

THE THREAD BETWEEN US

BONDS THAT BUILD VALUE, DAY AFTER DAY

Sustainability Report 2023 - C. Tessile

CANCLINI
1925
CREATING TOGETHER SIDE BY SIDE

The Thread Between Us

Bonds that build value, day after day

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Letter from the Chair

1.1

GRI 2-22

Dear Stakeholders,

It is with great pleasure that I present the first Sustainability Report of C. Tessile S.p.A.: a document that is not merely a collection of data, but a fundamental step in our company's history. This is a significant milestone that we celebrate, conscious of its importance and significance for our future.

C. Tessile S.p.A.'s path towards more responsible resource management is deeply rooted in its corporate culture. For us, it means first and foremost awareness, responsibility and respect, concerning not only production processes, but also the use of natural resources. It is a commitment shared by all employees at our facilities, and also by the entire production chain, from the selection of raw materials through to product shipment. The continuous search for innovative fibres and processes with a low environmental impact has always been, in our view, one of the focal points for the development of a high-quality product that reflects the company's core values.

We operate in a constantly evolving economic, social and environmental landscape, characterised by global challenges such as climate change, resource depletion, and growing economic and social inequalities. Our sector, in particular, must address the need for greater transparency and accountability along the entire value chain, as it is considered one of the most impactful sectors in terms of water consumption, waste, emissions and labour exploitation in the early stages of the supply chain. This Report you are reading reflects the activities and progress made in 2023, a year marked by its own unique characteristics, market dynamics and external factors, which have required resilience and adaptability.

In this context, we strengthened our commitment to sustainability, recognising it as not only an ethical duty, but also a key factor for our long-term growth and competitiveness, transforming challenges into drivers for growth. This, our first Sustainability Report, summarises the actions taken to reduce environmental impact and promote social well-being. We have continued to select only high-quality raw materials to ensure we develop durable garments, in contrast to fast fashion, which exacerbates the challenges already identified in the industry. We have maintained several product certifications, such as GOTS, OCS and GRS, which tangibly demonstrate our values. Our credo, Creating together side by side, reflects our commitment to designing and delivering bespoke solutions for our customers, through a *modus operandi* that significantly reduces waste and surplus production.

At the same time, we have committed to supporting an inclusive and safe working environment, valuing people and contributing to the development of the communities in which we operate. This Report is therefore a key tool for measuring, monitoring and continuously improving these initiatives, providing a solid foundation for defining our next steps.

Indeed, this first publication does not represent an end point, but rather marks the first chapter of a journey that will require dedication, innovation and the collaboration of everyone involved. Looking ahead, we have set ourselves ambitious goals: to develop products and processes with progressively lower environmental impact, and to strengthen the supply chain through a strategy of vertical integration, thereby ensuring a more comprehensive and easily traceable supply chain.

With this in mind, we intend to continue the work we have started on product traceability, aware of the potential for improvement in the development of an internal monitoring and traceability system. Other objectives include gradually replacing of our company fleet with hybrid cars, calculating the Product Environmental Footprint (PEF) for our most notable products, and improving the management of textile waste generated by internal processes. This is why we have laid the foundations for the creation of an ESG office, comprising a qualified and competent team capable of responding to all future requirements from the market and the European Union. These will likely range from audits and traceability, to the preparation of technical data required by clients and for ESG questionnaires, to waste management and the drafting of this report.

This journey, however, would not be possible without the support and dedication of you all. I would therefore like to express my sincerest gratitude to all our employees, the true beating heart of C. Tessile S.p.A., for your commitment and passion. Special thanks also go to our customers, partners and suppliers, who share our vision of a more sustainable future and accompany us on this journey of transformation.

We firmly believe that by working closely together we can tackle global challenges and build a better future for everyone. Sustainability is not just a choice; it is a shared responsibility that unites us.



Simone Canclini
C. Tessile S.p.A. CEO



2 ESG FIGURES: WHAT TRULY COUNTS

Data that tell a story of our future,
employees and daily commitment

In 2023, during a period of corporate identity consolidation, C. Tessile strengthened its commitment to responsible growth, driven by innovation, transparency and a long-term strategic vision. This period marks a strategic milestone in the Group's ESG journey, confirmed by the increasingly systematic integration of environmental, social and governance criteria within the business strategy and day-to-day management.

This section summarises the results achieved and actions implemented during the year, anticipating future developments in the sustainability journey. The data offer a preliminary summary of the Sustainability Report, highlighting the tangible effects of the choices made by C. Tessile in the environmental and social spheres, as well as in research and development.

ESG results 2023

Governance

Compliance and transparency

100%

Of company sites included in the scope of reporting (such as factories, warehouses or offices) monitored for corruption risk

117

Employees trained on Organisational Model 231 (throughout 2023, accounting for fluctuations in recruitment)

0

Reports received through the whistleblowing system



Environment
Energy and emissions

48%

Of electricity from renewable (31.87% from certified green energy, 16.45% from photovoltaic sources)*



Investments in heat pumps, LEDs, efficient air conditioning and digital printing

-70%

Energy with PULSAR dyeing technology

-30%

Water with PULSAR dyeing technology

*The data refer exclusively to energy consumption at C. Tessile S.p.A.

Materials and packaging



Materials: GOTS, GRS, OCS, OEKO-TEX, Supima, Better Cotton



Innovative portfolio: nettle, hemp, bamboo viscose and Crabyon



LCA for 4 representative products in line with the PEF method

Supply chain performance

100%

Of dyed yarns compliant with ZDHC standards

100%

Of Italian wet process suppliers visited on site

Circular strategies and waste management

0%

Of warehouse stock unsold



C-Tex project: up to 90 kg/hour of textile waste recycled



Circular economy startups supported: ARTKNIT, ALGALIFE and others

People
Occupational health and safety

100%

Of personnel covered by a certified Health and Safety Management System



Risk assessment broken down by department and homogeneous risk area



Active reporting system via QR code and direct channels

Employee well-being and professional development

83.6%

Of employees on permanent contracts

40%

Female representation on the Board of Directors



Flexible return to work model following parental leave in Hungary

Social projects



Active collaboration with associations for the charitable reuse of textile waste

Activities of the 'Un Sorriso in Più' association

2,000+

Elderly people reached annually

50

Minors reached annually

100

Volunteers consistently active for approaching 20 years

400

Participating residential care facilities across Italy



3 THE ROOTS AND DIRECTION OF OUR PATH

A portrait of the C. Tessile Group:
vision, history and shared values

Company structure and scope of reporting

3.1

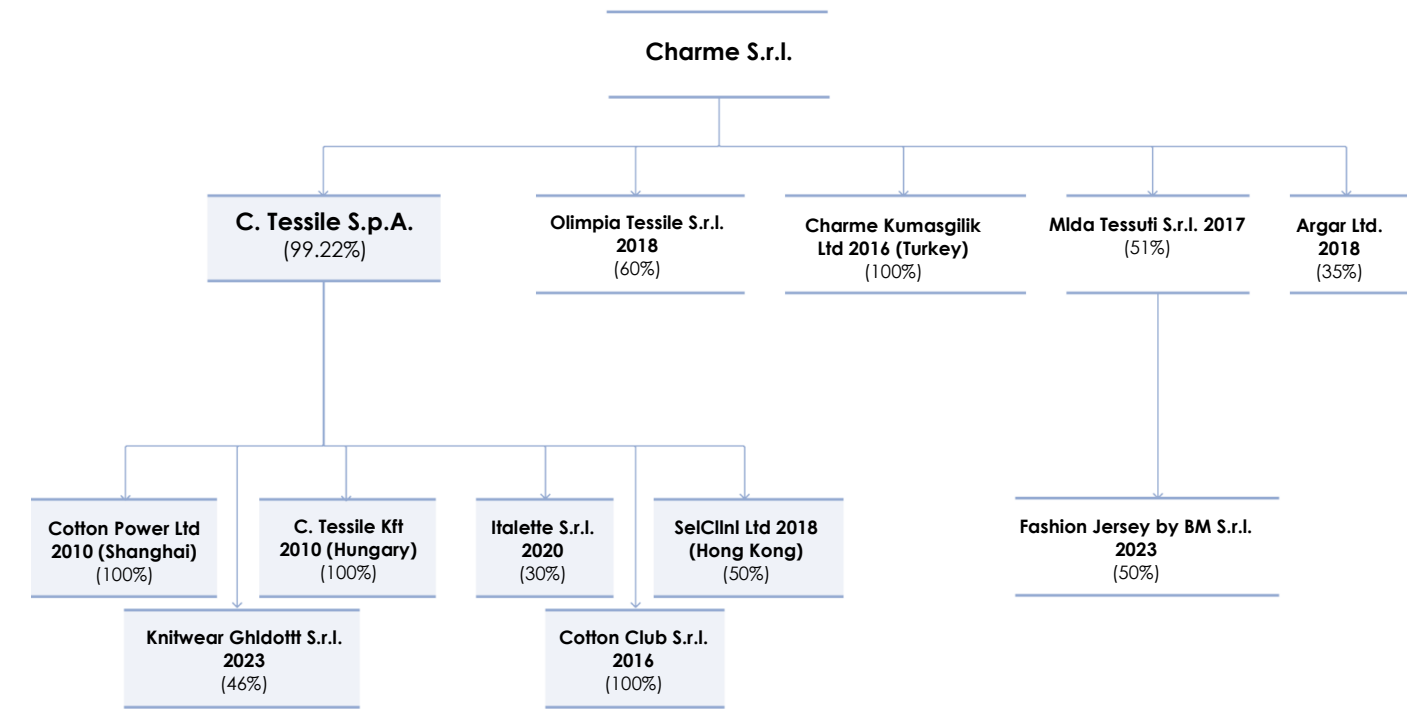
GRI 2-1; GRI 2-2;
GRI 2-6

About us

The C. Tessile Group is an integrated industrial system operating across the entire textile supply chain, from fabric production to finishing.

