated communication channels, through which the Group interacts with its Stakeholders.



STAKEHOLDER	ENGAGEMENT OBJECTIVE	METHOD OF DIALOGUE AND ENGAGEMENT
1. SUPPLIERS AND BUSINESS PARTNERS	<ul style="list-style-type: none"> • Build lasting relationships based on trust, transparency and cooperation. • Ensure compliance with ESG-related rights and regulations throughout the value chain. 	<ul style="list-style-type: none"> • Ongoing relationships managed by company representatives entrusted with supplier relations. • Mutual exchange of data and information on ESG impacts through technical documentation and questionnaires.
2. CUSTOMERS	<ul style="list-style-type: none"> • Increase <i>brand awareness</i> of Canali's ESG performance, commitments and activities. • Enable customers to make informed, responsible purchases. • Highlight the importance of durability and life cycle, Made in Italy and a short, integrated supply chain in reducing the ESG impact of the sector. 	<ul style="list-style-type: none"> • Sustainability communications dedicated to customers through official channels (website, press office) and specific channels (newsletters, customer satisfaction questionnaires). • REpair & REstore: garment care, repair and restoration services; sharing of good practices for day-to-day maintenance.
3. DISTRIBUTORS	<ul style="list-style-type: none"> • Build lasting relationships based on trust, transparency and cooperation. • Ensure consistency with corporate identity and strategies during distribution. 	<ul style="list-style-type: none"> • Sharing of information, materials and data on products and on sales performance. • Cooperation with mutual materiality assessment. • Specific training for sales personnel.
4. LOCAL COMMUNITIES AND NPOS	<ul style="list-style-type: none"> • Return value to the community. 	<ul style="list-style-type: none"> • Direct support – economic, organisational, communications – to the Fondazione Canali Onlus and indirect support to the recipients of its services. • Welfare services to individuals and to the families of Canali employees.
5. EMPLOYEES	<ul style="list-style-type: none"> • Increase internal culture and awareness of sustainability issues. • Improve the work experience. • Attract and retain resources more in line with corporate values and objectives • Recognition and reward for contributions to business well-being. 	<ul style="list-style-type: none"> • Questionnaires aimed at internal materiality assessment. • Company intranet to share, for example, projects, events, invitations, news and training pills. • CRM App aimed at retail colleagues. • Annual feedback talks. • Technical and general training through face-to-face courses and e-learning platform. • Regular in-house and external events to share main results, macro-strategies and projects.
6. TRAINING AND RESEARCH INSTITUTIONS	<ul style="list-style-type: none"> • Maintain, convey and develop the manufacturing tradition in the area. • Encourage dialogue and growth of specialist know-how of the industry. 	<ul style="list-style-type: none"> • Opening of premises for guided tours of production areas and offices. • Collaboration with universities and schools of specialised higher education for educational purposes and entry into the world of work.

STAKEHOLDER	ENGAGEMENT OBJECTIVE	METHOD OF DIALOGUE AND ENGAGEMENT
7. TRADE ASSOCIATIONS	<ul style="list-style-type: none"> • Constant updating on market dynamics and on the international situation in the industry. • Analysis and improvement of ESG performances of the Company and the industry. 	<ul style="list-style-type: none"> • Active involvement and collaboration in activities and projects reserved for members. • Discussion and sharing of experiences and strategic thoughts and considerations. • Participation and collaboration in activities dedicated to members.
8. PUBLIC ADMINISTRATION AND LOCAL AUTHORITIES	<ul style="list-style-type: none"> • Management of ordinary activities: e.g. events organisation, coordination of logistics, health and safety, establishment of conventions, and relations with INPS and INAIL. • Management of extraordinary business: e.g. arrangement of loans and concessions of use. 	<ul style="list-style-type: none"> • Ongoing relationships handled by company representatives delegated to take care of relations with these authorities. • Formal correspondence via dedicated e-mail accounts, institutional website, press conferences, official documents.
9. MEDIA	<ul style="list-style-type: none"> • Raise <i>brand awareness</i> in relation to Canal's ESG performance, commitments and activities. • Improve culture and awareness on sustainability topics relevant to the industry. 	<ul style="list-style-type: none"> • PR activities with a specific focus on sustainability: drafting of press releases and release of specific interviews, both to trade general publications. • Participation in working groups, events and conferences.

2.4 MATERIALITY ASSESSMENT

In 2023, the Group performed a materiality assessment in accordance with the guidelines laid down by GRI Standards (latest version updated in 2021) in order to identify material topics for Canali. These sustainability topics are the result of grouping together the organisation's most significant impacts on the economy, the environment and people, including impacts on human rights.

The preliminary step was to carry out a *benchmarking analysis* to identify the most important categories of Stakeholder for Canali.

The preliminary step was to carry out a benchmarking analysis to identify the most important categories of Stakeholder for Canali. The benchmarking analysis, enriched by analysis of industry trends, also made it possible to identify the most significant environmental, social and economic impacts generated by the luxury and clothing sector. Grouping them together made it possible to determine the sustainability topics potentially relevant to the Group and their impacts. The definition of material topics for Canali is the result of a technical analysis that compared the benchmark with the impact prioritisation determined scientifically by the OEF (Organisation Environmental Footprint) study on 16 indicators relating to climate change, human health, the ecosystem, water and natural resources.

Finally, through a dedicated workshop with the involvement of Canal's Top Management, the topics were placed in order of priority considering the impacts related to each of them and ten material topics for Canali were determined.

The qualitative information and quantitative data relating to the material topics that emerged from the materiality assessment are at the heart of this sustainability report. The Group must commit to

these topics to ensure that its business activities are carried out in an increasingly sustainable manner.²

Environment

- Climate change, air pollution and energy consumption
- Product life cycle management

Social

- Well-being and development of human resources
- Diversity, equity and inclusion
- Occupational health and safety
- Supply chain management
- Customer satisfaction and loyalty

Governance

- Business ethics and integrity
- Made in Italy craftsmanship and quality
- Innovation in business processes

² See Chapter 6.1 *Link between material topics and impacts generated* for further details.



3. Environmental responsibility

3.1 CLIMATE CHANGE, AIR POLLUTION AND ENERGY CONSUMPTION

3.2 PRODUCT LIFE CYCLE MANAGEMENT

Recognising the urgent need to address the environmental emergency, CAre reflects the Group's commitment to ensuring the environmental sustainability of its business. Canali is dedicated to making its entire production process responsible, with the aim of minimising the environmental impact of its products during their lifecycle.

This objective is pursued through an approach that orients all stages of production towards excellence, innovation and sustainability and by carrying out production wholly in Italy, with more than 70% of production taking place at proprietary sites.

Canali deals with environmental issues in a scientific and rigorous manner so that its statements are reliable, comparable, transparent and far from any possible form of greenwashing. In this sense, the measures adopted to reduce impacts in the lifecycle and in the supply chain are based on careful measurement of the carbon emissions of the organisation as a whole and of its garments.

3.1 CLIMATE CHANGE, AIR POLLUTION AND ENERGY CONSUMPTION

ORGANISATION CARBON FOOTPRINT

The starting point of CAre's path towards a sustainable business model has to be the measurement of impacts. It is essential to become aware of the consequences of your actions in order to be able to take concrete measures.

For this reason, Canali has decided to adopt the **LCA (Life Cycle Assessment)** approach to determine the impacts associated with its activities and their level of significance from a life cycle perspective. Specifically, the Organisation Environmental Footprint (OEF) and Product Environmental Footprint (PEF) methodology described by European Recommendation no. 2279/2021 has been selected to quantify the impact of the company's production activities, taking into consideration the entire product life cycle, in addition to the organisation³.

The OEF and PEF studies were conducted in relation to activities carried out in 2019 and then updated in 2023 to meet three main objectives:

- measure environmental impacts for the purposes of Sustainability Reporting in accordance with GRI Standards and the definition of new objectives with the most recent benchmark calculation;
- update the 2019 OEF and PEF data and evaluate the organisation's performance based on application of an updated calculation model;
- improve the Scope 3 calculation by refining the quality of the input data through the expansion of the pool of suppliers who have made their data and information available.



³ The scope of the organisation for the Canali OEF study 2023 includes all production sites controlled by Canali S.p.A. and the stores controlled by the respective Group companies on a global scale, as well as a number of logistics processes controlled by the organisation. See: ICA Società di Ingegneria Chimica per l'Ambiente (2024), *Organisation Environmental Footprint (OEF) 2023, Canali S.p.A. Report*, chap. 3 *Definition of the scope of the study*.

Further analysis of Canali OEF 2023⁴

THE CANALI ENVIRONMENTAL FOOTPRINT

The Organisation Environmental Footprint (OEF) made it possible to quantify the impact of Canali’s production activities – divided into 15 phases of the life cycle – as monitored using the 16 indicators provided for by the European Recommendation. The results obtained for each impact category were interpreted and – in order to highlight the most significant categories – normalised and weighted⁵. As shown in the matrix below, **“Hotspot analysis related to the OEF study of Canali”**, the most significant impact categories are highlighted in red and mainly relate to the production of raw materials.

OEF CANALI 2023	UNITY	BUTTONS/ZIPS	PACKAGING	RAW MATERIALS	TRANSPORT IN	INTERNAL LOGISTICS	OUTSOURCED PRODUCTION	ELECTRICITY (EE)	THERMAL ENERGY (ET)	WATER CONSUMPTION	WASTE	OWNED MOTOR VEHICLE	DISTRIBUTION OF FINISHED PRODUCTS	STORES	EMPLOYEE COMMUTING	BUSINESS TRAVEL
ACIDIFICATION	mol H+ eq	0.18%	0.10%	94.71%	0.01%	0.09%	0.19%	1.76%	0.19%	0.01%	0.00%	0.05%	1.26%	0.82%	0.46%	0.16%
CLIMATE CHANGE	kg CO ₂ eq	0.10%	0.35%	76.93%	0.06%	0.43%	0.69%	6.49%	4.50%	0.02%	0.00%	0.20%	4.39%	3.31%	1.96%	0.58%
ECOTOX., FW	CTUe	0.22%	0.34%	95.86%	0.02%	0.16%	0.10%	0.93%	0.32%	0.00%	0.00%	0.11%	0.34%	0.62%	0.93%	0.05%
PARTICULATE MATTER	disease inc.	0.11%	0.09%	96.47%	0.03%	0.18%	0.12%	0.60%	0.12%	0.00%	0.00%	0.10%	0.35%	1.00%	0.77%	0.05%
EUTROPHICATION, MARINE	kg N eq	0.21%	0.15%	94.08%	0.02%	0.12%	0.16%	1.27%	0.29%	0.00%	0.00%	0.06%	2.14%	0.74%	0.50%	0.27%
EUTROPHICATION, FW	kg P eq	0.44%	0.69%	87.98%	0.02%	0.15%	0.55%	5.80%	0.21%	0.01%	0.00%	0.12%	0.29%	2.62%	1.05%	0.07%
EUTROPHICATION, TERRESTRIAL	mol N eq	0.12%	0.07%	96.35%	0.01%	0.07%	0.09%	0.77%	0.18%	0.00%	0.00%	0.04%	1.36%	0.45%	0.32%	0.17%
HUMAN TOXICITY, CANCER	CTUh	0.55%	0.93%	66.13%	0.27%	2.22%	0.76%	7.77%	4.03%	0.04%	0.00%	1.16%	3.16%	2.84%	9.66%	0.48%
HUMAN TOXICITY, NON-CANCER	CTUh	1.28%	0.53%	85.65%	0.05%	0.34%	0.28%	2.82%	0.51%	0.01%	0.00%	0.22%	4.20%	1.92%	1.63%	0.54%
IONISING RADIATION	kBq U-235 eq	0.15%	2.09%	61.97%	0.07%	0.54%	1.64%	16.10%	0.58%	0.07%	0.00%	0.26%	0.81%	13.51%	1.95%	0.26%
LAND USE	Pt	0.30%	0.63%	96.68%	0.03%	0.18%	0.05%	0.53%	0.07%	0.01%	0.00%	0.07%	0.31%	0.44%	0.65%	0.06%
OZONE DEPLETION	kg CFC11 eq	0.05%	1.02%	61.76%	0.11%	0.79%	0.95%	10.00%	10.83%	0.04%	0.00%	0.39%	6.22%	3.63%	3.39%	0.83%
PHOTOCHEMICAL OZONE FORMATION	kg NMVOC eq	0.15%	0.66%	67.76%	0.11%	0.77%	0.78%	7.13%	3.59%	0.02%	0.00%	0.36%	10.36%	3.64%	3.35%	1.33%
RESOURCE USE, FOSSILS	Mj	0.08%	0.86%	59.44%	0.10%	0.75%	1.17%	11.65%	8.73%	0.04%	0.00%	0.33%	7.27%	5.44%	3.18%	0.96%
RESOURCE USE, MINERALS AND METALS	kg Sb eq	6.40%	3.25%	71.72%	0.08%	0.75%	0.26%	3.25%	0.42%	0.05%	0.00%	0.90%	0.57%	4.74%	7.45%	0.16%
WATER USE	m ³ depriv.	0.03%	0.18%	95.30%	0.00%	0.02%	0.27%	1.18%	0.07%	2.37%	0.00%	0.01%	0.07%	0.36%	0.13%	0.02%

LEGEND



⁴ For each part of the “Further analysis of Canali OEF 2023” see, chap. 6 Interpretation of the Organisation Environmental Footprint results, pages 33-48.