It is managed by the holding company Charme S.r.l., which holds 99.22% of C. Tessile S.p.A., the main operating company headquartered in Guanzate (Como - Italy).

This Sustainability Report uses data pertaining to C. Tessile S.p.A. (Guanzate, Lurate and Cameri) and the foreign subsidiary C.Tessile KFT (Szentgotthard - Hungary); any specific details or exclusions are indicated in the relevant sections.



Group Structure

The corporate structure of the C. Tessile Group consists of several specialised companies that operate in complementary segments of the textile industry.

The acquisition of new companies and diversification into various brands saw the establishment of **C. Tessile S.p.A.**, which is now the Group's parent company.

C. Tessile S.p.A.

Parent company, specialising in the production of high-end shirting fabrics. The Guanzate site houses the general management, fabric quality control, the sample warehouse and the retail fabric sales department for bespoke shirt production.

C. Tessile KFT (Hungary)

Foreign subsidiary responsible for producing raw fabrics, which are then sent to Italy for quality control, dyeing and finishing by subcontractors.

Olimpia Tessile S.r.l.

Converter specialising in the design and marketing of silk fabrics.

Mida Tessuti S.r.l.

Specialised in the production and sale of high-quality knitted fabrics for underwear and apparel.

Argar Ltd.

Produces certified knitted fabrics for protective and technical clothing and sportswear.

Cotton Power Ltd. (Shanghai)

Trading company that resells C. Tessile fabrics on the Chinese market.

SeiClini Ltd. (Hong Kong)

Purchases shirts for the American market.

Italette S.r.l.

Specialised in the production and marketing of fabrics for home furnishings (cushions, curtains and home textiles).

Maglificio Ghidotti S.r.l.

Specialised in the production of knitted fabrics for various sectors.

Locations and logistics

The Group's operational sites reflect a distributed and functional presence along the textile supply chain:

- **Warehouses:** Tradate and Lurate Caviccio (Italy)
- **Commercial offices:** Guanzate, Bergamo and Cameri (Italy)
- **Production sites:** Cameri and Szentgotthard (Hungary)

The Group's governance system ensures the centralised and coordinated management of strategic and operational activities, with clearly defined roles and responsibilities among the various Group companies.

History and mission

3.2

History

Canclini was founded in 1925 by Giuseppe Canclini, a young textile machinery specialist. At just 25 years old, he started a business in the heart of the silk district in Como, Italy, initially focusing on the production of silk fabrics for women's lingerie. From the outset, the company has been known for its careful selection of raw materials and integrated approach to the supply chain, with pioneering silkworm breeding research initiatives in South America and Southern Italy.

During the Second World War, the company demonstrated great flexibility by reconverting production towards silk technical fabrics for parachutes. In the post-war period, when sons Vittorio and Giancarlo joined the company, the product range was diversified to include scarves, jacquard dressing gowns and, later, silk shirting fabrics. This allowed the company to expand into foreign markets, including Germany, France and Denmark.

The strategic turning point came in the 1970s, when Canclini decided to phase out silk production to focus on high-end cotton for shirting. This forward-looking and unconventional decision was in contrast to the area's silk-making tradition, marking the beginning of a new phase of international expansion.

In the 1990s, with the entry of the third generation – Simone and Mauro Canclini – the company embarked on a process of modernisation and digitalisation that served to consolidate the brand's global presence. Following the acquisition of new companies and diversification into various brands, C. Tessile S.p.A. was established.

Today, C. Tessile is synonymous with Italian textile excellence, with a commercial network operating in over 100 countries and an identity built on a balance between tradition and innovation.

Values

The values of C. Tessile are firmly rooted in an industrial culture that combines tradition with innovation and **person-centred approach**.

Five key principles guide the Group's operations

- **Excellence in craftsmanship:** the pursuit of premium quality is integral to the company's DNA, valuing Italian manufacturing expertise.
- **Resilience and adaptability:** the ability to evolve during periods of significant change, investing in growth with a realistic vision.
- **Customer relations:** based on building mutual trust through active listening and tailored solutions.
- **Respect for the work and for the employees:** a focus on employee well-being and skills development is a cornerstone of the company's philosophy.
- **Responsibility towards the local area:** its commitment to local communities is reflected in ongoing and tangible social initiatives.



Business model and offering

3.3

GRI 2-6

The Group's textile offering is divided into six distinct brands, each with its own identity and distinctive style, designed to meet the needs of different markets and customers:

	Canclini1925 A collection of shirting fabrics that includes classic cotton articles, both plain and patterned, alongside high-performance technical fabrics. The offering is complemented by capsule collections featuring GOTS and OCS-certified organic fabrics, recycled yarns, and materials with a reduced environmental impact. The range also includes winter flannels, summer linens, jacquard fabrics and prints.
	Canclini Per Lei Developed for womenswear, it offers light but structured base fabrics, a silky texture, and a palette of bright and pastel colours, enhanced by refined patterns. Significant emphasis is placed on piece-dyed fabrics, prints and innovative finishes.
	Grandi & Rubinelli Combines expert craftsmanship with modern technology. It stands out for its production flexibility and the premium quality of its shirting fabrics, which are made entirely in Italy.
	Blue1925 A casual denim collection, designed to offer creative and customisable solutions, ideal for contemporary apparel.
	Profilo Tessile Born from the expertise of a team of designers and sales professionals, it offers a vast range of innovative shirting fabrics designed to anticipate market trends.
	Hausammann+Moos A historic Swiss brand with over two centuries of tradition, now part of the C. Tessile Group. It offers high-quality fabrics for suits, trousers, shirts and garments, combining manufacturing excellence with ongoing research.

Collections

The collections are divided into three main types, designed to meet different market needs:

Seasonal collections Updated each season, they introduce new fabrics that interpret fashion trends and incorporate innovative processes.	Classic collections These represent C. Tessile's classic fabrics. Continually updated in terms of colours, designs and weaves, they are available from stock and preserved in two display cases that form a genuine historical company archive.	Exclusive collections Custom-developed in collaboration with partner brands, they fully express the identity of our clients through a co-creation process.
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International positioning

C. Tessile operates globally, with an offering aimed predominantly at the mid-to-high-end and luxury segments. Its long-standing expertise in yarn-dyed fabrics for shirting has gradually extended to new specialisations – including piece-dyed fabrics, denim and knitwear – enabling the company to respond flexibly to the needs of the contemporary market.

Through its international expansion strategy, the company aims to strengthen its presence in leading markets in terms of the **sustainability, traceability** and **quality** of raw materials.