⁵ The normalisation process involves dividing the environmental impact figures by “reference amount” or “normal effect” so that their relative magnitude in this study can be determined i.e. the emissions of one person in the world in a year. Weighting then multiplies the normalised results by a range of factors that enables them to be compared and evaluated.

CLIMATE CHANGE

Further analysis of Canali OEF 2023

CLIMATE CHANGE IMPACT CATEGORY

The *Climate Change* impact⁶ regards the ability of a greenhouse gas to influence changes in the overall average air temperature at ground level and subsequent changes in various climate parameters and their effects over a specific period of time (100 years). In Canali, these emissions are distributed as follows (unit of measurement: CO₂ eq):

- Purchase of fabrics: 77% of total Canali footprint
- Internal production: 11%
- Logistics and transport: 5%
- Packaging: less than 1%

Canali recognises that the fashion, luxury and lifestyle sector in which it operates contributes significantly to climate change. As the headquarters and production are located in Italy, it is important to consider that, within the European Union, consumption of textile products is the fourth largest pressure factor on the environment and climate change, after housing, food and mobility, accordance to a global lifecycle perspective and in terms of measurable pressure factors⁷.

The Group's awareness is reflected in the inclusion of environmental and ecosystem production in the Code of Ethics, as a pillar of both its daily operations and its strategic guidelines. Business decisions and work activities must respect the principles of balance between economic initiatives and environmental needs, in full compliance with current legislation on environmental and ecosystem protection. Furthermore, Canali is committed to making sustainable business choices through investments aimed at energy efficiency, the quality of the resources used, production with a low environmental impact and the reduction of waste.

Canali's strategy to help reduce the industry's impact

on the climate crisis focuses on the use of high quality materials which, together with sartorial construction, increase the durability of its garments, on the use of renewable energy in production, the implementation of more energy-efficient production practices and the promotion of more sustainable consumption models.

The strategic and operational path of sustainable development – formally undertaken by the Group since 2022 – will also include ambitious targets for the reduction of greenhouse gas emissions, thanks to a Group-wide transition plan. This step is intended to bring Canali CAre into line with international best practices, ensuring that the actions taken are consistent with global sustainability standards and the principles of the Paris Agreement i.e. to keep global warming below 2°C and pursue the goal of limiting it to 1.5°C to prevent the ruinous consequences of climate change.

⁶ Full wording: Climate Change - GWP (100), Global Warming Potential. This impact is generally associated with combustion processes.

⁷ According to some estimates by the European Environment Agency (EEA) in one year, the average consumption of textile products per person in the EU requires 400 square metres of land, 9m³ of water, 391 kg of raw materials and causes a carbon footprint of around 270 kg. See: Topics | European Parliament (Date of publication: 29-12-2020. Latest update: 27-03-2024), *The impact of textile production and waste on the environment*, <https://www.europarl.europa.eu/topics/en/article/20201208STO93327/the-impact-of-textile-production-and-waste-on-the-environment-infographics> (last consultation: September 2024).

ENERGY

*Further analysis of Canali OEF 2023***RESOURCE
USE, FOSSIL
IMPACT
CATEGORY**

The *Resource use, Fossil indicator* quantifies the demand for energy throughout the life cycle of Canali products. In line with climate change results, they are associated with energy consumption during the various phases of the life cycle and are distributed as follows (unit of measurement: MJ):

- Production of raw materials: 60% of total Canali footprint
- Internal production: 21%
- Logistics and transport: 11%

Globally speaking, the energy consumption of stores in the USA and China – of electricity, in particular – accounts for around 7% of the indicator.

Canali's analysis of the environmental impacts of its organisation have brought to light the significant contribution of internal production, especially in relation to energy consumption. This has led to the development of a two-pronged mitigation approach:

- self-generation of electricity from renewable sources;
- optimisation of energy consumption during internal production with measures to increase efficiency in the use of natural gas.

Canali adopted significant measures regarding the use of energy from **renewable sources** in 2023 and it expects to collect comparable data thereon starting from the next Sustainability Report. Photovoltaic systems have been installed at the headquarters in Sovico, in addition to those already present at the sites in Filottrano in the Marche and Gissi in Abruzzo; it is estimated that these systems will be able to produce

up to 600,000 kWh of self-generated electricity in a year⁸. Meanwhile, the company is stills assessing whether it should seek to reduce the environmental impact by choosing renewable energy sources through the purchase of certified energy.

Efficient measures have been introduced to reduce **energy consumption**, including completing the installation of LED lamps in all the plants in Triuggio, Lombardy and in the three factories in the Marche and in Gissi; inefficient machinery has also been replaced. Moreover, there are plans to instal measuring equipment connected to the central Energy Management System (EMS) at all production facilities in order to monitor the main energy inefficiencies and take targeted action on possible future efficiency measures.

⁸ Estimates obtained from critical analysis of Canali OEF.

GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION⁹

		2023	
		TOTAL (Unit of measurement)	TOTAL (GJ)
FUEL CONSUMPTION	Natural gas	820,134 Sm ³	29,079.49
	Diesel (for vehicles owned by the Company or held under long-term leases/rentals)	17,462 l	625.12
	Petrol/gas (for vehicles owned by the Company or held under long-term leases/rentals)	1,950 l	63.92
ELECTRICITY CONSUMPTION	Electricity purchased	4,810,115 kWh	17,316.41
	<i>Of which from renewable sources</i>	-	-
	Self-generated electricity	141,453 kWh	509.23
	<i>Of which from renewable sources (photovoltaic)</i>	141,453 kWh	509.23
TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION (GJ)		47,594.17 GJ	

⁹ The following conversion factors were used to calculate energy consumption in GJ: (i) For electricity, the UNFCCC standard national parameters (0.0036) were used. (ii) For diesel fuel, national standard parameters were used (0.0358): PCI from national standard parameter tables; density 0.835 kg/l. (iii) For unleaded petrol/gas for transport (experimental data), national standard parameters (0.0328) were used: PCI 43.128 GJ/t; average petrol density 0.76 kg/l. It should be noted that the data reported refer only to Canali S.p.A. Moreover, the data reported refer only to the Canali OEF 2023 analysis unit.

Energy intensity is an indicator that defines energy consumption in the context of an organisation-specific metric. The ratio expresses a normalised environmental impact figure and indicates the energy

required for an organisation-specific parameter which, in the case of Canali, is the number of garments produced in the year in question.

GRI 302-3 ENERGY INTENSITY¹⁰

	Unit of measurement	2023
Energy consumed	GJ	47,594.17
Energy intensity	GJ / n° of garments produced	0.18

¹⁰ The data reported refer to the Canali OEF 2023 analysis unit.

EMISSIONS AND AIR POLLUTION

The Canali Group is committed to controlling and reducing emissions and the commitment takes the form of careful monitoring of direct and indirect emissions. The commitment in this sense also stems from the desire to satisfy growing stakeholder expectations and to ensure their well-being.

In line with its commitment to the environment, since 2022, the Group has decided to calculate direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions from energy consumption (Scope 2) and indirect emissions from the value chain (Scope 3) based on the methodology established by the GHG Protocol (Greenhouse Gas Protocol),

an international standard for the calculation and management of organisations' greenhouse gas (GHG) emissions developed in collaboration by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The GHG Protocol provides a standardised framework for companies and organisations around the world to measure and manage their GHG emissions, facilitating transparent reporting.

Scope 1 emissions are direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the organisation (e.g. emissions resulting from the combustion of fuel in company machinery and vehicles or emissions of refrigerant gases from



cooling and air conditioning equipment).

Scope 2 emissions are the indirect greenhouse gas emissions associated with the generation of electricity, steam, heat or cooling purchased and consumed by the organisation.

Scope 3 emissions are all other direct greenhouse gas emissions that occur in the organisation's value chain, both upstream and downstream. These include, for example, emissions from the production of purchased

goods or services, business travel, transport and distribution, the use and disposal of products sold. And other activities not directly controlled by the organisation but related to its operations.

GRI 305-1 DIRECT GHG EMISSIONS¹¹

SCOPE 1 COMBUSTION EMISSIONS (tCO ₂ eq)	2023
Natural gas	1,646.74
Diesel (for vehicles owned by the company or held under long-term leases/rentals)	42.64
Petrol/Gas (for vehicles owned by the company or held under long-term leases/rentals)	4.70
TOTAL	1,694.08

¹¹ The following emission factors were used to calculate Scope 1 emissions. (i) For natural gas, the factor per national standard parameters was used with the emission factor per ISPRA for emissions of CO₂ eq, CH₄ and N₂O (2,007897). (ii) For diesel, the factor per national standard parameters (2.679305): density 0.76 kg/l was used. (iii) For petrol, the factor per national standard parameters was used and the emission factor per DEPRA 2023 – UK Government GHG Conversion Factors for Company Reporting – for CH₄ and N₂O (2,40969): density 0,76 kg/l. The figures reported refer to the Canali OEF 2023 analysis unit.

GRI 305-2 INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION¹²

SCOPE 2 INDIRECT EMISSIONS	Unit of measurement	2023	
		Location Based	Market Based
Electricity purchased	tCO ₂	1,359.93	2,487.81
TOTAL	tCO ₂ eq	1,359.93	2,487.81

¹² Both calculation methods i.e. Market Based and Location Based were used to calculate Scope 2 emissions, in line with the GRI Sustainability Reporting Standards. The MB method is based on the CO₂ emissions of the electricity suppliers from which the organisation purchases electricity under a contract and can be calculated considering: certificate of origin guarantees and direct contracts with the suppliers, supplier-specific emission factors, emission factor relating to the "residual mix". Given the lack of specific contractual agreements between the Group companies and the electricity supplier (e.g. purchase of guarantees of origin), the emission factor relating to the national "residual mix" (Source AIB European Residual Mix) was used for this approach. Consistent with the approach used for the OEF analysis with reference to the 2023 reporting period, the emissions deriving from the upstream phase of purchased electricity (transport, distribution, and grid losses) are included within Scope 2 and not in category 3 of Scope 3. This reclassification is not material in nature and does not significantly impact data disclosure. The figures reported refer to the Canali OEF 2023 analysis unit.

GRI 305-3 OTHER INDIRECT GHG EMISSIONS

SCOPE 3 INDIRECT EMISSIONS (TCO ₂ EQ)	2023	
	Location Based	Market Based
1. Purchased goods and services	40,299,13	40,299,13
2. Capital goods	0	0
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1,203.25	1,361.31
4. Upstream transportation and distribution	243.14	243.14
5. Waste generated in operations	0.43	0.43
6. Business travel	285.18	285.18
7. Employee commuting	968.75	968.75
8. Upstream leased assets Other upstream	n.a.	n.a.
9. Downstream transportation and distribution	2,172.09	2,172.09
10. Processing of sold products	n.a.	n.a.
11. Use of sold products	n.a.	n.a.
12. End-of-life treatment of sold products	n.a.	n.a.
13. Downstream leased assets	n.a.	n.a.
14. Franchises	n.a.	n.a.
15. Investments	n.a.	n.a.
TOTAL	45,171.97	45,330.03

GRI 305-1 DIRECT GHG EMISSIONS (SCOPE 1)**GRI 305-2 INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION (SCOPE 2)****GRI 305-3 OTHER INDIRECT GHG EMISSIONS (SCOPE 3)**

GHG EMISSIONS (tCO ₂ eq)	2023	
	Location Based	Market Based
Scope 1	1,694.08	1,694.08
Scope 2	1,359.93	2,487.81
Scope 3	45,171.97	45,330.03
TOTAL	48,225.98	49,511.92

As with energy intensity, the emissions intensity ratio defines the size of greenhouse gas emissions in the context of the specific metric chosen by the organisation which, in the specific case of Canali, is the number of garments produced in the year in question.

GRI 305-4 GHG EMISSIONS INTENSITY¹³

	Unit of measurement	2023	
		Location Based	Market Based
Emissions (Scope 1 + Scope 2)	tCO ₂ eq	3,054.01	4,181.89
GHG emissions intensity (Scope 1 + Scope 2)	tCO ₂ eq / n° of garments produced	0.01	0.02

¹³ The figures reported refer to the Canali OEF 2023 analysis unit.

Additional significant emissions (i.e. air emissions regulated by international conventions and/or national standards or regulations) are shown in the table below:

GRI 305-7: NITROGEN OXIDES (NO_x), SULPHUR OXIDES (SO_x) AND OTHER SIGNIFICANT AIR EMISSIONS¹⁴

SIGNIFICANT AIR EMISSIONS (t)	2023
NO _x	0.25
SO _x	0.01
Volatile organic compounds (VOC)	0.07
TOTALE	0.33

¹⁴ Calculation based on ISPRA 2021 emission factors for stationary combustion plants and on the basis of fuel consumption. It should also be noted that the figures reported refer to the Canali OEF 2023 analysis unit.

Further analysis of Canali OEF 2023

PARTICULATE MATTER IMPACT CATEGORY

The *Particulate Matter* impact measures the negative effects on human health caused by emissions of fine particles and the gases that contribute to their formation, such as nitrogen oxides (NO_x), ammonia (NH₃) and sulphur oxides (SO_x).

Sources of atmospheric particulate matter typically relate to combustion processes and the most significant percentage for Canali's environmental impact is associated with incoming Raw Materials, especially wool and cotton fabrics which account for 96% of the total footprint (unit of measurement: Disease incidences).

The data collected and presented clearly confirm that, in line with the situation in the fashion and clothing industry, **Scope 3 emissions** represent a matter of primary importance for Canali too. In fact, 90% of the impacts stem from incoming fabrics i.e. from the activities of the supply chain and from the life cycle of the products.

Canali recognises that only through a collective commitment will it be possible to contribute effectively to climate change mitigation. For this reason, it is

committed to making primary data more representative through the involvement of its key suppliers, with the aim of enhancing the traceability of the supply chain and choosing the most sustainable products. In this way, as confirmed by calculations based on the average data of the RCP Wool Made Green in Italy (Benchmark), a reduction of up to 20% in the Climate Change of incoming fabrics is estimated¹⁵.

¹⁵ Estimates derived from critical analysis of Canali OEF 2023, if 100% of suppliers are involved.

BIODIVERSITY

Further analysis of Canali OEF 2023

BIODIVERSITY IMPACT CATEGORIES

The OEF method includes at least eight impact categories that have an effect on biodiversity and allow for an adequate representation of the related impacts: climate change, eutrophication of fresh and marine waters, terrestrial eutrophication, acidification, water and land use and ecotoxicity for fresh water.

In this case, too, the most impactful phase regards the production of **Raw Materials**, as shown by the following indicators:

- **WATER USE:** as the impact depends on local water scarcity, it is strongly determined by where the consumption occurs; in the case of Canali, it is mainly associated with the growing of cotton and the production of raw wool.
- **ACIDIFICATION:** mainly concerns emissions that cause acidification of soil and water, largely due to combustion processes and to ammonia emissions during livestock farming.
- **EUTROPHICATION:** stems from the deterioration of organic material and the consumption of oxygen, caused by nutrients deriving from sewage discharges and agricultural fertilisation. The production of fabrics and, in particular, livestock farming are the phases with the greatest impact in this area.

In contrast, the impact indicators for consumption related to **Internal Production** and **Services for Third Parties** are generally less than 2%.

In relation to the great attention paid to its Made in Italy, the Group adopts an informed, proactive approach to biodiversity, given the positioning of its operating and production sites in areas of significant ecological value.

The mapping carried out has provided a detailed picture of the company's **production sites**. With the exception of the Sovico headquarters and the Valle del Lambro Regional Park, no production site is located inside a protected area of an area with high biodiversity, as defined by Regional Law no 82 of 16 September 198. However, given the proximity of several facilities to areas of significant natural value, for the sake of transparency, a summary of the main sites identified in relation to biodiversity is provided below.

- In **Lombardy** Region, the Canali headquarters

and distribution centre in Sovico and the Canali Factory Store in Triuggio are situated in residential areas and both are located around 2 km from the protected natural area of the Valle del Lambro Regional Park. The park covers 8,107 hectares, in 36 municipalities in the provinces of Como, Lecco and Monza and Brianza, and extends for about 25 kilometres along the river Lambro, offering a great variety of ecosystems, architectural assets and landscapes of cultural importance, including the Park of Monza and the gardens of the Royal Villa of Monza.

- In the **Marche** Region, the Canali factories in S. Maria Nuova and Filottrano, where jackets, overcoats and waistcoats are produced, are situated 10 and 20 km from the Ripa Bianca di Jesi Regional Nature Reserve. The reserve was created from the redevelopment of a former

landfill site and gravel quarry and is now one of the most important wetlands in the Marche region, home to some 150 species of birds thanks to the river Esino which runs through it.

- In **Abruzzo** Region, the Canali factory in Gissi, where jackets are produced, is situated in a sparsely populated residential area. Several important regional nature reserves can be found within 40 km of the site, including the Abetina di Selva Grande Natural Oasis, the Lago di Serranella Controlled Regional Nature Reserve, the Bosco di Don Venanzio Regional Nature Reserve and the Marina di Vasto Controlled Regional Nature Reserve.



3.2 PRODUCT LIFE CYCLE MANAGEMENT

PRODUCT CARBON FOOTPRINT

The Group has chosen to extend its OEF study by looking at the **Product Environmental Footprint (PEF)**, focusing on the environmental performance of a cluster of representative products. The Canali PEF analyses two emblematic models, as selected for their importance in terms of production volumes and their symbolic value to the Canali collection: a pure wool men's jacket and suit, lined and including packaging, in relation to one day's use and one year's use of the garments¹⁶. The *cradle-to-grave* analysis considered all activities carried out directly by Canali, as well as all activities carried out *upstream* in the production of the garments, including processes related to the supply chain. An inventory analysis of all incoming and outgoing material and energy flows was performed, as well as analysis of all air, water and soil emissions for each facility assessed.

The analysis performed in 2019 assessed the excellence of the management and traceability of each phase of the production process, as confirmed and validated by a third party, highlighting their role in the creation of durable products. The 2023 study benefited from an important methodological update thanks to the introduction of the EF 3.1 dataset which provides much more comprehensive coverage than previous versions for the modelling of impacts related to fabric production. This improvement enabled a more precise calculation in 2023, as well as an update of the previous study, because the dataset includes in the assessments a wide range of textile production processes, for both yarns (such as cashmere, modal, lyocell, wool) and processes (such as spinning, weaving and dyeing, according to average European processes)¹⁷.

¹⁶ A use is defined as a period of 24 hours, regardless of how many hours the item of clothing is worn in the period.

¹⁷ For further information on the database used for the modelling of incoming fabrics, compare *APPENDIX I – COMPARISON WITH THE YEAR 2019* in ICA Società di Ingegneria Chimica per l'Ambiente (2024), *Organisation Environmental Footprint (OEF) 2023, Report, Canali S.p.A.*

The PEF study is intended to provide valuable support in identifying opportunities for improvement of the environmental performance of products at different stages of their life cycle. It provides essential information for strategic planning, facilitating decisions based on objective priorities regarding the choice of environmental performance indicators and related measurement techniques, product design and the development of marketing strategies. Furthermore, also considering stages downstream of the organisation itself e.g. the use and end-of-life of garments, the PEF study is essential for measuring the circularity of processes. In Canali's case, it has helped highlight the reduction of impacts along the entire production chain, thanks to the intensive durability and reparability of the garments.

Finally, the PEF is a tool that demonstrates the constant commitment to guaranteeing the quality of the product offering and a transparent approach. Results are shared directly with stakeholders involved in the study and are also made accessible to all stakeholders through the joint publication of the PEF and the OEF on the Group web site.



Further analysis of Canali PEF 2023

THE ENVIRONMENTAL FOOTPRINT OF CANALI JACKETS AND SUITS

The Product Environmental Footprint (PEF) measured the impact of activities to produce a Canali jacket and suit throughout the life cycle of the products¹⁸. The analysis showed that these garments – representing 59% of total production – are durable thanks to the quality of the materials and their sartorial construction, which facilitate reparability and adaptability. Specific tests (resistance, pilling, tearing, wash resistance, duration, colour fastness, etc.) confirmed **high durability**, with the benchmark reaching the maximum value on the PEF scale.

In line with the OEF results, the most significant impact categories are climate change and the use of energy resources, mainly in relation to the production and transportation of Raw Materials (LCS1) and the energy used at production facilities (LCS2). Water consumption during controlled production phases also contributes significantly to the overall environmental impact.

¹⁸ Products analysed by the PEF: a 100% wool jacket, lined/unlined, solid colour, striped or checked, worn in good conditions. A 100% wool suit (jacket and trousers) lined, solid colour, striped or checked, worn in good conditions. The stages of the life cycle analysed are: LCS1 – Purchase and transportation of raw materials; LCS2 - Production: Internal logistics and production/packaging; LCS3 - Distribution: Shipment of finished products and transportation to the customer; LCS4 - Use; LCS5 – End-of-life.

RAW MATERIALS AND PACKAGING

In line with the PEF findings, the most widely used materials are wool and cashmere which totalled around 452 tonnes in 2023, or 40% of the total renewable materials consumed. They are followed by cotton (22%) for raw materials and by cardboard in terms of packaging (19%)¹⁹.

The non-renewable materials used represent around 10% of all materials consumed and mainly consists of packaging materials (64%). According to a Life Cycle approach, packaging materials account for around 1% of total climate change. This contribution mainly relates to cardboard boxes

followed by cellophane for bags, sacks and film, based on choices specifically intended to maintain maximum production quality during transportation. The other initiatives to reduce impacts relating to packaging have included a rationalisation effort: labels, hangers, tissue paper, cellophane bags and shopping bags, 70% made of recycled materials, reducing the use of paper by about 3,000 kg per year.



¹⁹ Consumption is calculated based on production and average weight per garment made during the relevant year.

GRI 301-1: MATERIALS USED BY WEIGHT OR VOLUME

WEIGHT OR VOLUME OF RENEWABLE RAW MATERIALS (kg)	2023
Wool and cashmere	226,717
Cotton	122,537
Cupro	36,438
Silk	15,972
Linen	11,946
Leather	17,814
Cardboard	108,883
Other (e.g. Lyocell, Modal, viscose)	20,996
TOTAL	561,302

WEIGHT OR VOLUME OF NON-RENEWABLE RAW MATERIALS (kg)	2023
Polyester	17,555
Polyamine	1,941
Polyethylene	21,845
ABS/PS	16,236
Other (e.g. Cupro)	2,008
TOTAL	59,586

PRODUCTION PROCESSES AND LOGISTICS

The Sovico site is the fulcrum of Canali's **production activities**. As well as housing the fabric cutting stage, it also acts as logistics centre, representing both the beginning and the end of the production cycle. Raw materials – including the fabrics and all the components and accessories that make up the suit – are transported from the headquarters to the various production sites, depending on the specific processing required.

In order to mitigate the impacts of production, the Group takes concrete measures aimed at the specific needs of each plant, increasing emerging efficiency, installing photovoltaic systems and optimising product life cycle management, this reducing overall consumption of resources.

The meagre data on **water** withdrawals – a total of around 31 Megalitres in 2023 of which 12.9 Megalitres in water-stressed areas – are in line with the findings of the PEF. In fact, water withdrawal at the Canali plants is limited to civil purposes and, accordingly, the water withdrawn is entirely charged and in no part consumed. Water discharges are also of a civil nature and, as such, are not subject to mandatory monitoring. Consequently, there is no data from the

OEF (Organisation Environmental Footprint) or specific indicators for these discharges. This applies both to plants situated in areas not subject to water stress (mainly Lombardy) and to sites in water-stressed areas in the Marche and Abruzzo regions.

Transportation phases are completely traced: from transportation of raw materials, accessories and packaging between suppliers and the Canali headquarters in Sovico, to internal logistics between the various production site, and on to global distribution. The impacts of these phases are monitored considering the quantities actually handled during the year in question and the distances travelled.

Overall, the environmental impacts of logistics processes related to raw materials flows in the supply chain are minimal compared to the other stages analysed. Meanwhile, the impact generated by the transportation of finished products to customers and stores is slightly higher²⁰.

On the **logistics** front, Canali has implemented several initiatives to reduce CO₂ eq. emissions. These include the efficiency of air shipments from Europe to Asia and America and the use of liquid methane gas vehicles for road transport.

GRI 303-3: WATER WITHDRAWAL

SOURCE OF WITHDRAWAL (Megalitri)	2023	
	All areas	Water-stressed areas
THIRD PARTY WATER RESOURCES (TOTAL)	34.0	19.6
<i>Underground freshwater (≤ 1000 mg/L total dissolved solids)</i>	34.0	19.6
<i>Other types of water (> 1000 mg/L total dissolved solids)</i>	0	0

²⁰ ICA Società di Ingegneria Chimica per l'Ambiente (2024), *Organisation Environmental Footprint (OEF) 2023, Report, Canali S.p.A., Chap. 6 Interpretation of results of Organisation Environmental Footprint*

USE, REPAIR AND END-OF-LIFE: THE IMPORTANCE OF DURABILITY

A durable product is a product with a low environmental impact, as it reduces impacts related to production and the procurement of raw materials.

Durability stems from the inherent quality of the product and its materials, the product's potential for repairability, design and other non-physical attributes. With the aim of maximising the durability of its garments, Canali is committed to providing customers with all the tools they need to understand the characteristics of the products purchased and use them in the best way possible to ensure long-lasting performance and quality. Moreover, thanks to product analysis, Canali has implemented initiatives like the REpair & REstore service, available at its main flagship stores. This service helps customers take care of their garments, extending life cycle and reducing environmental impact. REpair & REstore includes the modification of garments to improve their fit and the repair of damaged or worn garments, restoring them to their original condition or making them wearable again.

With regard to **end-of-life management**, the Group has taken steps to comply with EPR (Extended Producer Responsibility) obligations. Accordingly, it has taken part in the establishment of Retex.Green²¹ – a consortium created by Sistema Moda Italia and the Italian Textile Foundation – with the aim of making its contribution to the management, recovery and recycling of waste, both pre-consumer and post-consumer. Membership of Retex.Green offers numerous advantages, including the approval of consortium members and efficient management of industrial waste, unsold waste and refuse. Retex.Green uses only selected facilities to ensure legality, traceability and brand protection.

The quantity of **waste** generated is calculated using the Single Environmental Declaration (MUD) for the Italian production sites and similar waste generation

forms/returns for other countries. In 2023, the vast majority of the waste generated and tracked was non-hazardous – 260.3 tonnes out of a total of 261.3 tonnes. As evidence of Canali's commitment to the circular management of incoming and outgoing materials, it should be noted that all of this waste was sent to recycling plants and not to landfills.

²¹ See <https://retex.green/> (last consultation: September 2024).