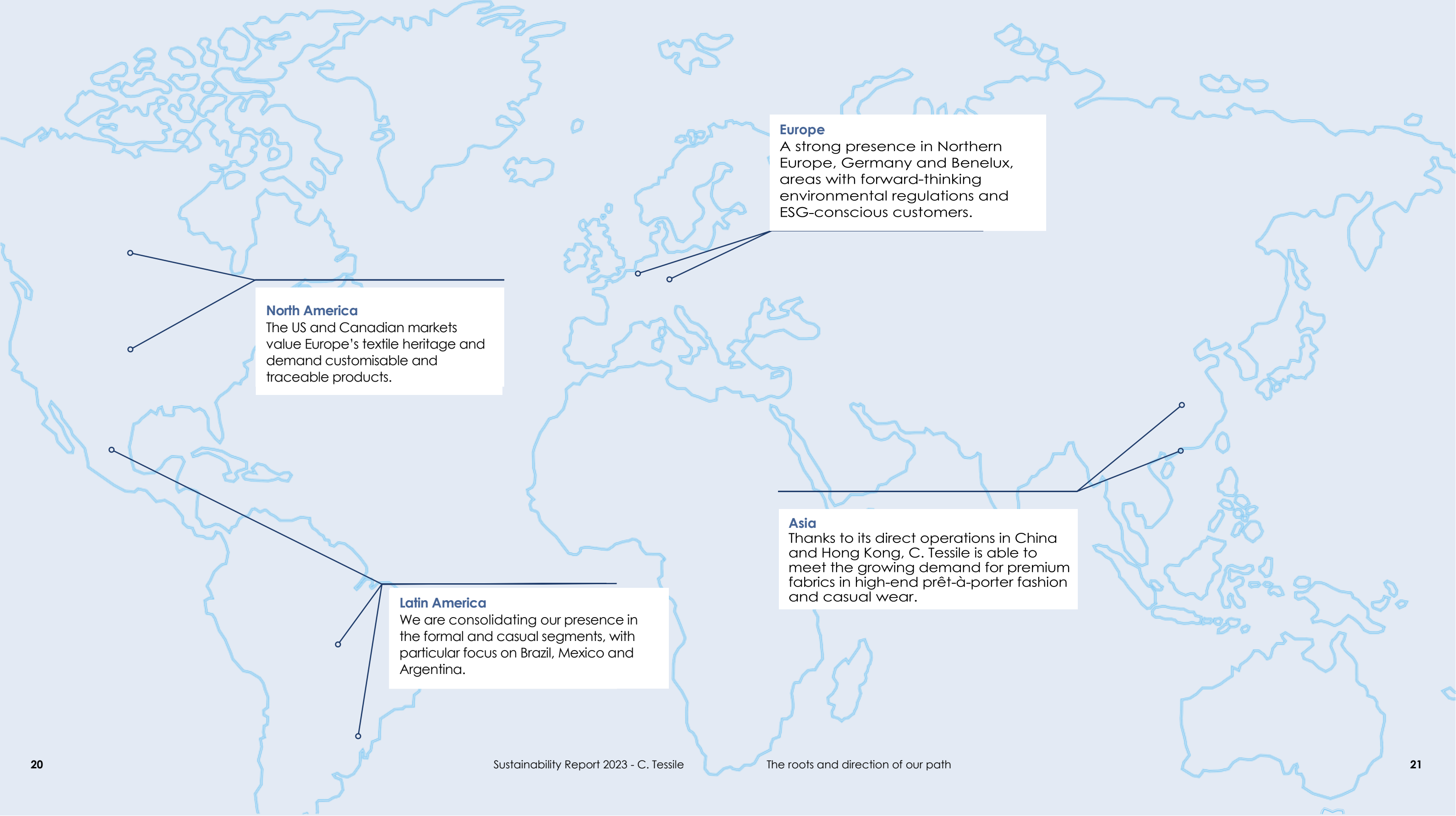
Presence in key markets

Benchmarking against markets with high ESG maturity, particularly that of Northern Europe, stimulates continuous improvement in both products and business processes.

This commitment is reflected in:

- the careful selection of **raw materials** (GOTS, OCS, BCI, GRS and Supima);

- investments in **low-impact production processes**;
- the adoption of **digital traceability tools** (e.g., Circular.Fashion and Sustainable Brand Platform);
- ESG reporting** activities and compliance with voluntary industry standards.



Customers and key sectors

C. Tessile's offering targets a wide range of stakeholders along the fashion supply chain:

- international luxury brands;
- bespoke tailoring and shirtmaking;
- specialised clothing manufacturers;
- denimwear and technical knitwear manufacturers.

Its diverse product offering and capacity for customisation make C. Tessile a **strategic partner**, both for industrial productions and for haute couture tailoring projects.

Collaborative approach: co-design and shared value

Continuous dialogue with customers forms the foundation of a **collaborative** model focused on **co-design**. Collections are developed through active dialogue, with the aim of providing solutions that:

- align with the aesthetic and environmental values of partner brands,
- are highly customised,
- are supported by **certified traceability** and **transparency** throughout the supply chain.

Innovations and materials with a reduced environmental impact are integrated into every stage: from design to production, through to distribution.



Revenue and investments

3.5

In addition to its presence in global markets, C. Tessile demonstrates its value through its financial performance and investments.

In 2023, C. Tessile navigated a complex macroeconomic environment, demonstrating industrial resilience and a long-term vision. The strategy it adopted continued to generate value through operational continuity, investments in innovation, and the enhancement of human capital.

The year ended with a net profit of €96,166, down on 2022 due to extraordinary items not attributable to ordinary operations, which actually recorded an improvement in operating margin. In fact, the difference between production value and production costs was €1,121,099, an increase from €706,158 in the previous year.

Ordinary management and investments

Excluding extraordinary items, 2023 saw strong operational management, capable of generating positive cash flows and supporting investments aligned with sustainable transition objectives. Resources were allocated as follows:

€682,514

to property, plant and equipment, to strengthen production infrastructure and introduce high-efficiency technologies.

€110,000

to financial assets, to support economic stability and asset diversification.

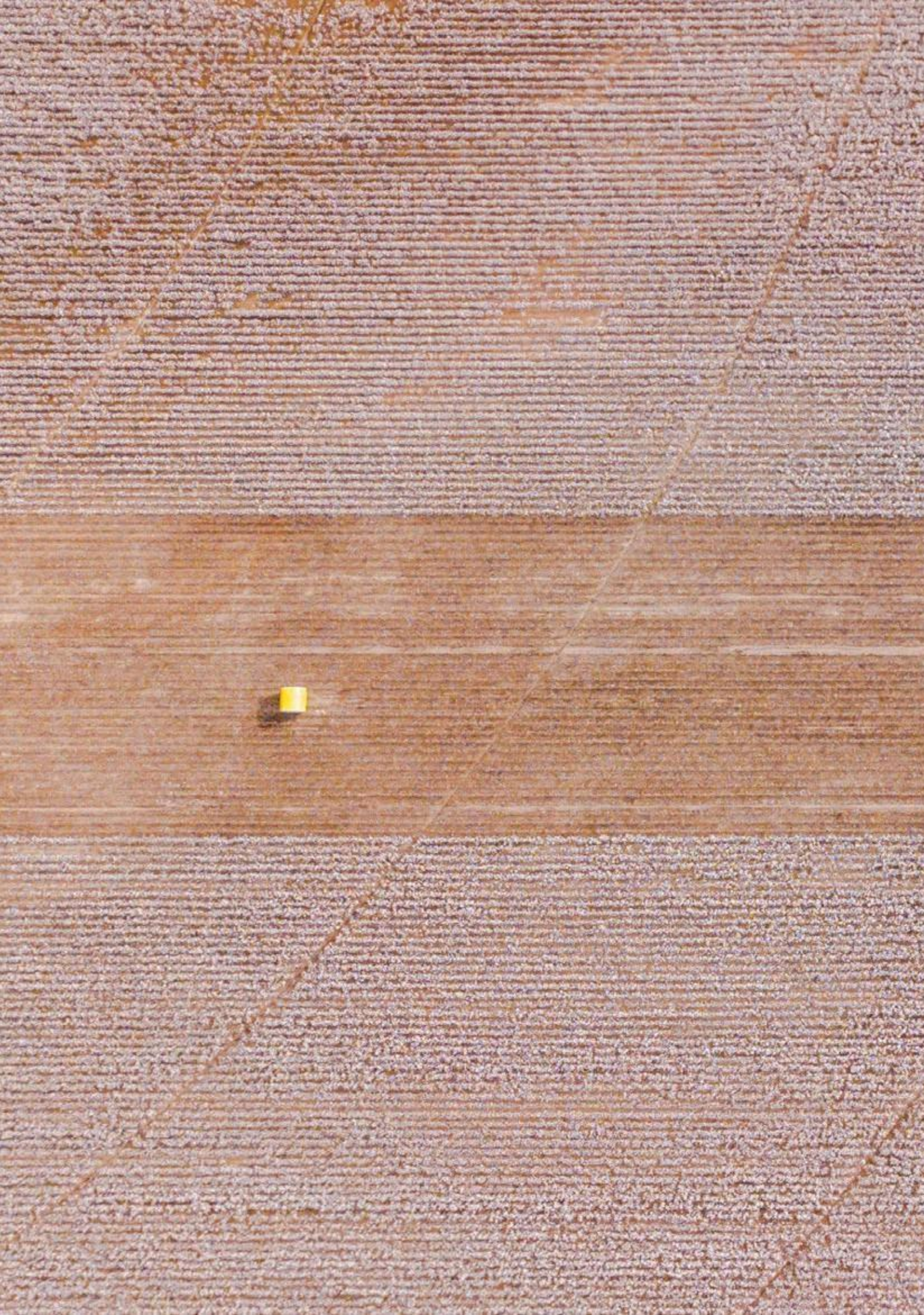
€9,692

to staff training, to strengthen internal expertise and address ESG challenges.

The slight decrease in liquidity, highlighted in the Cash Flow Statement, is mainly due to the repayment of loans to third parties and investments made during the year.

At the end of 2023, C. Tessile had **1,702 active customers worldwide**, consolidating its presence in key markets.

This result confirms C. Tessile's ability to combine economic strength with a commitment to a sustainable growth model.



4 SUSTAINABILITY AS A BUSINESS CHOICE

From thought to action,
consistently every day

GRI 2-22; GRI 2-23
GRI 2-24

At C. Tessile, sustainability is a core principle, fully integrated into corporate strategy and decision-making processes. It means acting with awareness of environmental, social and governance (ESG) impacts, adopting concrete measures to generate long-term value.

This vision is embodied in the philosophy '**Creating together side by side**', which guides the company's daily operations: working alongside customers, employees, suppliers and communities, sharing responsibilities, goals and solutions.

This section outlines the value framework that inspires C. Tessile's approach to sustainability, which is structured around three pillars – **Environmental and Social and Governance** – and complemented by concrete actions: material traceability, stakeholder engagement, prevention tools and social inclusion. Technical and quantitative insights are developed in the following sections, dedicated respectively to environmental, social and governance topics.



Governance and responsibility: the 'side-by-side' approach to management

Operating 'side by side' in governance means adopting a model based on integrity, transparency and long-term vision, actively engaging all people in the company's guiding values.

Within this framework, C. Tessile has embarked on establishing an internal ESG Office to provide a structured response to growing European regulatory requirements and market expectations. This Office will be responsible for defining, implementing and monitoring ESG strategies and fostering a systemic and professional approach to ESG management. The team will consist of dedicated and specialised professionals with cross-functional skills who are capable of ensuring timely, proactive supervision.

This commitment complements existing governance management and monitoring tools, such as Model 231, the whistleblowing system, and compliance with European privacy and security regulations (GDPR).

These tools consolidate an approach centred on transparency and risk prevention and represent the core of C. Tessile's approach to ESG risk management, strengthening internal consistency and preventive capability.



Environment: Circularity and Traceability

From an environmental perspective, the 'side by side' concept is grounded in ongoing collaboration with suppliers, customers and technology partners, with the aim of driving product innovation, enhancing supply chain transparency and reducing environmental impact.

With this in mind, C. Tessile has gradually expanded its outsourcing, selecting specialised partners that offer the opportunity to test new production methods and materials, including 'preferred' materials. This approach encourages innovation and broadens the range of product offerings available on the market.

Standing out among the initiatives launched is the company's **collaboration with Circular.Fashion**, a platform that has introduced a digital traceability system for textile materials. **Thanks to Circularity.ID**, C. Tessile is able to identify and monitor the composition, origin and characteristics of products, facilitating their reuse and recycling.

The progressive adoption of digital tools and international standards is a key driver of the company's environmental ESG strategy.



Social responsibility: internal well-being and connection to the local area

'Sustainability' also means taking care of people, both within and external to the company. The concept of 'side by side' is reflected in organisational well-being, respect for rights throughout the supply chain and active support provided to local communities.

One of the most notable initiatives is the company's collaboration with the association Un Sorriso in Più (One More Smile), founded in 2004, which offers social and emotional support to isolated elderly people and vulnerable children. With more than 100 active volunteers, it represents a pillar of C. Tessile's social commitment and reflects the idea of corporate responsibility as nearness, listening and the building of authentic relationships.

Respect for human rights, the protection of employee health and safety, and the promotion of diversity and inclusion are values that the company has integrated within its processes and monitors through internal evaluation and training tools.

The promotion of organisational well-being and the commitment to inclusion are supported by training activities and internal monitoring tools, in line with the social pillars of the company's ESG approach.

Materiality assessment and analysis

4.1

C. Tessile's ESG journey is rooted in an increasingly in-depth understanding of the environmental, social and governance impacts generated by its business activities.

In 2023, C. Tessile launched a structured update of its **materiality analysis**, with the aim of:

- clearly mapping ESG risks, impacts and opportunities;
- integrating sustainability criteria into corporate strategy;
- strengthening dialogue and transparency with stakeholders.

This analysis enabled the company to identify the most relevant areas for the business, in terms of both generated impact and strategic relevance, thereby contributing to the definition of a responsible and consistent growth trajectory.

The analysis process

C. Tessile adopted a structured approach, engaging internal and external stakeholders through:

- **surveys** sent to employees, business partners and other stakeholders (customers, suppliers, distributors, non-profit organisations, credit institutions, public bodies and certification bodies),
- **personal interviews** with the heads of the company's main departments,

- the **analysis of ESG trends** in the sector and competitive benchmarking,
- **internal assessments** conducted by a cross-functional team on risks and opportunities relating to sustainability topics.

These assessments were supplemented by an analysis of regulatory developments, particularly the **Corporate Sustainability Reporting Directive (CSRD)**, to ensure future alignment of reporting processes.

Material topics identified

The analysis identified the most relevant issues for C. Tessile, based on the:

- materiality of impacts (whether positive or negative),
- relevance to the business and its stakeholders.

Material issues that emerged from the stakeholder analysis:

- Compliance with laws and regulations;
- Respect for human rights;
- Anti-corruption;
- Product safety;
- Occupational health and safety;
- Management of diversity and equal opportunities;
- Raw materials, materials and packaging.

Topics added to the report due to their high materiality and sector-specific relevance:

- Employment;
- Energy consumption and energy efficiency;
- Emissions;
- Chemicals.

This analysis enabled us to refine strategic priorities, define more targeted ESG objectives, and develop an action plan aimed at mitigating operational and reputational risks, while simultaneously generating shared value.

Future outlook

Aware of the continually evolving regulatory and social environment, C. Tessile is committed to:

- Progressively broadening the engagement of external stakeholders;
- Strengthening the internal monitoring of material issues;
- Regularly updating the analysis to account for changes in the operational and regulatory environment.

The commitment to adaptable and up-to-date materiality is an integral part of the company's vision for responsible growth, in line with regulatory developments, market needs and societal expectations.

This approach allows the company to update its ESG strategies dynamically, strengthening alignment with regulatory, social and market expectations.



5 TRANSPARENT GOVERNANCE, SOUND MANAGEMENT

Guiding the present with clarity,
protecting the future with vision

GRI 2-9; GRI 2-10; GRI 2-11; GRI 2-12;
GRI 2-14; GRI 2-15; GRI 2-16; GRI 2-17;
GRI 2-23; GRI 2-24; GRI 2-25; GRI 2-26;
GRI 3-3; GRI 205-1; GRI 205-2

Impacts

Type of impact	Impact	Actual / Potential	Actions to mitigate the negative impact (see relevant section)	Time horizon of impact
Positive	Implementation of an active compliance system (e.g. Model 231, Code of Ethics, reporting channels) that contributes to the prevention of unlawful behaviour, the protection of workers' rights, and building transparent relationships with stakeholders, institutions and communities.	Actual	-	Medium term
Negative	Non-compliance with regulations and absence of systematic controls in activities outsourced to third parties, particularly in less stringent regulatory contexts, with possible negative effects on workers, local communities and the environment, such as rights violations, inadequate working conditions or pollution.	Potential	5.2	Long-term

Anti-corruption

Positive	Promoting a corporate culture based on integrity, resulting in relationships built on transparency with suppliers, partners and external stakeholders.	Actual	-	Short-term
Negative	Tolerance of or failure to control corrupt or non-transparent practices within the supply chain, which may contribute to the proliferation of unlawful or unethical conduct, with adverse effects on local communities, institutions and the working conditions of affected parties.	Potential	5.2	Long-term

Risks and opportunities

Risk	Materiality	Opportunities	Materiality
Compliance with laws and regulations Risk - Non-compliance with national and international regulations - Failure to comply with ESG regulations could lead to economic sanctions and access restrictions.	Critical	Opportunities - Improved corporate governance and greater transparency - Implementing a compliance management system and constantly monitoring regulations would ensure better compliance. It would strengthen competitive positioning and reduce legal risks.	Important

Anti-corruption

Risk - Risk of involvement in unlawful practices in the supply chain – The lack of an effective control system in dealings with suppliers and business partners may expose C. Tessile to corruption or unethical practices, with serious legal and reputational consequences. Furthermore, a lack of transparency in business operations could reduce C. Tessile's credibility among investors, clients and institutions, resulting in difficulties in accessing funding and establishing strategic partnerships.	Important	Opportunities - Adopting stringent anti-corruption policies (e.g. ISO 37001 certification): adopting policies in this area would enhance transparency and corporate governance, improve relations with stakeholders and investors, and increase the possibility of participating in public tenders and entering into agreements with multinational companies that require high compliance standards.	Important
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Policy and management model

5.1

GRI 3-3

C. Tessile integrates tools and practices within its governance to ensure regulatory compliance and prevent all forms of corruption, promoting the ethical and transparent management of its operations.

Its management system is based on:

The **Code of Ethics and Conduct**, which sets out the values and expected behaviours concerning issues such as regulatory compliance, privacy, fairness in relationships and the prevention of corruption

The **Organisational, Management and Control Model** pursuant to Italian Legislative Decree No. 231/2001 (updated in 2021), which establishes internal procedures for the prevention of offences and provides for an autonomous and independent Supervisory Body

A **GDPR management system**, fully compliant with Regulation (EU) 679/2016, for the protection of personal data processed by the company

Monitoring systems: whistleblowing and risk assessment

Since November 2023, a **whistleblowing** system has been accessible via the company website, enabling employees and stakeholders to report potential violations anonymously and securely, in accordance with EU Directive 2019/1937. All Group companies adopt the Code of Ethics and the reporting system, including C. Tessile Kft., albeit without the formal application of Model 231, due to local regulations.

To strengthen the culture of compliance, C. Tessile promotes:

- regular training on Italian Legislative Decree 231 and corporate ethics,
- the analysis of reports received (no critical issues have emerged to date),
- annual risk assessments, conducted by independent external consultants.

The effectiveness of these measures is monitored through:

- monthly and annual whistleblowing reports,
- risk assessments conducted by external specialists,
- the analysis of performance indicators, including the number of reports received (target: to maintain the value as close to zero as possible).