GRI 306-3: WASTE GENERATED

TYPE OF WASTE (t)	2023
Waste from processed textile fibres	104.5
Packaging	120.6
Waste from production/maintenance activities	36.2
TOTAL	261.3

GRI 306-4: WASTE DIVERTED FROM DISPOSAL

TYPE OF WASTE (t)	2023
Non-hazardous waste for recovery (recycling)	260.3
Hazardous waste for recovery (recycling)	1.0
TOTAL	261.3

GRI 306-5: WASTE DIRECTED TO DISPOSAL

TYPE OF WASTE (t)	2023
Non-hazardous waste for disposal	0
Hazardous waste for disposal	0
TOTAL	0



4. Social responsibility

- 4.1 WELL-BEING AND DEVELOPMENT OF HUMAN RESOURCES*
- 4.2 DIVERSITY, EQUITY AND INCLUSION*
- 4.3 OCCUPATIONAL HEALTH AND SAFETY*
- 4.4 SUPPLY CHAIN MANAGEMENT*
- 4.5 CUSTOMER SATISFACTION AND LOYALTY*

Canali is a family-owned company that has always put people first. When defining its strategy, the company sets itself challenging objectives by carefully evaluating the impact on personnel so that the objectives are positive and improve not only the business but also people.

It is a governance ethic that puts people at the centre, making the most of their uniqueness and individuality while also promoting a sense of belonging. A 360-degree focus on HR, aimed at fostering and promoting an inclusive work environment, as well as taking care of those who, through their commitment, make a daily contribution to the success of the brand: each Canali garment is the result of perfectly orchestrated teamwork that would not be possible if people did not feel part of the company project.

4.1 WELL-BEING AND DEVELOPMENT OF HUMAN RESOURCES

At 31 December 2023, the Group workforce included 1,337 **employees**, of whom 87% were hired under a permanent contract and 13% had a fixed-term contract. The vast majority (94%) are full-time employees. The Group provides the same benefits to full-time, fixed-term and part-time employees in all the countries in which it operates²².

81% of Group employees are covered by National

Collective Agreements (CCNL), specifically all employees of Canali S.p.A. and Canali Retail France. The CCNL applied in Italy are: the Textile, Clothing and Fashion Contract, the Tertiary Contract for Distribution and Services, and the Contract for Executives of Companies Producing Goods and Services.

The number of **workers who are not employees** is fairly small: in 2023, the Group – mainly Canali S.p.A. – used the services of 20 external workers, an increase compared to 2022.

GRI 2-7: NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND FIXED TERM), BY GENDER

CONTRACT TYPE	2022			2023		
	Men	Women	Total	Men	Women	Total
Permanent	276	896	1,172	265	899	1,164
Fixed term	30	148	178	35	138	173
TOTAL	306	1,044	1,350	300	1,037	1,337

GRI 2-7 NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT (FULL-TIME AND PART-TIME), BY GENDER

FULL-TIME / PART-TIME	2022			2023		
	Men	Women	Total	Men	Women	Total
Full-time	302	968	1,270	296	962	1,258
Part-time	4	76	80	4	75	79
TOTAL	306	1,044	1,350	300	1,037	1,337

²² It should be noted that in Canali USA Inc. and its subsidiaries, medical benefits are more extensive for employees (97% of the total workforce) than for external personnel.

GRI 2-8 TOTAL NUMBER OF WORKERS WHO ARE NOT EMPLOYEES BY GENDER

TYPE OF CONTRACT	2022			2023		
	Uomini	Donne	Totale	Uomini	Donne	Totale
Supplied by labour agencies	4	3	7	6	2	8
Self-employed	2	2	4	3	2	5
Interns	1	2	3	3	4	7
TOTAL	7	7	14	12	8	20

The headcount data show that there was an overall decrease of 13 employees in 2023 compared to 2022. However, this decrease is limited to the companies in the United States and China and is due to the closure of several stores that are no longer in line with the Group's commercial strategies²³.

The absolute figures show that there were more outgoing than incoming employees in 2023. However, if the headcount change is analysed excluding leavers due to the exceptional closure of stores i.e. considering only the stores still open at the end of 2023 on a like-for-line basis, the figures show a headcount increase for all Group companies.

It is also worth highlighting the fact that employee **turnover** is much higher for the under-30 age group than for other age groups. In particular, the number of new hires in this age group (42) is almost double the number of leavers (24).

While, on the one hand, the higher rate of leavers is in line with labour market trends for the younger generations, on the other hand, the high rate of new hires highlights the Company's attention to these age groups and to the recruitment of talent, also consistent with rates in the over-50 age group.



²³ The decrease involved two stores of Canali USA and seven stores between Canali Shanghai and Canali Macau, for a total of 31 leavers, with an average of 4-5 people per store.

GRI 401-1 NUMBER AND RATE OF NEW HIRES

NUMBER OF NEW HIRES	2022				2023			
	<30 years	30-50 years	>50 years	Totale	<30 years	30-50 years	>50 years	Total
Men	9	21	3	33	13	24	6	43
Women	23	67	18	108	29	62	20	111
TOTAL	32	88	21	141	42	86	26	154
INCOMING TURNOVER RATE (%)	48%	10%	5%	10%	58%	11%	5%	12%

GRI 401-1 NUMBER AND RATE OF EMPLOYEE TURNOVER

OUTGOING WORKERS	2022				2023			
	<30 years	30-50 years	>50 years	Totale	<30 years	30-50 years	>50 years	Total
Men	3	25	11	39	7	30	12	49
Women	15	51	25	91	17	63	38	118
TOTAL	18	76	36	130	24	93	50	167
OUTGOING TURNOVER RATE (%)	27%	9%	8%	10%	33%	12%	10%	12%

ESG CULTURE

Under the Canali philosophy, looking after people means, first and foremost, sharing the vision, strategies and objectives that form the basis of decisions and action plans, also starting out from employee expectations. This is why, in May 2023, everyone in the Italian company, including the production departments, took part in the **CAre My Voice Survey** in order to collect employee feedback and perceptions on a range of topics. The questionnaire collected information on

interest in and awareness of ESG sustainability within the business context, as well as on various HR topics such as engagement, sense of belonging, business management, entrepreneurship, inclusion, well-being, growth opportunities and compensation packages.

With an overall participation rate of 70%, the survey showed that Canali's people are strongly interested in ESG topics, in a compact manner and across the organisation. This highlights the fact that they are very



much in line with path taken by the Group and shows they are extremely willing to make their contribution. 94% of respondents believe it is important for companies to act ethically and sustainably and 86% declared their interest in making a greater contribution to the sustainability path undertaken by Canali CAre. The survey also revealed that Canali is recognised by its employees as an environmentally and ethically responsible company.

Starting from the survey results in terms of employee impressions and desires and from the analysis carried out together with the CEO and Front Line Management, the Directors gathered information for use in drafting the **CAre My Voice Action Plan**. The Plan aims to:

- provide a concrete, effective response to the survey findings, as shared with all Canali people in Italy;
- improve the critical areas that emerged from the survey, through specific initiatives, and on the occasion of the next people survey, scheduled for early 2025;
- build on general areas of strength.

Setting out from the areas that emerged as priorities, the Plan divides the macro-initiatives and activities planned for 2024 into four thematic areas: internal communication; listening and discussion; training and development; welfare and services.

Internal communication

Canali sees internal communication as a key tool in promoting transparency, a sense of belonging, the sharing of strategy and a feeling of community. Constantly updating employees and making them feel part of a bigger team not only provides motivation, but also makes the company more productive and cohesive, reducing employee retention issues and creating a pleasant, collaborative work environment.

With the aim of providing a thorough, transparent and user-friendly internal communication service, the company launched the **ONECANALI intranet** in November 2023, during informal, interactive events for employees.

The intranet is operational in all Group companies and is available in Italian, English and Chinese; it centralises all useful information under a single portal. In order to ensure effective use of the tool, the intranet software is perfectly integrated with existing systems in everyday use. The user-friendly interface guarantees accessibility and inclusion, while promoting effective employee engagement. A notification system makes it possible to reach all users in real time while interaction and the exchange of opinions are facilitated by the social media-style interface and by the dedicated onecanali@canali.it e-mail address.

In terms of engagement, since 2023, as well as

the traditional corporate events linked to national holidays, the Company has organized **Seasonal Meetings**: meetings dedicated to the launch of sales campaigns and the sharing of key results, macro-strategies and projects. These seasonal events are attended by the main commercial stakeholders and a selection of employees representing the various company departments. With a view to transparency and alignment with management, a summary of the contents of the events is provided to all people in the Group via Intranet.

Listening and discussion

For Canali, taking care of people means looking after their professional growth and expectations, providing feedback on their work, listening to their needs and identifying effective ways to make the most of talent and develop skills.

The **Annual Feedback Talk** and **Performance**

Appraisal was launched in January 2023 to further improve dialogue and discussion between management and employees. It is a mandatory, structured moment of feedback, focusing on manager-employee dialogue. The process involves all Canali managers and employees, except for people in the Canali S.p.A. production departments who are subject to a simplified appraisal system.

Starting from 2023, performance appraisal – in relation to 2022 – has been carried out on an overall level, using appraisal sheets. After a pilot project in Canali S.p.A., since 2023, the feedback has become a standard process and system on a global scale. The process involves a number of steps and a timetable documented in an ad hoc procedure, on a dedicated platform. Training was organised for all those involved in order to facilitate understanding and integration of the process; it involved specific face-to-face workshops for managers and online webinars for all other employees.

GRI 404-3: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS²⁴

EMPLOYEE CATEGORY	2022			2023		
	Men	Women	Total	Men	Women	Total
Executives/Senior Managers	27%	75%	35%	106%	67%	96%
Managers	52%	62%	56%	90%	103%	95%
White collars	45%	30%	35%	94%	98%	97%
Blue collars	28%	14%	16%	23%	12%	14%
TOTAL	36%	19%	23%	56%	29%	35%

²⁴ In 2023, regular performance reviews involved all employees active until December 2022, also including those no longer in the workforce at 31 December 2023. This explains the percentages in excess of 100%.

The split into employee categories has been applied in all Group companies. Where the classification shown is not used, employees have been split into four categories based on their roles and responsibilities in order to obtain comparable data. The figures in the table for the "blue collar" employee category refer to employees of the Group companies excluding Canali S.p.A.

The issues covered by the feedback process include self-assessment of projects, activities and objectives achieved during the appraisal period, appraisal of and comments on one's professional role and definition and prioritisation of areas for improvement. Specific attention is paid to the CAre project so the individual must comment on three project values with examples and specific situations where he/she acted in line with CAre principles.

The launch of the project has led to an increase in the percentage of employees receiving regular performance and career development reviews – it rose from 23% in 2022 to 35% in 2023. There has been a considerable increase for all employee categories, except for production employees to whom, as already stated, the Feedback Talk process is not applicable.

Canali also operates a **Management by Objectives (MBOs)** system to define corporate objectives and align them with the employees' individual objectives. The process is regulated and monitored by a specific internal procedure and has been formally documented through HR management and extended globally in 2024.

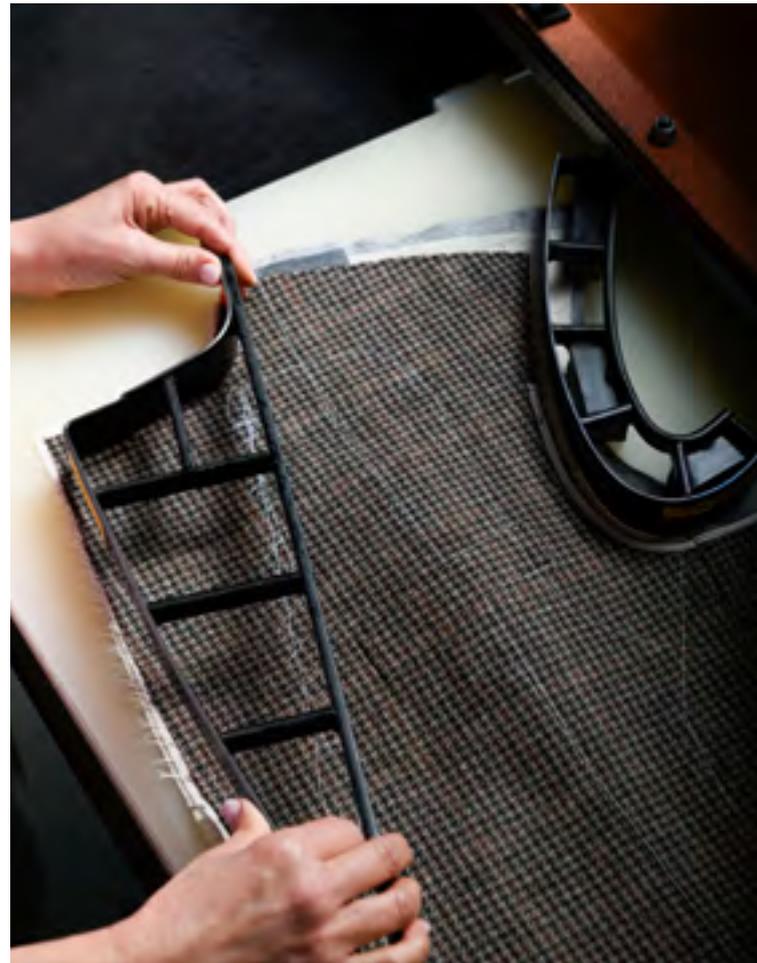
Training

The development and consolidation of the skills and know-how of its employees are absolute priorities for Canali which, in 2023, intensified its employee training efforts, from production employees to top management.