The experience gained informs the continuous updating of policies and operating procedures, demonstrating C. Tessile's commitment to responsible governance and risk management in accordance with international best practices.

Compliance and transparency

5.2

KEY INSIGHTS

100%

Of company sites (such as plants, warehouses or offices) monitored for corruption risk

117

Employees trained on Model 231 (throughout 2023, accounting for fluctuations in recruitment)

0

Reports received through the whistleblowing system

C. Tessile adopts a rigorous and transparent approach to communicating sustainability data to customers and external stakeholders. The data shared are verifiable and consistent with the level of monitoring currently in place, which prioritises objective information and clear methodologies. Where specific measurements are still being consolidated, the company adopts a precautionary approach: only estimates based on traceable calculations are provided and, when necessary, accompanied by information on the methodology used. The same philosophy guides the communication of ESG projects through the website, brochures and dedicated materials, with the aim of fostering dialogue based on clear and consistent information.



Risk management along the supply chain

To keep abreast of the European regulatory environment, C. Tessile has implemented a structured plan that provides for:

- the systematic monitoring of new regulations and the relevant timelines,
- the analysis of impacts on business activities,
- the definition and planning of actions necessary to ensure compliance,
- the continuous verification of compliance, through benchmarking against market requirements and legislative developments.

Anti-corruption: Model 231, GDPR and whistleblowing

Preventing corruption and protecting integrity are central elements of the governance system.

C. Tessile has established a solid framework for the management of compliance-related risks, based on:

- **Model 231** (Organisation, Management and Control Model);
- a fully **GDPR**-compliant system;
- dedicated **whistleblowing** software, operational since November 2023.

In 2023



117 employees (throughout 2023, accounting for fluctuations in hiring) received training on Model 231 and completed the related assessment



100% of members of the governing bodies were informed about anti-corruption policies, although they did not attend specific training courses



Corruption risk monitoring covered all **17 operations** (company sites including plants, warehouses and offices), achieving 100% coverage



No reports were received through the whistleblowing system



The training materials (including videos) were viewed by 117 people, with a **completion rate of 98%**

To ensure transparency and responsiveness, the company prepares weekly and monthly reports on reports received and provides secure and confidential channels to protect whistleblowers' confidentiality.

The subsidiary C. Tessile KFT also applies the Code of Ethics and the whistleblowing guidelines, which are available in several languages and posted on bulletin boards. Model 231 is not applicable due to local regulatory requirements.

6 WEAVING THE FUTURE: THE ENVIRONMENTAL STRATEGY OF C. TESSILE

Reducing impact through innovation and care

GRI 2-25;

Table - Material topics, impacts and risks

GRI 2-25

Impacts

Type of impact	Impact	Actual / Potential	Actions to mitigate the negative impact (see relevant section)	Time horizon of impact
Product safety				
Positive	Strengthening quality and safety control measures throughout the product life cycle, with a direct effect on the protection of consumer health and well-being.	Actual	-	Short-term
Negative	Insufficient oversight of safety and quality, which may lead to the release of non-compliant products, with potential negative effects on consumer health and trust in the company.	Potential	6.3.2	Short-term

Raw materials, materials and packaging

Positive	Reduction of pollution and environmental impact through the use of recycled, renewable or lower-impact materials that contribute to the protection of ecosystems and natural resources.	Potential	-	Long-term
Negative	Increased pollution and pressure on ecosystems caused by the use of materials that are not responsibly sourced or recycled or materials from high-impact supply chains.	Actual	6.3	Short-term

Energy and emissions

Positive	Contribution to climate change mitigation through energy efficiency measures and the use of renewable energy sources, which reduce greenhouse gas emissions associated with business activities.	Actual	-	Short-term
Negative	Increased greenhouse gas emissions and worsening of climate change resulting from the high consumption of energy from non-renewable sources.	Actual	6.2	Short-term

Chemicals

Positive	Reduction of environmental and health impacts through the elimination or substitution of hazardous chemicals in production processes, with positive effects on ecosystems and human health.	Actual	-	Short-term
Negative	Environmental contamination and risks to human health from inadequate management or improper disposal of chemicals (e.g. glues, adhesives, crosslinkers and cleaners).	Potential	6.4.2	Short-term

Risks and opportunities

Risk	Materiality	Opportunities	Materiality
Product safety			
Risk - Presence of harmful substances in products - The unintentional use of banned or inadequately controlled chemicals could compromise consumer health and lead to significant reputational damage, particularly given the increasing regulatory and public scrutiny concerning these matters.	Important	Opportunity - Investment in innovation for safe treatments - The adoption of innovative dyeing and finishing technologies, such as antibacterial treatments free from toxic substances and natural dyes, as well as waterless processes, could improve product safety and reduce the risk of chemical contamination, providing a competitive advantage.	Important
Risk - Non-compliance with applicable safety standards and regulations - Failure to comply may result in product recalls, legal penalties and export restrictions.	Important		

Raw materials, materials and packaging

Risk - Use of non-preferred materials with a high environmental and social impact - Failure to invest in preferred materials could cause C. Tessile to lose its competitive advantage and market share to competitors, as well as exposing the company to reputational damage and the loss of trust.	Significant	Opportunities - Investment in recycled and innovative materials - Investing in recycled fibres and preferred materials would allow C. Tessile to stay ahead of European regulations, enhance supply chain resilience and achieve a competitive advantage by reducing its environmental impact.	Significant
Risk - Non-preferred packaging and non-compliance with European regulations - Failure to reduce the environmental impact of packaging may result in additional costs to comply with emerging EU directives, such as the Packaging and Packaging Waste Regulation.	Significant	Opportunities - Collaboration with innovative startups - Co-investing in innovative projects would secure high-quality materials for C. Tessile in the future.	Significant

Energy and emissions

Risk - Failure to adopt a decarbonisation plan aligned with international standards (e.g. SBTi) - Failure to implement emission reduction strategies could increase operating costs (particularly if the carbon tax is extended to the textile sector) and restrict access to finance associated with the ecological transition.	Important	Opportunities - Use of renewable energy and efficient technologies - Investing in solar panels, innovative machinery and emissions monitoring technologies would enable C. Tessile to significantly reduce its carbon footprint, enhance operational efficiency and take advantage of government incentives for the ecological transition.	Important
Risk - Excessive consumption of non-renewable energy - A lack of investment in renewable energy and low-emission production processes could make C. Tessile less competitive compared to more sustainable suppliers, influencing customers' purchasing decisions.	Important	Opportunities - Adoption of international standards such as the Science Based Targets Initiative (SBTi) - Aligning with the objectives of the SBTi would strengthen C. Tessile's reputation, facilitate access to green financing and strengthen its competitive position.	Important
		Opportunities - Improving chemical management - Anticipating regulations by adopting certifications such as bluesign or adhering to initiatives such as ZDHC would improve C. Tessile's reputation, competitive advantage and customer trust. This approach could also reduce operational risks and facilitate regulatory compliance, with competitive advantages in the sector.	Important

Chemicals

Risk - Inadequate management of chemicals in production processes - Insufficient chemical management may result in reputational damage, penalties for the use of prohibited substances and the risk of having to recall non-compliant fabrics.	Important	Opportunities - Integration of climate resilience strategies - Developing plans to address climate risks would provide greater supply chain stability and reduce operational costs arising from possible disruptions.	Important
		Opportunity - Adoption of innovative finishing technologies - The use of advanced dyeing and finishing processes would reduce environmental impact, improve chemical traceability and respond positively to Digital Product Passport (DPP) requirements, strengthening C. Tessile's position as an industry leader.	Important

Policy and management model

6.1

GRI 3-3

C. Tessile adopts a structured approach to environmental management, integrating sustainability principles within operational and decision-making processes. The company's activities are guided by specific commitments, set out in the Code of Ethics and the Quality Manual: reducing energy consumption, managing waste responsibly, limiting emissions and ensuring the safe use of chemical substances. Adherence to international standards alongside stakeholder engagement consolidate the path of continuous improvement.

Environmental activities are organised around the main material themes: **energy consumption and efficiency, emissions, raw materials and packaging, product safety, and chemicals management.** For each of these areas, C. Tessile has defined specific objectives, monitoring processes, and tools for dialogue with internal and external stakeholders.

Energy consumption and efficiency

Ensuring energy efficiency is one of C. Tessile's prime objectives. Starting next year, the company plans to reorganise its logistics with the ambitious goal of reducing warehouse energy consumption by up to 50%. At the Hungarian plant, the subsidiary C. Tessile KFT operates under the supervision of an environmental engineer, who is responsible for monitoring and optimising consumption in accordance with Group standards.

Materials and packaging

C. Tessile promotes responsible sourcing through internal procedures that include documented checks as to the origin and certifications of raw materials. The company prioritises fibres selected for traceability, environmental and social certifications, and lower impact throughout the life cycle.

To ensure transparency, C. Tessile uses digital systems to trace the origin of fibres and participates in supply chain platforms that ensure transparent information management, even in the absence of the physical separation of materials.

Regarding packaging, the company applies selection criteria centred on the use of recyclable materials, with the aim of reducing environmental impact and promoting circularity in packaging and shipping materials.



Product safety and chemicals

Product quality and safety is ensured through rigorous quality controls. Every new product undergoes internal inspections and, upon client request, external tests at qualified laboratories. The goal is to ensure compliance with technical and regulatory requirements and voluntary standards, such as Oeko-Tex® Standard 100.

In the event of anomalies, an internal investigation is launched, also involving sub-suppliers, to identify causes and implement corrective actions. Monitoring is based on key indicators, such as the number of complaints, internal notifications and resolution rate, with the aim of minimising non-conformities and returns.

Chemicals are managed in accordance with current regulations and with the aim of progressively reducing risks along the supply chain. Several dyeing facilities with which the company collaborates comply with the Zero Discharge of Hazardous Chemicals (ZDHC) protocol.

Energy and emissions

6.2
GRI 3-3

KEY INSIGHTS

48%
Of electricity from renewable sources (31.87% from certified green energy, 16.45% from photovoltaic sources)*

-40%
Electricity consumption in the weaving room (C. Tessile KFT)

-70%
Energy with PULSAR dyeing technology

-30%
Water with PULSAR dyeing technology



The Italian headquarters and the Hungarian subsidiary have embarked on a structured energy transition



Investments in heat pumps, LEDs, efficient air conditioning and digital printing



Active measures to reduce emissions from mobility (digital presentations, hybrid cars and EV charging points)

*The data refer exclusively to energy consumption at C. Tessile S.p.A.

C. Tessile is committed to monitoring and reducing its energy use and environmental impact through ongoing investments in operational efficiency, advanced technologies and renewable energy sources.

In recent years, measures have been implemented at both the Guanzate site and the Hungarian subsidiary C. Tessile KFT, with the aim of optimising energy consumption and reducing indirect emissions (Scope 2). These actions contribute to a gradual and structured energy transition.

Energy supply sources

In 2023, 48.32% of the electricity consumed by C. Tessile S.p.A. was generated by renewable sources: 31.87% came from certified green energy suppliers and 16.45% from photovoltaic systems installed at the Guanzate site. Meanwhile, the Hungarian company C. Tessile KFT purchases energy from the national energy mix, which features a significant proportion of nuclear energy. There, only 29% of energy comes from fossil fuels, compared to 55% in the Italian energy mix¹.

Investments in energy efficiency technologies

C. Tessile has introduced a number of solutions to improve energy efficiency, with significant measures implemented at the Guanzate site, including the:

- replacement of two of the three chillers with high-efficiency heat pump models;
- optimisation of climate control systems to reduce heat loss;
- installation of automated systems to control humidity and environmental parameters and improve the operational efficiency of machinery.

The transition from cylinder printing to digital printing, initiated in 2020, marked a major strategic intervention. This process has enabled the elimination of over 1,000 cylinders, as well as a reduction in the use of metallic films (now partially recovered) and a decrease in waste from start-up, shutdown and ink consumption. Cylinder printing remains in place only for the soaping phase, upon specific customer request.

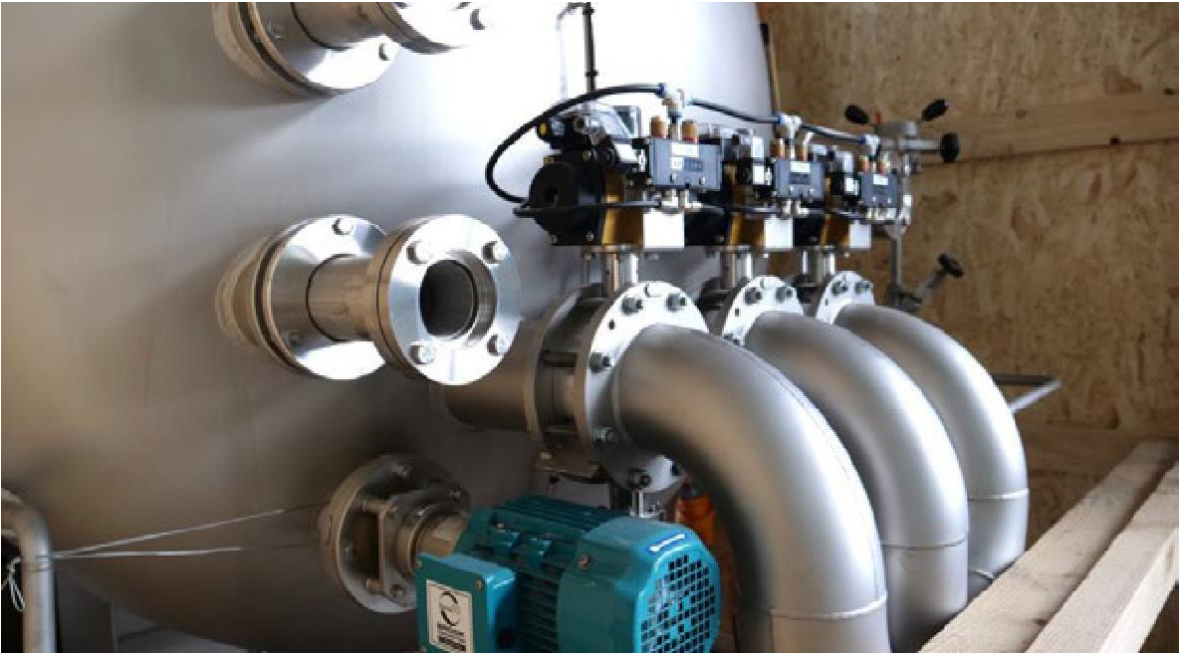
At the Hungarian subsidiary C. Tessile KFT, a highly efficient IHS (Aeris Group) humidification system with a low risk of bacterial proliferation was installed. In another weaving room, the system was integrated with inverters, resulting in a 40% reduction in electricity consumption².

1. <https://www.consilium.europa.eu/en/infographics/how-is-eu-electricity-produced-and-sold/> (2023)
2. <https://www.aerisepc.it/en/products/humidification/>

In addition, during the second half of 2018 and the first half of 2019, all lighting fixtures in the Hungarian factory — including in the production departments, warehouses and offices — were replaced, replacing 58W and 36W fluorescent tubes with 22W and 14W LED fixtures. This intervention has generated an estimated energy saving of between 60% and 65%.

PULSAR technology in the supply chain

In 2013, C. Tessile supported the introduction of PULSAR technology at one of its three partner dyehouses. This cone yarn dyeing machine enables a 70% saving in electrical energy, a 30% reduction in water consumption and an improvement in final product quality. The system integrates an innovative hydraulic circuit and dedicated software for the efficient, low-impact management of dyeing cycles.



Actions for reducing transport emissions

- To limit emissions related to corporate mobility, C. Tessile has adopted the following measures:
- the use of digital presentations and 3D renderings as an alternative to physical travel;
 - the systematic adoption of online meeting platforms;
 - the installation, in 2020, of a charging station for electric and hybrid vehicles at the site;
 - starting in 2024, a phased plan to replace the company car fleet with hybrid models, in line with operational needs and the regular vehicle renewal cycle.

Materials

6.3

GRI 3-3; GRI 416-1

KEY INSIGHTS

Over
60%
Of cotton fibre sourced from the United States



Materials: GOTS, GRS, OCS, OEKO-TEX, Supima, Better Cotton



Innovative portfolio: nettle, hemp, bamboo viscose and Crabylon



LCA for 4 representative products in line with the PEF method

In a sector where material quality is closely linked to corporate reputation and environmental and social responsibility, C. Tessile adopts an advanced approach to raw material selection, based on traceability, safety and sustainability criteria. This commitment is reflected in the predominant use of 'preferred' materials, namely fibres with a reduced environmental and/or social impact, certified in accordance with international standards.

The range includes certified organic and recycled cottons (GOTS, OCS, GRS) and next-generation cellulosic fibres, such as Lenzing TENCEL™, selected to ensure transparency and the responsible use of resources throughout the production cycle. In line with this vision, C. Tessile also adheres to international supply chain programmes such as Better Cotton, adopting a procurement system based on mass balance. This model makes it possible to support more sustainable agricultural practices in producing countries, even in the absence of physical traceability in the final product.

The range is completed by textiles certified for the chemical management of production processes, such as those that conform with the OEKO-TEX® Standard 100. This demonstrates the company's continuous control over quality and safety throughout the entire value chain.

Material innovation and research

In addition to certified yarns, C. Tessile develops alternative and innovative fibres on request, including nettle (already introduced in 2021), hemp, bamboo viscose and Crabyon. This flexible portfolio allows for ‘on-demand’ design, with the aim of reducing waste and improving environmental performance.

Experimental initiatives include a study on **hydroponic cotton** cultivation conducted in collaboration with a partner from Lombardy. The project provided valuable insights into the current limitations of traditional natural fibres.

A second project, currently under development at the Charme holding company, explores **the production of cotton through cellular cultivation**, using fermentation and biotechnologies. The aim is to replicate the characteristics of the finest fibres (e.g. GIZA and SUPIMA). Although not yet included in the scope of reporting, C. Tessile is closely monitoring the initiative to ascertain its potential strategic impact within the Group.



Material traceability

6.3.1

Cotton traceability represents a strategic element in ensuring transparency, safety and reliability in the management of this principal fibre used by C. Tessile.