Technical and health and safety **training** sessions have been held at the production facilities, as well as sessions on issues of governance and ethics with a more detailed look at the 231 Model. Moreover, section heads at the Italian plants have taken part in training sessions on soft skills, in particular on topics like people and change management which are crucial for effective coordination of teams.

For management training, the Group has hired

an external partner to organise targeted training and workshops. In order to provide support with the Feedback Talk process, coaching sessions with external experts are organised on request by managers to prepare feedback and improve their skills in managing difficult situations and large teams.



In addition, an internal training program, run by the various product managers, was launched. It has enabled colleagues from other departments to learn more – on a voluntary basis – about various topics regarding Canali products: product details and specifications, construction and materials, types of product offered, production process.

The first category covered was shoes and leather accessories. In 2024, between July and September, the program will look at the fabrics category.

In parallel, **training pills on sustainability** have been provided online for all Italian employees, via the Canali Digital Learning Hub. This pilot project was used to test the effectiveness of a later communication program that was implemented worldwide at the start of 2024 with the dissemination of CAre Pills on the ONECANALI intranet.

In 2023, most of the training effort focused on retail: the Canali LAB **sales ceremony**. The project places the emphasis on the storytelling of Canali products and on communicating the Canali philosophy to end customers, so much so that, for the first time, the three-day classroom-based training has been provided to all store staff, with engagement sessions and the presentation of the CAre Project.

The project was launched in Italy where, in April 2023, on the occasion of the Canali LAB, sales ceremony, 30 employees of Italian stores received specific training on sustainability. In July, the training

program was supported by the launch of a platform dedicated to retail: Digital Canali LAB. The platform offers digital modules that are accessible to all employees with content on sales techniques and building relationships with customers; it introduces elements of gamification with tests at the end of each module that reward the best retailers and stores.

In the Autumn, the same training was delivered in a virtual classroom to European and US employees (around 40 people). In China, the training program will commence in 2024, involving 20 stores and around 120 people with specific local training.

The result of the activities organised in 2023 can be seen in the data on the average hours of training delivered to employees. Although the overall average total hours have not changed significantly because of the large number of production employees not involved in the main training initiatives, total average hours for managers and white collar employees have increased significantly: from an average of 4.5 hours per senior manager in 2022 to an average of 15.8 hours in 2023 (+254%); from an average of 26.5 hours per manager

GRI 404-1: AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

EMPLOYEE CATEGORY	2022			2023		
	Men	Women	Total	Men	Women	Total
Executives/Senior Managers	5.3	0.0	4.5	19.6	5.3	15.8
Managers	23.9	29.8	26.5	32.2	47.1	38.4
White collars	6.2	5.3	5.6	12.2	10.8	11.3
Blue collars	43.2	35.2	36.5	38.2	33.4	34.2
TOTAL	28.8	30.2	29.9	29.4	30.0	29.9

to 38.4 hours (+45%); from an average of 5.6 hours per white collar employee to an average of 11.3 hours in 2023 (+103%). These increases are also due to the concentration of training courses in specific periods as a result of the regular frequency with which the courses are delivered for each employee.



Welfare Plan

Canali S.p.A. has introduced a Welfare Plan for all employees with a view to adopting a remuneration policy that not only seeks to remunerate work done but, also, to respond in good time to non-economic needs expressed by employees – such as improving the company climate and work environment or care of

the family and health. Through the introduction of the Plan, the Group is showing its attention to the family and social needs of its employees, thanks to the arrangement of insurance, social security and welfare coverage to provide employees and their loved ones with concrete support, especially in times of difficulty.

The Plan is generated by the possibility of converting the personal Performance Bonus into **Welfare Credit**, thus accessing the right to use certain goods, services and utilities. Within the limits of the amount established by Canali S.p.A., participants can choose the combination of Welfare Services that best meets their personal and family needs²⁵. The Services made available to participants can be accessed through the CAre My Welfare IT platform and are among those provided for by Italian legislation²⁶. For example, they include:

- payment of contributions to supplementary pension schemes;
- payment of healthcare contributions;
- reimbursement of cost of season tickets for local, regional and inter-regional public transport for employees and their family members;
- reimbursement of expenses incurred by employees for the use – by their family members – of education and training services, as well as attendance of play centres and summer/winter camps, or the payment of scholarships to family members;
- reimbursement of expenses incurred by employees to use care services or elderly or non-self-sufficient family members;
- access to goods and services for a pre-determined amount e.g. shopping vouchers and fuel vouchers.

Plan participants can use the Welfare Services in various ways, as regulated by internal guidelines, depending on whether they are used directly or reimbursed. Some of the services offered are

²⁵ The amount of the Performance Bonus is determined based on a combination of performance-related parameters linked to turnover, production and production efficiency.

²⁶ The Welfare Services (goods, services and utilities, hereinafter, also "Benefits") are governed by Article 51 (2), (3) and (4) of the Consolidated Income Tax. Pursuant to Presidential Decree no 917 of 22 December 1986 (T.U.I.R. - Testo Unico delle Imposte sui Redditi).

purchased by Canali S.p.A. and made available to employees and their families. Another possibility is to use all or part of one's Welfare Credit to make payments for specific social, health or welfare purposes. Finally, in order to encourage use of the Services, Canali increases the amount of Credit available in return for converting the entire Performance Bonus.

Since the Welfare Plan was introduced in January 2023 – in relation to the 2022 Performance Bonus – there has been a significant increase in conversion of Performance Bonuses into Welfare Credit. Some 26% of 2022 Performance Bonuses were converted but this increased to 52% in 2023, highlighting the appeal of the platform and the services offered.

Completing Canali's commitment to people's **health**, every Canali S.p.A. employee is entitled to request an appointment with the medical officer at any time, regardless of the reason. Canali S.p.A. also provides access to the Sanimoda program which is open to all employees and offers a series of health services with affiliated providers through the Unisalute fund. Under this program, all employees have the right to choose affiliated centres for medical check-ups and/or to request reimbursements.

In terms of well-being, during the year, a series of **initiatives and activities** are organised to encourage the full involvement of Canali people in company life. These include the Pilates and yoga courses which began in May 2024 at the Sovico (MB) headquarters with the future aim of extending the initiative to other offices, where possible.

In order to help people enjoy a healthy balance between private and professional life, Canali has chosen to accept their stated desire to do part of their **work remotely**. In fact, the company recognises that, as well as facilitating the right balance between private life and work, "agile" working increases competitiveness and productivity,

while effectively safeguarding personal and collective relationships and promoting training, professional growth, information and participation in the work environment. For this reason, the Group has introduced an agile working policy, allowing employees to work remotely to ensure flexibility and increase their satisfaction. Each employee signs an individual agreement that regulates the duration and methods of work done outside company facilities and offices.

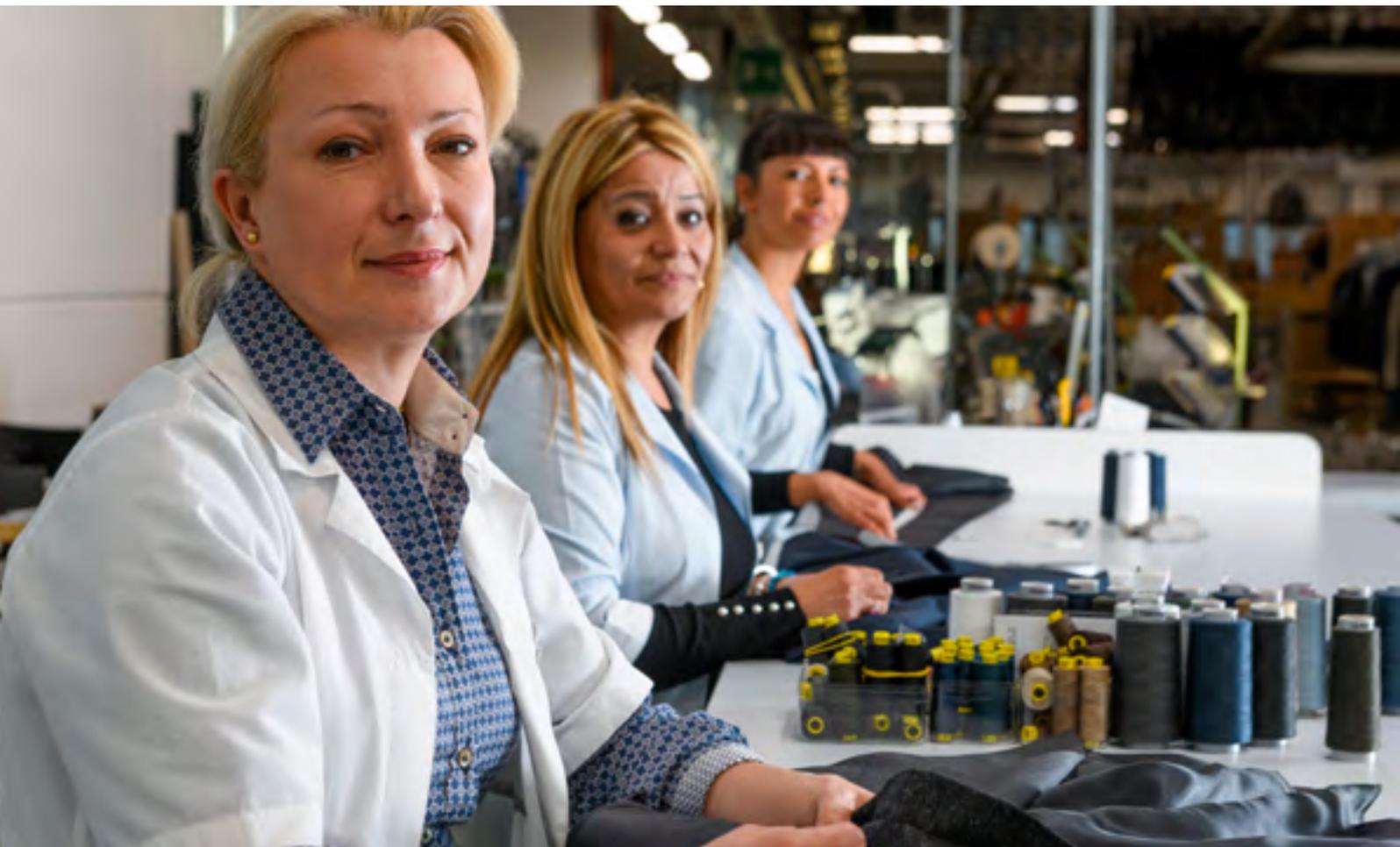
4.2 DIVERSITY, EQUITY AND INCLUSION

The value placed on the uniqueness and individuality of each person, together with the promotion of a sense of belonging, are expressed in the "REspect" principle of the CAre Project and formally documented in the Code of Ethics.

The Code of Ethics adopted by Canali recognises and promotes values and principles like respect for human rights and the protection of personal dignity and moral integrity through action to prevent and suppress all forms of discrimination. It also ensures that any violations of these principles can be duly

reported and sanctioned.

In 2023, of Canali's 1,337 employees, 59% were in the 30-50 years age group. Young people under 30 make up 5% of the workforce and are mainly employed as white collar (10%) and blue collar (5%) workers. At 31 December 2023, men made up 22% of the total workforce with women accounting for 78%. Women account for 26% of the total number of executives/senior managers and 42% of managers while they represent 68% of white collar employees and 84% of blue collar employees.



GRI 405-1 PERCENTAGE OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

EMPLOYEE CATEGORY	2022		2023	
	Men	Women	Men	Women
Executives/Senior Managers	85%	15%	74%	26%
Managers	56%	44%	58%	42%
White collars	32%	68%	32%	68%
Blue collars	16%	84%	16%	84%
TOTAL	23%	77%	22%	78%

GRI 405-1 PERCENTAGE OF EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

EMPLOYEE CATEGORY	2022			2023		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Executives/Senior Managers	0%	32%	68%	0%	26%	74%
Managers	0%	76%	24%	0%	69%	31%
White collars	8%	64%	29%	10%	61%	29%
Blue collars	5%	62%	33%	5%	58%	37%
TOTAL	5%	63%	32%	5%	59%	36%

Canali dedicates the utmost attention to human resources, promoting a healthy and inclusive work environment that protects people's psychophysical well-being and respects the expression of each personality. Consequently, it expressly prohibits all discriminatory practices in the selection, hiring, training, management, development and remuneration of personnel. This approach is designed

to ensure fairness in each HR process that does not discriminate on factors such as gender identity, age, sexual orientation, pregnancy or maternity, physical or mental disability and state of health, physical appearance, ethnicity, nationality, socio-economic conditions, education, philosophical or religious beliefs, political opinions or trade union membership, marital or family status, and personal

history. Finally, aware that the importance and legal recognition of these categories may vary from one country, or one culture, to another, guidelines on diversity and inclusion are implemented through specific Internal Rules (Company Handbook) developed by each Group company thanks to local Human Resources teams. It should be noted that no cases of discrimination were detected or reported in 2023.

Canali has integrated employees belonging to **protected categories** into its workforce in compliance with applicable laws and regulations and with the aim of promoting social inclusion. Drawing on the value of diversity and the unique abilities of these employees can improve the work environment,

increase productivity, and foster social cohesion. The table below shows a percentage breakdown of employees belonging to protected categories, by gender, in the various employee categories.

With regard to the diversity of governance bodies, the Board of Directors of Canali Holding S.p.A. has seven members all above 50 years of age, including two women (29%). The Board of Statutory Auditors of Canali Holding S.p.A. has three members all above 50 years of age, including one woman (33%).