The company adopts a differentiated approach according to cotton type and risk level, combining digital tools, proprietary systems and document verification.

GOTS, OCS and GRS certified cotton	Traceability is guaranteed all the way back to the fibre's country of origin through supply chain certifications and related monitoring systems.
Supima cotton	From 2024, traceability will be managed via the TextileGenesis™ platform, integrated with physical checks conducted by Oritain™. Transactions will be digitally recorded with Fibercoin® Supima tokens, which will be assigned to each batch through the Permanent Bale Identification (PBI) system, enabling real-time monitoring throughout the entire supply chain.
Better Cotton	The company uses the Better Cotton Platform (BCP), a system based on the mass balance principle. Each batch of yarn purchased is linked to Better Cotton Claim Units (BCCUs), which electronically record the volumes supported and tracked, although physical separation of the material is not guaranteed.
Conventional cotton	C. Tessile has developed an internal traceability register, which compiles structured information on the supply chain, including: the procurement stage (e.g. spinning and weaving), country of origin, documentation (invoices and delivery notes), batch codes, material composition and weight, transport method, and supplier contact information. This system enables precise monitoring, which is useful for identifying potential geographical risks and excluding high-risk sources.

In 2023, over 60% of the cotton fibre sourced by C. Tessile came from the United States. This figure confirms the company's commitment to a traceable supply chain that meets the expectations of international customers.



Environmental traceability pilot project

In 2024, C. Tessile plans to launch an experimental project in collaboration with Tintoria Emiliana to improve the environmental traceability of fabrics. Its system will be based on the use of Product ID Cards and QR codes, tools that will enable direct access to products' environmental data.

This initiative aims to strengthen the ability of the Italian textile supply chain to reliably compile, manage and communicate environmental information and support eco-design and supply chain management focused on measuring environmental performance.

The anticipated results include:

- environmental impact analyses on finished fabrics;
- LCA assessments on selected materials;
- definition of operational tools for managing environmental data along the supply chain.

Currently in the planning phase, this project represents a strategic lever for promoting environmental transparency and strengthening inter-company synergies in the textile sector.

LCA analysis and technical product tests

6.3.2

Quality and safety are fundamental requirements for C. Tessile to maintain competitiveness and strengthen customer trust.

In this context, verification activities are carried out along two complementary pathways: the assessment of environmental impacts through LCA studies, and the performance of technical and quality tests to ensure chemical, physical and mechanical compliance.

Product environmental footprint study

In 2023, an analysis based on the PEF methodology was conducted on four representative products to quantify the environmental impact and guide the development of eco-design solutions. The study was carried out in accordance with Recommendation 2021/2279/EU of the European Commission, which regulates its application at EU level.

The main stages of the analysis included:

- **definition of objective and scope:** assessment of the environmental impact of fabrics representative of C. Tessile's product offering;
- **characteristics of the samples analysed:** three 100% cotton fabrics and one 68% cotton, 32% linen blend fabric;
- **system boundaries:** including upstream phases and activities carried out at the production site;
- **data collection:** inventory compiled from primary data for the spinning, dyeing, weaving, quality control and packaging stages;
- **environmental footprint calculation:** development of the 16 indicators required by the PEF scheme;
- **standardisation and weighting:** identification of the most relevant impact categories to define areas for improvement.

Technical tests on fibres and fabrics

In tandem with its environmental studies, C. Tessile conducts a wide range of tests to verify the technical performance and compliance of materials, both in the raw yarn stage and on finished fabrics.

- **Proactive tests:** in 2023, 112 tests were conducted on raw yarn — one for each purchase — to monitor yarn quality. The tests covered conditioning in a controlled environment, yarn count verification, tensile strength, regularity and surface hairiness. GMO testing on GOTS and OCS certified yarns was also introduced in the last quarter of 2023. In 2024, monitoring is planned to be extended to all certified batches.
- **Tests carried out at the customer's request:** requests are handled through bespoke packages that combine internal and external analyses. The main categories include physical and mechanical tests, colour fastness, chemical tests, compositional analysis, and verification of technical specification compliance. In 2023, there was a 8.59% decrease in the number of internal tests on finished fabrics compared to the previous year, while the non-conformity rate fell by 5 percentage points, from 25.01% in 2022 to 19.95% in 2023.

Supply chain performance

6.4

KEY INSIGHTS

100%

Of certified cotton procured from suppliers traceable to its country of origin (19.3% of total cotton used)

100%

Of dyed yarns compliant with ZDHC standards

100%

Of Italian wet process suppliers visited on site



Environmental and social due diligence objective as of 2024



Traceability and environmental criteria for selecting and monitoring suppliers

6.4.1

C. Tessile applies environmental and quality criteria in the selection and monitoring of its suppliers with the aim of ensuring that every partner complies with standards that align with the company's sustainability commitments.

The pillars of the control system include geographical traceability, oversight of critical processes and the progressive adoption of audit tools.

Supply chain traceability

In recent years, the company has progressively strengthened its supply chain monitoring, with a particular focus on areas with higher environmental and social risk. The degree of traceability implemented varies depending on the three main operational areas:

- **Yarn production:** traceability of the fibre's country of origin is guaranteed for 100% of certified cotton suppliers (GOTS, GRS and OCS). In 2023, this system accounted for approximately 19.3% of the total cotton used by C. Tessile. The company intends to progressively expand this system to other fibres, to strengthen consistency and transparency throughout the supply chain.
- **Fabric procurement:** the origin of the fibre of 39.87% of the fabrics purchased are traceable. The aim is to increase this percentage through the active involvement of suppliers in shared transparency initiatives.
- **Wet processes:** 100% of Italian suppliers with ongoing relationships are subject to on-site visits, which enable verification of operating conditions, certifications held and compliance with company standards.

Environmental audits and controls

In 2023, C. Tessile initiated targeted inspection visits for subcontractors involved in GOTS certification processes, with the aim of strengthening internal controls and preparing for the entry into force of European sustainability regulations.

Starting in 2024, a structured environmental and social due diligence process will be introduced, comprising four phases:

- collection of in-depth information on subcontractors and suppliers;
- assessment of environmental and social risks and impacts;
- preparation of periodic reports;
- development of corrective action plans for any non-conformities.

C. Tessile reserves the right to suspend business relations with subcontractors and suppliers that do not comply with the company's minimum requirements or environmental and social standards defined in its Due Diligence process.

This approach is based on administrative checks, direct verification and proactive collaboration with partners, with the aim of building a traceable, responsible supply chain fully aligned with the company's ESG principles.

Chemical management and control

6.4.2

C. Tessile implements a chemical substance management system based on collaboration with qualified partners, continuous regulatory monitoring and attention to specific customer requirements.

Although the company does not directly use chemical agents in its facilities, it maintains active oversight throughout the entire supply chain, with particular attention to wet processing, which is more susceptible to environmental risks.

The monitoring system is structured by operational area, with varying degrees of certified coverage:

- **Dyeing of yarns for in-house weaving:** C. Tessile works with three external dyehouses, all of which participate in the ZDHC initiative. This ensures that 100% of the dyed yarns comply with the protocol's chemical management requirements.
- **Dyeing of purchased fabrics:** C. Tessile's main supplier, representing around 36% of the total purchase volume, is 4sustainability® certified for Chemical Management. This certification attests to the adoption of the ZDHC protocol, aimed at eliminating toxic and harmful substances in production processes. This approach has enabled the supplier to reach 'Advanced' level in the ZDHC programme and to actively join the Roadmap to Zero as a Contributor.
- **Other wet processing:** including activities such as the preparation, dyeing and finishing of piece-dyed fabrics, printing, knit dyeing and final finishing. Of the suppliers involved in these phases, approximately 11% comply with the ZDHC initiative.

This mapping enables the identification of which areas are under control and which requiring strengthening. In particular, the company recognises the need to progressively extend the adoption of safe chemical practices, especially among smaller suppliers, by promoting technical training, awareness and active engagement.

The monitoring system's effectiveness is evaluated through:

- periodic tests compliant with OEKO-TEX® Standard 100 and GOTS;
- technical inspections upon customer request;
- systematic analysis of complaints and feedback;
- qualitative and quantitative indicators (non-conformities, rework).

The goal is to progressively reduce non-conformities and eliminate rework resulting from the improper or non-compliant use of chemicals.



Circular strategies and waste management

6.5

C. Tessile promotes a circular approach aimed at reducing waste, encouraging the reuse of materials and adopting innovative solutions throughout the product life cycle.

Its initiatives involve both the Italian production site and the Hungarian subsidiary C. Tessile KFT, with a view to efficiency and environmental responsibility.

Single-material fabrics

To facilitate end-of-life recycling, the company has embarked on a journey to increase the use of single-material fabrics, which are easier to separate and recover. In 2023, these accounted for 76.79% of internal production and 52.27% of fabrics purchased.

These figures confirm the company's commitment to offering a product range that aligns with the principles of the circular economy.

Production waste management

The waste generated is minimised and sent for recovery. In Italy, it is reused through resale or recycling.