GRI 405-1 PERCENTAGE OF EMPLOYEES BELONG TO PROTECTED CATEGORIES BY EMPLOYEE CATEGORY²⁷

EMPLOYEE CATEGORY	2022		2023	
	Men	Women	Men	Women
Executives/Senior Managers	-	-	-	-
Managers	-	-	-	-
White collars	-	100%	-	100%
Blue collars	34%	66%	32%	68%
TOTAL	28%	72%	26%	74%

²⁷ In Italian labour law, the term "protected category" refers to all persons (typically suffering from psycho-physical disability) who, in the context of the labour market, enjoy special protections for inclusion in the world of work pursuant to Law no 68 of 12 March 1999 which provides that a certain number of jobs must be set aside for them. The definition is not the same as the Italian one in all of the countries where the Group operates. In detail, it should be noted that, under the definition that applies in China, the number of persons belonging to protected categories in that country includes: pregnant women, women in the breastfeeding period, and people suffering from chronic diseases. Meanwhile, at present, it does not include people suffering from any form of psycho-physical disability. For the Group entities situated in the United States, the data included refer to the US definition (ethnicity, gender, religion) while data on "protected categories" and information regarding psychic-physical disability are not available for reasons of confidentiality.

The table "GRI 405-1 Percentage of employees belong to protected categories by employee category" includes employees belonging to protected categories per the Italian definition, for the sake of uniformity.

4.3 OCCUPATIONAL HEALTH AND SAFETY

The Group undertakes daily to guarantee safe working conditions in all its production plants and operational locations. The prevention of work-related injuries and illnesses is not only a priority but a responsibility that is faced with seriousness and determination. This helps create a calm, productive work environment, that puts people to the fore.

Canali S.p.A. is the Italian Group company that manages production activities and pursues its health and safety objectives through the adoption of the tools described below.

The other Group companies also adopt ad hoc measures to ensure compliance with local health and safety regulations and to prevent work-related injuries resulting from the activities carried out at the various sites. The Company Handbook of each company also includes guidelines on how to manage occupational health and safety issues.

RISK ASSESSMENT DOCUMENT

In order to assess potential work-related accidents, Canali S.p.A. adopts a structured approach based on a Risk Assessment Document (RAD), drawn up pursuant to Articles 17, 28 and 29 of Legislative Decree 81/08 as subsequently amended, and on risk management.

This process includes carrying out regular audits, aimed at assessing the need for updating/improvement of the provisions of the RAD, thus ensuring a safer, better controlled work environment.

The risk assessment process begins with the *identification* of potential hazards in the workplace and a detailed analysis of all activities, equipment and substances used in the work environment so as to pinpoint any sources of risk to the health and

safety of workers. The *risks* associated with each hazard identified are then assessed. This assessment considers the likelihood of harmful events occurring and the potential consequences for employees and the company.

Once the risks are identified, appropriate measures are taken to mitigate them using a control hierarchy. This means implementing *preventive measures* that can eliminate or minimise the risk at source, rather than relying on worker protection measures.

Finally, as mentioned above, through a regular auditing process, the necessary *improvements* to be implemented are identified.

MANAGEMENT SYSTEM AND PREVENTION SERVICES

Canali S.p.A. has implemented an occupational health and safety management system in accordance with legislative requirements (Legislative Decree 81/08). It is based on a specific organisation of roles and responsibilities, as shown in the Safety Organisation Chart and divided by production, commercial, logistics and office units. In addition to the figures required by law (e.g. the Head of Prevention and Protection Services), the following have been identified:

- An Employer's Representative, pursuant to Article 16 of Legislative Decree 81/08;
- External advisors with a management consultancy role.

Also in order to comply with applicable regulatory requirements, Canali operates in such a way as to ensure an adequate audit trail: safety courses, the issue of personal protective equipment, visual and information communications, distributions via the company intranet, as well as the provisions of the National Collective Agreement and handling of the obligations of the medical officer also to deal with specific individual situations.

Furthermore, careful evaluation of available information, accident/incident reports and employee opinions make it possible to identify areas where hazards and risks to occupational health and safety may occur. This activity is considered as part of the internal audits mentioned above. The participation and consultation of Canali S.p.A. employees in the development, implementation and evaluation of the occupational health and safety management system are guaranteed by the presence of two key figures elected by the employees to represent their health and safety interests.

- Workers' Safety Representatives (RLS): by way of example, workers' safety representatives intervene on behalf of employees during meetings to report work-related hazards and dangerous situations.
- Trade Union Representatives (RSU), who are present in each production department and represent unions in the department.

Various forms of communication are used to provide access to information on occupational health and safety, including on-site posters, notices on information boards, internal management platforms and the company intranet.

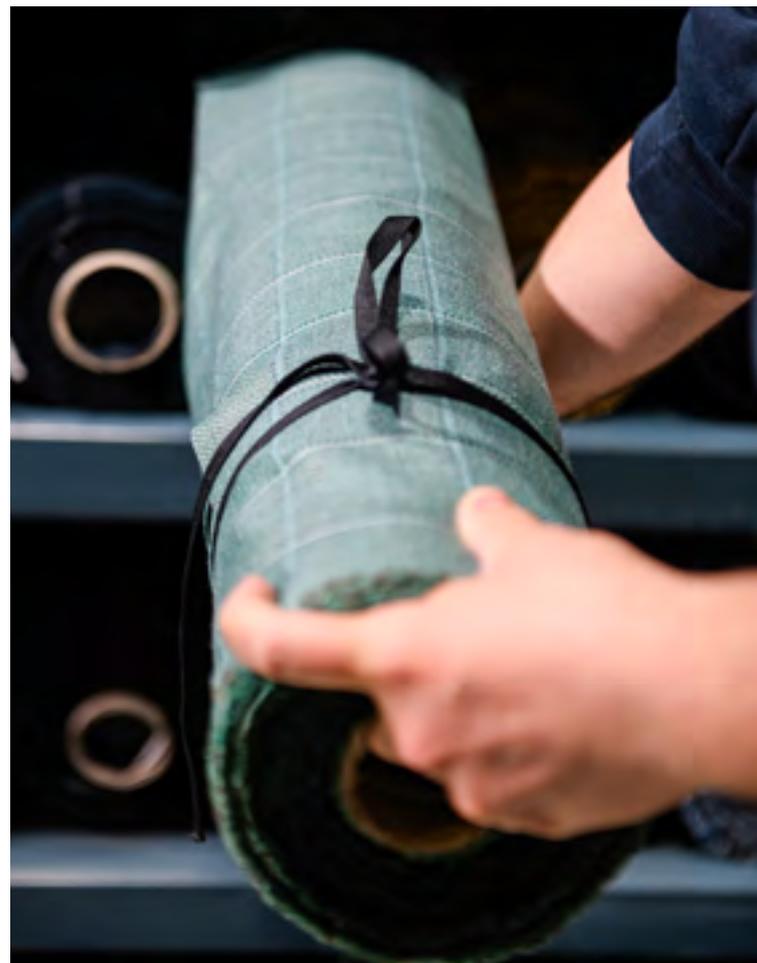
REGULAR PREVENTION AND PROTECTION MEETINGS

Ongoing monitoring and improvement are implemented also through the regular meetings organised in accordance with Article 35 of Legislative Decree 81/01 and in response to any special needs.

The Regular Meetings are attended by the Workers' Safety Representative (RLS); the medical officer; the legal advisor; the Employer's Representative; and the Head of the Prevention and Protection Service (RSPP). The topics discussed include risk assessment and the risk assessment document (RAD/DVR); monitoring the trend of injuries, work-

related illnesses, and health supervision; analysis of personal protective devices in terms of selection criteria, technical specifications and effectiveness; the design of information and training programs and the setting of improvement targets.

Furthermore, the most significant aspects of management of workplace health and safety requirements are sent to the Supervisory Board, through the processes for reporting to the Board required by the Organisational Model (Legislative Decree 231/01) adopted by the Company. Specifically, accident reports and the minutes of regular meetings are sent to the Supervisory Board. Also, in accordance with the timetable set out in its plan of work, the Board regularly interviews the



GRI 403-9: WORK-RELATED INJURIES²⁸

WORK-RELATED INJURIES	2022	2023
Total number of serious work-related injuries (excluding deaths)	0	0
Total number of recordable work-related injuries	7	8
Hours worked	4,822,822	4,869,784
RATE OF SERIOUS WORK-RELATED INJURIES (EXCLUDING DEATHS)	0.00	0.21
RATE OF RECORDABLE WORK-RELATED INJURIES	1.45	1.64

²⁸ Injury rates are calculated as follows: ((number of injuries per category / total hours worked) x 1,000,000). The coefficient used to calculate the rate (i.e. 1,000,000) is recommended by GRI Standards, disclosure GRI 403.

Employer's Representative and the RSPP.

In the two-year period under review there were no **injuries** among external workers, despite the 3,009,245 hours worked in 2022 and the 3,012,475 hours worked in 2023. On the other hand, seven injuries among employees were recorded in 2022 and eight in 2023. The injuries recorded included those on the way to and from work and were deduced from the wording used in the related medical reports. In line with the type of work carried out in the Canali S.p.A. production departments, the injuries reported include the following types: cuts, traumas, bruises, sprains and dislocations.

In terms of recordable **work-related illness**, the type of work carried out in Canali involves risks regarding the repetitive movement of the upper limbs, including carpal tunnel syndrome, epicondylitis and tendinopathy. These conditions are monitored through health monitoring and measurement of the OCRA index at all workstations. Canali S.p.A. reported one case of work-related illness among its employees in 2022 and seven cases in 2023. During the same period, no cases were reported among external workers.

TRAINING

Canali S.p.A. regularly organises general and specific training courses on health and safety for all employees, depending on the tasks assigned to individual workers (e.g. fire prevention officer, first aid officer, forklift operators) and on the basis of their role (e.g. senior managers/executives). As well as complying with training requirements pursuant to Legislative Decree 81/08 and Legislative Decree 231/2001, Canali S.p.A. also provides additional training to ensure a high standard of safety at work. The knowledge and awareness acquired through training courses are fundamental for the purposes of **prevention**. They enable workers to predict and prevent situations they believe may cause injury or illness, promoting an even safer work environment.

CONSUMER

The types of product marketed by Canali do not involve any particular health and safety risks for the consumer. In any case, Canali S.p.A. devotes the utmost attention to the prevention of any possible risks. For example, this commitment includes careful regulation of **chemical substances** by having all suppliers sign a P-SRL (Product Restricted

Substances List). The purpose of this document is to identify and manage the presence of regulated chemical substances, as identified by the toughest legislation. In particular, the document lists restricted substances as well as detailing the test method to be applied to check the conformity of materials and products, the applicable legislation and Canali's tolerance limits (sometimes stricter than the legislation itself). Canali's objective is to ensure that the materials and products are safe and compliant with the highest applicable standards.



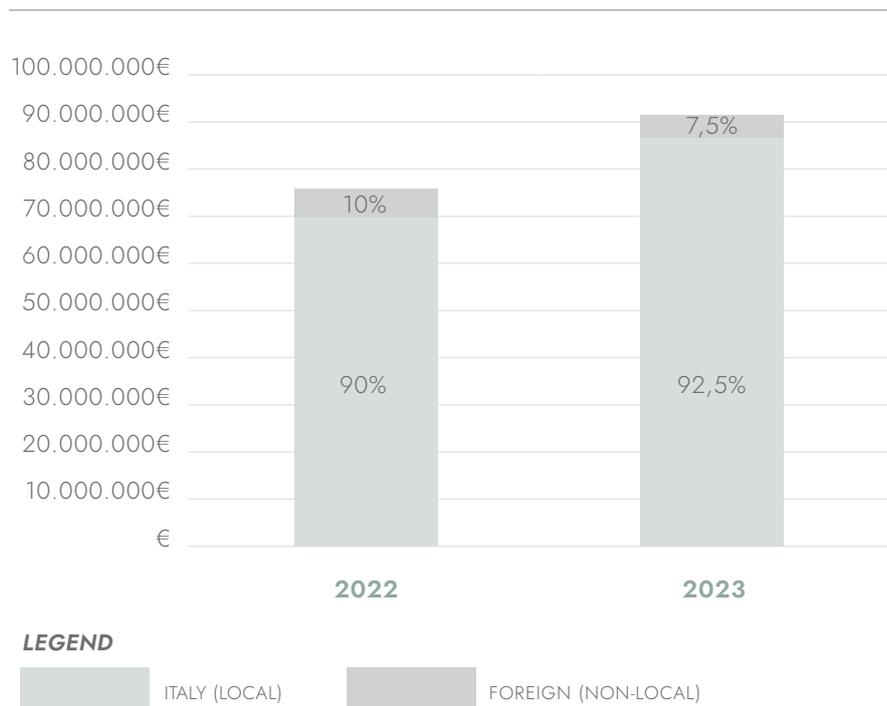
4.4 SUPPLY CHAIN MANAGEMENT

In its supply chain management, Canali recognises and values the principles of legality, integrity, loyalty, transparency, collaboration and social responsibility, as indicated in its Code of Ethics. “Made in Italy” is a core value that is also reflected in procurement management, characterised by the choice of a short, integrated supply chain that allows direct control over the quality of raw materials, processing and business relationships.

In fact, the Canali supply chain lies in **Italy’s manufacturing districts**, as chosen for their distinctive manufacturing traditions²⁹. This approach

supports a stable local economy and strengthens relations with communities which benefit from both job creation and the preservation and passing on of territorial know-how. The graph below shows how the Group has maintained business relationships primarily with suppliers located in Italy, the area considered as “local”. In 2023, Canali S.p.A. – the Group company responsible for procurement related to production – spent a total of Euro 91,807,506 on purchases, with a 19% increase on the previous year’s total. Some 92.5% of total expenditure on purchases (+2.5pp compared to 2022) was destined for local suppliers with the remainder going to non-Italian suppliers.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS



²⁹ For further details, see Chapter 2.2 *Made in Italy quality and craftsmanship* of this document.

STAKEHOLDER TRACEABILITY AND ENGAGEMENT

Maintaining a supply chain concentrated locally (in Italy) allows the Group to manage the entire supply chain with greater knowledge and awareness. Strong traceability of raw materials and the phases of the procurement process enables it to monitor compliance with applicable laws and regulations and with environmental and social standards, thus contributing to the quality, safety and sustainability of the entire value chain.

To that end, in its supply chain selection and monitoring processes, the company uses assessment criteria that consider both technical and qualitative aspects (product quality, costs and timing) and ethical

and regulatory compliance.

From an environmental perspective, the collection of **qualitative and quantitative data** along the supply chain is essential in applying a Life Cycle approach and calculating the environmental footprint of the entire business process. Indeed, adoption of the OEF (Organisation Environmental Footprint) model has enabled the Group to deepen its direct knowledge of all stages of the life cycle of Canali products, actively engaging with key stakeholders along the supply chain and collecting primary data of importance in measuring the OEF. The OEF study is not limited to analysis of the organisation's internal activities but also includes processes related to the production and transportation of raw materials, including energy and water consumption, emissions and related waste³⁰.

The environmental footprint for 2023 was calculated mainly using data from Canali S.p.A.'s internal management information system, as obtained from the recording of purchases of fabrics, accessories and products. In order to ensure accuracy and relevance for footprint measurement purposes, the most significant stakeholders – responsible for around 75% of the wool and 65% of the cotton used in production – were involved directly. Compared to the procedure carried out in 2019, the engagement and response rate was significantly higher, reflecting Canali's growing commitment to engaging with its stakeholders and the greater attention of the supply chain itself to the sustainability needs and demands of the market. The impact of the transportation of raw materials from suppliers to the Canali headquarters in Sovico was also examined – it was calculated taking account of the actual quantities of goods purchased in 2023, the type of transport and the specific distances from the suppliers³¹.

Its direct experience of the value of OEF has made Canali a spokesperson and ambassador for this method of studying the supply chain, both among partner companies in the Biella district and within



³⁰ ICA Società di Ingegneria Chimica per l'Ambiente (2024), *Organisation Environmental Footprint (OEF) 2023, Report, Canali S.p.A.*, chap. 3.2 Definition of system boundaries.

³¹ Above report, Chap. 4.1.1 Raw Materials and their transportation.

the Brianza business community. Canali has also been actively involved in supporting and talking about these issues in the media. It has participated in conferences and interviews and promoted a scientific approach to environmental issues based on analysis of the product life cycle.

4.5 CUSTOMER SATISFACTION AND LOYALTY

Canali is committed to customer satisfaction and puts product quality and service excellence at the centre of its activities.

The quality of Canali's **products** is the result of the business decisions already described in detail and including the purchase of excellent raw materials, the management of a short, integrated supply chain in Italy and the adoption of thorough, traditional production processes. In this way, Canali offers a product with a lasting fit and style. This is fundamental in gaining loyalty as the product keeps its value and maintains a high level of customer satisfaction over time.

The message of quality and timeless elegance conveyed by the products is supported and completed by an engaging, extensive and customised service and communications strategy, capable of offering a full brand experience. A team wholly dedicated to Customer Relationship Management (CRM) works constantly with the marketing and communications departments to develop bespoke projects and communications, with the aim of building relationships based on trust and mutual satisfaction. In this way, Canali invites customers to try out an experience that goes beyond a mere purchase, helping – with the values, history and culture of the Group – to define their aesthetic identity and lifestyle.

Canali is committed to detailed, **transparent** commu-

nication of its activities regarding ESG topics. This approach is key to maintaining the trust of customers who are essential to the sustainable balance and deserve to be informed about the Group's overall impacts. Moreover, in line with its global presence, Canali recognises its educational responsibility and



helps customers to make informed, sustainable decisions for their health and the proper use of products. This not only improves the relationship with your community, but also helps raise industry standards and positively influence direct and indirect competitors.

PRODUCT INFORMATION AND LABELLING

Canali is committed to ensuring that its business services and activities are conducted in compliance with laws and regulations in force in the countries where it produces (Italy) and distributes (globally) and are communicated in accordance with both directives and regulations and ethical principles of transparency and traceability.

Internal **traceability** systems allow the company to manage information flows completely, from the purchase of raw materials to the distribution of finished products. On the one hand, they facilitate regulatory compliance regarding “Made in Italy” and fabric composition while, on the other hand, they provide marketing with all the information needed for their communications strategies. Overall, this commitment externally reduces the negative impacts on end customers and, internally, ensures that processes are carried out sustainably in an increasingly complex business environment.

The attention demonstrated by Canali in this area was substantiated by the absence, in the reporting period, of non-compliance with legislation and self-regulatory codes regarding information, labelling and impacts on health and safety of products and services. In both 2022 and 2023, twenty significant categories of products and services were evaluated in this way, including formal wear, sportswear and accessories. The only cases of non-compliance recorded regarded marketing communications and were limited to four requests for verification of commercial claims, all of which were resolved positively³².

CUSTOMER KNOWLEDGE AND SATISFACTION

In order to maintain its product offering at the highest quality levels and respond effectively to the needs and desires of consumers, the Group not only opens contact channels and provides customer service tools

but is actively engaged in the constant gathering of feedback.

In 2023, with this goal in mind, Canali distributed a qualitative **questionnaire** to its global community in order to interact with customers increase is knowledge and understanding of them. The questions ranged from their preferences in terms of style, interests and products to more specific questions about their perception of the brand. The survey also included ESG topics and revealed that, in line with contemporary trends, “Sustainability and Ethical Practices” are especially important for younger generations of customers.

The survey also collected data of use in calculating the **Net Promoter Score (NPS)**, later integrated as a key after-sales service tool. The NPS – a widely recognised standard for use in measuring long-term customer loyalty – is one of the strategic KPIs used to monitor customer satisfaction. Reflecting the prevalence of loyal customers over detractors, the NPS focuses on the customer’s experience and provides information of use in nurturing long-term relationships and creating new ones.

If the constant customer feedback obtained through customer service and the NPS survey looks into the qualitative recognition of an approach based on excellence, the revenue growth recorded in the reporting period can be read as quantitative confirmation of customer satisfaction and loyalty. In fact, the 2023 reporting period closed positively with turnover up by 7% on prior year (+11% on a like-for-like basis and at constant exchange rates). From this, it is possible to infer overall customer recognition of the value of the Canali offering.

A NEW LIFESTYLE EXPERIENCE

2023 was the year in which Canali introduced its **Lifestyle Store Concept**, as launched for the first time on Madison Avenue, New York and later rolled

³² The requests in question were all recorded by Canali Shanghai in 2022. All were resolved positively to the customers’ satisfaction after they were shown documentation backing up the claim or by means of a private settlement agreement.

out successfully in all new boutiques worldwide. Conceived as a cross between a boutique and an elegant Milanese home, the design of the space creates a welcoming, sophisticated atmosphere that reflects the elegance of the brand through a meticulous architectural equilibrium. The materials, craftsmanship and high quality workmanship reflect the sartorial character of Canali's luxury garments.

By redefining the shopping experience, this new store concept puts the customer experience to the fore. Thus was born the *VIP lounge*, an exclusive space that encourages an intimate dialogue with customers and total immersion on the brand's lifestyle. The *VIP lounge* is dedicated to hospitality and personalised

advice, giving customers the chance to experience fully Canali's Italian spirit, luxury and craftsmanship.

Inside the *VIP lounge*, customers can access **Me by Canali**, an exclusive service that allows them to create custom tailored garments. Born from the desire to put customers at the centre, Me by Canali offers a singular experience that satisfies the need for uniqueness by allowing each customer to interpret individually the timeless elegance of the brand. Customers are guided in the creation of their garments by Canali specialists and can choose from a vast range of fabrics, details and finishes so that the product reflects their style and personal preferences. Initially focused on tailored



suits, the service now includes a full selection of formal and casual wear.

The Me by Canali service combines the excellence of Italian craftsmanship with CAre principles. In fact, the tailor-made production represents a sustainable, ethical model that respects the environment. Made-to-measure production uses only the necessary amount of fabric, minimising the waste typical of mass production and promoting more conscious and lasting consumption.

The brand transformation process and the expansion of the new lifestyle store concept find their perfect evolution in the **Caffè Canali**. Combining a café and a restaurant, Caffè Canali offers an elegant, upscale dining experience, from breakfast to dinner, with dishes rooted in the Italian culinary tradition. The concept and design reflect the brand's style and distinctive values, authentically conveying the brand's Italian spirit and generating engagement, emotional bonding and lasting trust with customers.

The first Caffè Canali opened in Beijing on 5 December 2023 in a celebration of style, elegance and culinary finesse. The prestigious location chosen to launch the project is in Beijing's financial district. It exudes a vibrant character and an innate Italian allure, thanks to the use of exclusive materials and the meticulous workmanship of the interiors. With the opening of a second Caffè in Shanghai, Canali has laid the groundwork to expand this experience globally, providing an engaging immersion in the brand's culture through exceptional, attentive service.



5. Community engagement

Throughout its history, Canali has developed a deep bond with the communities in which it operates, realising the REward principle of the CAre project by sharing the value generated by its activities with the community.

The projects and initiatives of social utility and cultural value promoted by the company encourage a constant, fruitful dialogue with local communities, allowing the Group to express the ethical values of human and social responsibilities that are at the heart of its identity.

SOCIAL AND HEALTH SOLIDARITY

Fondazione Canali Onlus was founded in 2013 from the desire of the family and the Group to create an organised structure to manage the numerous social and health solidarity initiatives that are actively supported on an ongoing basis. Led by its President, Maria Grazia Canali, the Foundation is a non-profit organisation that reflects the values of human and collective responsibility, the cornerstone of our family and business ethics.

With a concrete, immediate approach, the Foundation promotes and supports projects regarding social and health care, charity, medical research, education, training and professional employment.

As a donor Foundation, it supports these initiatives – though not exclusively – through contributions to approved bodies, pursuing the guiding principle of “Make a difference and make it now” with the aim of providing timely, practical support to initiatives that fall within the scope of its mission.

To date, Fondazione Canali has supported numerous projects of different sizes, both in Italy and abroad, through continuous interventions or by supporting one-off initiatives. It focuses mainly on small/medium-sized ventures where its contribution makes a tangible difference. The main entities/ventures supported in 2023 are listed below. For details of projects supported in the past and the most recent initiatives, please refer to the dedicated section on the Canali website³³.

- Since 2014, Fondazione Canali Onlus has been supporting the **Cerchi d’Acqua Anti-Violence Centre**, which combats gender violence, offering shelter and psychological support to women, as well as to their indirectly involved relational network, guaranteeing confidentiality, anonymity and a non-judgmental approach. The Centre also organises training initiatives to stimulate social and cultural change, with particular attention to prevention and raising the awareness of young people in schools on signs and forms of violence.
- Fondazione Canali supports the study of the **AIMS – Italian Multiple Sclerosis Association** (Genoa) on autologous haematopoietic stem cell transplantation as a potential treatment for multiple sclerosis. Although this medical practice is well-established in haematology and oncology, its application to multiple sclerosis is still being researched. Therefore, in 2023, the Foundation decided to fund a year of haematic analysis on patients treated as part of the AISM research project, coordinated by Profes-



³³ See <https://gb.canali.com/fondazione-canali>.

sor Matilde Inglese, with the aim of confirming autologous haematopoietic stem cell transplantation as a therapeutic option for severe forms of multiple sclerosis.

TRANSMISSION OF MANUFACTURING CULTURE AND HIGHER EDUCATION

Canali sees the opening up of its operating facilities to the younger generations as an excellent opportunity to maintain and develop the manufacturing tradition in the areas where it operates. Through guided tours of production departments and offices, students can get a close-up view of how work is carried out and learn about the opportunities offered by the business world by directly meeting professionals in the sector and taking advantage of guided tours of company premises located throughout Italy.

- For 20 years or so, Canali has been collaborating with the Federazione Nazionale dei Maestri del Lavoro, an organisation that pursues humanitarian and social objectives through a wide range of initiatives and volunteering activities, especially in schools. In particular, Canali works with the Federation through the **Work and School Project**, an initiative that seeks to educate the new generations about professional activities and facilitate their transition into the world of work through company visits and other training activities.
- Since 2023, Canali has taken part in **PMI DAY – the National Day of Small to Medium-sized Enterprises**, an initiative sponsored by Confindustria that has involved all of Italy's provinces since 2010. At the fourteenth edition, held on 17 November 2023 as part of the XXII Week of Business Culture, Canali opened the doors of its production facilities in Marche and Abruzzo Regions to lower secondary school

students to give them the chance to learn about the company and tell them about its history and future projects.

- The year 2023 saw the launch of **Project PCTO** – Percorsi per le Competenze Trasversali e l'Orientamento ("Paths for General Skills and Orientation") – with several schools in the Marche Region and the Brianza area: through projects lasting two or three weeks, students attending year four of upper secondary school had the opportunity to acquire practical and general skills and to gain knowledge useful to them in preparation for the future world of work.

In order to encourage dialogue and increased know-how in the sector, Canali actively collaborates with universities and specialist higher education institutes. These initiatives enable a constant exchange of knowledge and skills: on the one hand, they enrich the training given to students with Canali offering them an excellent opportunity to test themselves in the world of work and, on the other hand, they contribute towards the growth of Canali, stimulated by innovative inputs from the world of academia and specialist training.

- Canali is a partner of **Istituto Secoli di Novara** for the organisation of a training course of excellence dedicated to the specialist professional role of prototypist. As a member of the Technical Committee, together with other companies in the clothing and luxury sector, Canali helps design the training course, works with students as they discover the profession and provides them with educational support through practical classroom-based lessons. With the aim of making the course accessible to all and ensuring that students have the chance to apply what they have learned in a work environment, Canali finances merit-based scholarships and undertakes to select at least three interns from each course.

- Canali is collaborating with the **University of Palermo** in relation to the organisation of internships for students from the new English language “Legal Studies” course of the five-year degree in Law, commencing from the 2024/2025 academic year. The objectives of the internships will include looking at legislative updates on the sustainability of products and packaging, as well as the implementation of contractual clauses in the contracts most widely used in the industry.
- For several years, Canali has been collaborating with a number of **Universities and Fashion Schools** – including Polimoda, Marangoni, Milano Fashion Institute and IED – taking part in the professional orientation days organised by the various schools and universities. The aim is to get to know young undergraduates in the various disciplines of the Fashion and Luxury sector and offer them internship opportunities that can further enrich the specialist skills acquired during their studies and map out growth and development paths for them with a view to their continuing professional collaboration within the Company.

PROMOTION OF EMERGING ART AND CULTURE

Canali for Art is the project with which the company supports and promotes emerging artists, contributing towards cultural enhancement and the growth of artistic heritage on the international scene.

This initiative marks a new chapter in the company’s history, exploring the ancient union between art and fashion through collaborations with contemporary artists who share the brand’s value. The works of art – selected for their affinity with Canali’s elegance, contemporary style and material and formal care - are exhibited at important events, such as the opening

of concept stores, creating an immersive path that guides visitors from the outside to the inside of the space. This format generates a cultural dialogue with the brand, offering visitors – whether potential buyers or mere passers-by – an experience that transcends shopping.

- In 2022, a new selection of works by the Italian artistic duo **Goldschmied & Chiari** was presented when the Madison Avenue store opened in New York. The project chosen by Canali for the occasion was “Untitled Views”, a series of mirrored, unique and precious works; they welcome the public into an imaginative, fluid and colourful environment where dreams,



visions, the sub-conscious and landscapes merge together. The installation included an elegant display on the windows of the Madison Avenue store, followed by three works set up inside.

- During the London Art in Mayfair 2023 event, Canali chose the works of Colombian artist **Dairo Vargas** to decorate its New Bond Street store. Thanks to exclusive events, live experiences, showcases and pop-ups, the store was transformed into an open gallery, where art, fashion and culture met with unique synergy. Vargas' works, inspired by Renaissance, Baroque and Rococo masters, guided visitors on an immersive journey commencing with an installation in the display windows overlooking New Bond Street and continuing with the discovery of five works inside the boutique.



6. GRI Content Index

6.1 LINK BETWEEN MATERIAL TOPICS AND IMPACTS GENERATED

6.2 GRI CONTENT INDEX

6.1 LINK BETWEEN MATERIAL TOPICS AND IMPACTS GENERATED

ENVIRONMENT AREA

Topic	Impact	Nature of impact	GRI Standard
PRODUCT LIFE CYCLE MANAGEMENT	Textile waste generation, resulting in more waste accumulation at disposal sites and/or increased pollution due to incineration of waste.	Negative, actual Direct and indirect	GRI 3-3 GRI 301-1 GRI 303-3 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5
	Environmental damage caused by the use of highly impactful and/or non-recyclable materials subject to possible dispersion in the environment.	Negative, actual Direct	
	Contribution to pollution (air, water and soil) and to loss of biodiversity in the territories where the supply chain operates e.g. due to production of textile fibres, livestock activities and improper disposal of resulting waste.	Negative, potential Indirect	
	Traceability of the origin and production conditions of raw materials and own products and greater transparency towards customers.	Positive, potential Direct and indirect	
CLIMATE CHANGE, AIR POLLUTION AND ENERGY CONSUMPTION	Contribution to climate change through direct and indirect GHG emissions.	Negative, attuale Diretto e indiretto	GRI 3-3 GRI 302-1 GRI 302-3 GRI 304-1 GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-7
	Depletion of available resources caused by consumption of non-renewable energy (fossil fuels) for business operations.	Negative, actual Direct and indirect	
	Impact on health and well-being of the neighbouring community due to air pollution caused by production activities.	Negative, actual Direct	
	Contribution to air pollution (greenhouse gas emissions) due to road and air transport and handling of products.	Negative, actual Direct and indirect	

SOCIAL AREA

Topic	Impact	Nature of impact	GRI Standard
DIVERSITY, EQUITY AND INCLUSION	Cases of discrimination and non-application of principles of diversity and inclusion.	Negative, potential Direct	GRI 3-3 GRI 405-1 GRI 406-1
	Increased awareness of human rights by all those involved in the company's activities and business partners.	Positive, actual Direct and indirect	
WELL-BEING AND DEVELOPMENT OF HUMAN RESOURCES	Improvement of workers' skills through training and professional development, also linked to growth objectives.	Positive, actual Direct	GRI 3-3 GRI 401-1 GRI 401-2 GRI 404-1 GRI 404-3
	Loss of business know-how due to inadequate management, retention and ability to attract resources.	Negative, potential Direct	
	Promotion of employee well-being through implementation of wellness activities and dedicated benefits, as part of a healthy and stimulating work environment.	Positive, actual Direct	
	Contribution to employee satisfaction and cohesion through engagement initiatives and team building activities.	Positive, actual Direct	
OCCUPATIONAL HEALTH AND SAFETY	Accidents at work and professional diseases with negative consequences on the health of workers and external collaborators.	Negative, potential Direct	GRI 3-3 GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9 GRI 403-10
SUPPLY CHAIN MANAGEMENT	Contribution to the improvement of suppliers' ESG performances and of the social and environmental impact in the communities in which they operate, also thanks to approval and selection policies that incorporate social and environmental sustainability criteria.	Positive, actual Direct	GRI 3-3 GRI 204-1
	Potential human rights violations along the supply chain, such as the right to freedom of association and collective bargaining, child labour, forced or compulsory labour.	Negative, potential Indirect	
CUSTOMER SATISFACTION AND LOYALTY	Customer satisfaction through transparent communications in terms of product labelling and quality.	Positive, actual Direct	GRI 3-3 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

GOVERNANCE AREA

Topic	Impact	Nature of impact	GRI Standard
BUSINESS ETHICS AND INTEGRITY	Awareness and dissemination of culture, ethics, fairness and inclusion, respect for human rights by management, employees, business partners and other stakeholders.	Positive, actual Direct	GRI 3-3 GRI 205-3 GRI 418-1
	Anti-competitive behaviour and episodes of corruption with negative impacts on the economy and markets.	Negative, potential Direct	
	Security breach regarding privacy of customer data and associated loss of sensitive information.	Negative, potential Direct	
MADE IN ITALY CRAFTSMANSHIP AND QUALITY	Increased brand awareness with positive impacts on stakeholders in terms of creating shared value.	Positive, actual Direct	GRI 3-3 GRI 201-1
	Contribution to the social development of the areas in which the Group operates, thanks to activities and initiatives for social inclusion and assistance to communities.	Positive, actual Direct	
	Positive impacts on positioning of Italian industry and textile sector on the global market.	Positive, actual Direct	
	Impact on the local economy and social fabric with the creation of highly specialised jobs.	Positive, actual Direct	
	Preservation of technical know-how and cultural factors related to artisanal production methods handed down from generation to generation.	Positive, actual Direct	
INNOVATION IN BUSINESS PROCESSES	Research and development of production processes that fulfil the highest quality and safety criteria, while also promoting lower consumption of resources.	Positive, actual Direct and indirect	GRI 3-3

6.2 GRI CONTENT INDEX

Statement of use	The Canali Group has reported the disclosures listed in this GRI index of contents for the period 1 January 2023 – 31 December 2023 with reference to the GRI Standards.
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GRI 1 Used	GRI 1 – Foundation – 2021 Version
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GENERAL DISCLOSURES			
GRI Standard	Disclosure	Location	
GRI 2: General Disclosures (2021)	THE ORGANISATION AND ITS REPORTING PRACTICES		
	2-1	Organisational details	pp. 4-5 pp. 12-16
	2-2	Entities included in the organisation's sustainability reporting	pp. 4-5
	2-3	Reporting period, frequency and contact point	pp. 4-5
	2-4	Restatements of information	First year of reporting, no re-exposed data.
	ACTIVITIES AND WORKERS		
	2-6	Activities, value chain and other business relationships	pp. 6-16 pp. 25-31
	2-7	Employees	pp. 55-57
	2-8	Workers who are not employees	pp. 55-57
	GOVERNANCE		
	2-9	Governance structure and composition	pp. 12-16 pp. 20-22
	2-10	Nomination and selection of the highest governance body	pp. 12-16
2-11	Chair of the highest governance body	pp. 12-16	
2-12	Role of the highest governance body in overseeing the management of impacts	pp. 20-22	

GRI Standard	Disclosure	Location
	2-13 Delegation of responsibility for managing impacts	pp. 20-22
	2-14 Role of the highest governance body in sustainability reporting	pp. 20-22 pp. 4-5
	2-16 Communication of critical concerns	pp. 12-16
	2-17 Collective knowledge of the highest governance body	pp. 20-22
STRATEGY, POLICIES AND PRACTICES		
	2-22 Statement on sustainable development strategy	p. 3 pp. 17-24
	2-23 Policy commitments	pp. 17-24
	2-24 Embedding policy commitments	pp. 17-24
	2-25 Processes to remediate negative impacts	pp. 17-24
	2-26 Mechanisms for seeking advice and raising concerns	pp. 12-16
	2-28 Membership associations	pp. 51
STAKEHOLDER ENGAGEMENT		
	2-29 Approach to stakeholder engagement	pp. 29-31
	2-30 Collective bargaining agreements	pp. 55-57

SPECIFIC STANDARDS		
GRI Standard	Disclosure	Location
MATERIAL TOPICS		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	p. 32
	3-2 List of material topics	p. 32 pp.84-86
PRODUCT LIFE CYCLE MANAGEMENT		
GRI 3: Material Topics (2021)	306-1 Waste generation and significant waste-related impacts	pp. 46-52 pp. 35-36
GRI 306: Waste (2020)	306-2 Management of significant waste-related impacts	pp. 51-52
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	pp. 48-49
GRI 303: Water and effluents (2018)	303-3 Water withdrawal	p. 50
CLIMATE CHANGE, AIR POLLUTION AND ENERGY CONSUMPTION		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 35-46
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	pp.38-39
	302-3 Energy intensity	
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	pp.40-44
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	

GRI Standard	Disclosure	Location
GRI 304: Biodiversity (2016)	304-1 Operational sites owned, leased, managed in (or adjacent to) protected areas and areas of high biodiversity value outside protected areas	pp.45-46
WELL-BEING AND DEVELOPMENT OF HUMAN RESOURCES		
GRI 3: Material Topics (2021)	3-3 Gestione dei temi materiali	pp. 55-63
GRI 401: Occupazione (2016)	401-1 New employee hires and employee turnover	pp. 55-57
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	pp. 57-63
	404-3 Percentage of employees receiving regular performance and career development reviews	
DIVERSITY, EQUITY AND INCLUSION		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 64-66
GRI 405: Diversity and equal opportunity (2016)	405-1 Diversity of governance bodies and employees	pp. 64-66
GRI 406: Non discriminazione (2016)	406-1 Incidents of discrimination and corrective actions taken	pp. 64-66
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 67-70
GRI 403: Occupational health and safety (2018)	403-1 Occupational health and safety management system	pp. 67-70
	403-2 Hazard identification, risk assessment and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	

GRI Standard	Disclosure	Location
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 67-70
	403-9 Work-related injuries	
	403-10 Work-related ill health	
SUPPLY CHAIN MANAGEMENT		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 71-73
GRI 204: Procurement practices (2016)	204-1 Proportion of spending on local suppliers	pp. 71-73
CUSTOMER SATISFACTION AND LOYALTY		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 73-76
GRI 416: Customer health and safety (2016)	3-3 Incidents of non-compliance concerning the health and safety impacts of products and services	pp. 73-76
GRI 417: Marketing and labelling (2016)	417-1 Requirements for product and service information and labelling	pp. 73-76
	417-2 Incidents of non-compliance concerning product and service information and labelling	
	417-3 Incidents of non-compliance concerning marketing communications	
BUSINESS ETHICS AND INTEGRITY		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 15-16
GRI 205: Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	pp. 15-16
GRI 418: Customer privacy (2016)	418-1 Substantiated claims concerning breaches of customer privacy and losses of customer data	pp. 15-16
MADE IN ITALY CRAFTSMANSHIP AND QUALITY		
GRI 3: Material Topics (2021)	3-3 Gestione dei temi materiali	pp. 25-29 pp. 6-16
GRI 201: Economic performance (2016)	201-1 Direct economic value generated and distributed	pp. 14-15
INNOVATION IN BUSINESS PROCESSES		
GRI 3: Material Topics (2021)	3-3 Management of material topics	pp. 27-29

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