In Hungary, some of the raw fabric — a semi-finished product that has not yet undergone finishing — produced, such as selvedge, is sold and marketed as a by-product, to be primarily used in the production of selvedge rugs.

Management of unsold stock

Unsold stock management is supported by an integrated approach that combines the optimisation of the commercial value of fabrics with accurate procurement planning. Through the prudent management of raw materials and semi-finished products, final stocks were significantly reduced, preventing the accumulation of unused materials and inefficient use of space. This approach helps to reduce waste and enhance the environmental efficiency of production, with positive impacts on working capital management and financial requirements.

KEY INSIGHTS

77%

Of in-house production is for single-material fabrics



C-Tex Project: up to 90 kg/hour of textile waste recycled

52%

Of fabric purchases are for single-material fabrics



Circular economy startups supported: ARTKNIT, ALGALIFE and others

0%

Of warehouse stock unsold

Circular innovation projects

2023 saw the completion of the C-Tex project, dedicated to recycling yarn and textile by-products to produce sound-absorbing, fire-retardant and biodegradable panels for the nautical industry. In collaboration with Centrocot and other partners, waste cellulose fibres were used, compacted with natural binders and treated with biodegradable flame retardants. Industrial trials have demonstrated the ability to process up to 90kg of by-products per hour.

In tandem, C. Tessile supports start-ups active in post-consumer recycling through direct equity stakes and financial support, including ARTKNIT and ALGALIFE LTD.

Recovery and reuse of non-textile materials

At C. Tessile KFT, various practices are in place to reduce the consumption of new packaging:

- cardboard and plastic cones are reused after the removal of residual yarn;
- raw fabric tubes are returned to the Guanzate site on a weekly basis, which is estimated to reduce the use of new components by 70%;
- reusable plastic boxes are used to store dyed yarns, eliminating the purchase of single-use containers;
- wooden pallets are reused until worn out and then disposed of appropriately;
- protective films are collected in dedicated containers and disposed of by specialised waste management operators.



7 SOCIAL RESPONSIBILITY AND HUMAN IMPACT

Cultivating well-being both inside and outside the company

GRI 2-25;

Table - Material topics, impacts and risks

GRI 2-25

Impacts

Type of impact	Impact	Actual / Potential	Actions to mitigate the negative impact (see relevant section)	Time horizon of impact
Respect for human rights				
Negative	Exploitation of workers across various stages of the supply chain, including excessive working hours and inadequate wages, unsafe working conditions, and violations of the freedom of association.	Potential	6.4	Short-term
Positive	Contributing to improving the living and working conditions of employees along the supply chain through fair commercial relations, responsible sourcing practices and respect for fundamental freedoms, including freedom of association.	Actual	-	Short-term
Occupational health and safety				
Positive	Reduction of accidents and promotion of physical well-being through training and awareness-raising initiatives on the safe use of machinery and equipment, as well as the introduction of employee benefits that contribute to employees' health and quality of life.	Actual	-	Short-term
Negative	Increased risk of accidents and occupational illnesses due to inadequate occupational safety management.	Potential	7.2	Short-term
Employment				
Positive	Promoting employment stability and professional growth along the supply chain through recognition of the value of people, fair performance appraisal systems, and policies that foster talent engagement and retention.	Actual	-	Short-term
Negative	Employee turnover and loss of human capital due to unsatisfactory working conditions, with negative consequences on the organisational climate, productivity, and the ability to retain or attract qualified personnel.	Actual	7.3	Short-term
Diversity management, equal opportunities				
Positive	Promoting an inclusive environment that is open to diversity in culture, gender and ability, fosters social cohesion, and helps stimulate innovation, creativity and widespread well-being in corporate communities and throughout the supply chain.	Actual	-	Short-term
Negative	Discrimination or lack of inclusivity that may lead to inequalities, social exclusion and loss of opportunities for vulnerable groups, with negative knock-on effects on the broader social context.	Potential	7.3	Short-term

Risks and opportunities

Risk	Materiality	Opportunities	Materiality
Respect for human rights			
Risk - Lack of control over human rights violations in the supply chain - The absence of an effective monitoring system along the supply chain could expose C. Tessile to the risk of being associated with unethical practices (e.g., forced labour, child labour and inhumane working conditions). This could lead to severe reputational damage, the loss of customers and partnerships, and possible legal action. Furthermore, the introduction of stricter regulations requires companies to verify and prevent human rights violations along the supply chain. Failure to comply could lead to financial penalties, exclusion from key markets, and loss of credibility among stakeholders and investors.	Significant	Opportunities - Respect for human rights throughout the supply chain - Ensuring respect for human rights in all operations and throughout the supply chain would strengthen C. Tessile's reputation as an ethical company, increasing trust among consumers and stakeholders and fostering long-term loyalty.	Important
		Opportunities - Implementing due diligence practices - Adopting practices that ensure respect for human rights in line with regulations such as the CSDDD would enable C. Tessile to consolidate its competitive position and access regulated markets and strategic partnerships.	Important
Occupational health and safety			
Risk - Lack of occupational safety management - The absence of adequate measures to ensure a safe working environment could increase the risk of accidents, resulting in economic impacts such as production stoppages, legal proceedings and increased staff turnover. In addition, the lack of an adequate safety management system could lead to sanctions from the authorities and legal risks related to the company's liability in the event of workplace accidents or occupational illnesses.	Significant	Opportunities - Improving working conditions and reducing accidents - The implementation of advanced safety measures and the promotion of a culture of prevention would reduce the number of occupational accidents and illnesses, thereby increasing productivity and employee satisfaction.	Important
Employment			
Risk - The absence of retention and development policies for human resources could increase turnover, leading to the loss of key competencies and difficulty in maintaining a high level of product quality and innovation. In an increasingly competitive labour market, the lack of employee welfare and professional development policies could make C. Tessile less attractive to young professionals and skilled workers.	Informative	Opportunities - Strengthening employee retention and well-being policies – Implementing corporate welfare programmes, benefits and incentive schemes would improve employee engagement, reduce turnover and increase productivity.	Important
		Opportunities - Promoting employment stability - Ensuring stable contracts and competitive working conditions would improve C. Tessile's image in the sector, foster employee loyalty and facilitate access to financing for responsible companies.	Important
Diversity management, equal opportunities			
Risk - Absence of inclusion and diversity management policies - A workplace perceived as insufficiently inclusive could lead to employee dissatisfaction, with a negative impact on productivity and staff retention. Furthermore, the lack of a clear equal opportunities strategy could expose the company to reputational and legal risks.	Informative	Opportunities - Fostering an inclusive corporate culture - Adopting clear policies on diversity and equal opportunities would enhance internal cohesion, thereby improving the workplace environment and productivity.	Informative

Policy and management model

7.1

C. Tessile's social commitment is founded on a person-centred approach and respect for human rights, which are indispensable conditions for fair and responsible growth. The most relevant social issues — health and safety, equal opportunities, employment and human rights — are managed through a structured system that integrates ethical principles, operational tools and processes for continuous improvement.

The Code of Ethics, accessible to all personnel, represents the organisation's values framework. It promotes legality, fairness, respect for individuals and inclusion, with particular attention to safeguarding occupational health and safety. The Organisational, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 strengthens regulatory oversight and risk prevention.

Social issues are managed through:

- health and safety risk assessment;
- training and ongoing monitoring;
- active reporting channels, including the whistleblowing system;
- initiatives to support organisational well-being and work-life balance.

Effectiveness is monitored through indicators such as turnover rate, number of accidents and level of internal satisfaction. The feedback gathered informs the continuous updating of policies and procedures.



Occupational health and safety

Health and safety protection is ensured through a thorough analysis of the specific risks for each task, followed by preventive measures including collective protection, personal protective equipment (PPE), and ongoing training and reporting.

Any critical issues are managed as non-conformities and addressed through improvement plans that are monitored and updated periodically.

Diversity, inclusion and equal opportunities

Although there is no formalised policy, C. Tessile has already implemented prevention and awareness-raising measures, including a dedicated section in the Code of Ethics and access to reporting channels. A specific policy, due to be adopted in 2025, is currently being developed, confirming the company's commitment to combatting all forms of discrimination.

Employee management and development

C. Tessile promotes transparent and inclusive recruitment practices, based on individual skills and motivation, without any discrimination based on gender, sexual orientation or background. At the Hungarian subsidiary C. Tessile KFT, a structured programme is in place to support a gradual return to work following parental leave, demonstrating a concrete commitment to the human dimension of work.

Upholding human rights across the supply chain

As illustrated in Section 6.4.1, C. Tessile has strengthened its control system in the social sphere, promoting respect for human rights within the supply chain.

Through traceability activities, inspection visits and, from 2024, the introduction of a structured environmental and social due diligence process, the company aims to ensure that its partners operate in line with ethical, environmental and labour standards consistent with its own values.

Occupational health and safety

7.2

GRI 3-3; GRI 403-1;
GRI 403-2; GRI 403-3

KEY INSIGHTS

100%

Of personnel covered by a certified Health and Safety Management System



Risk assessment broken down by department and homogeneous risk area



Accident and near miss analysis integrated into the Risk Assessment Document with improvement plans



Active reporting system via QR code and direct channels



Occupational health monitoring managed by a specialised medical centre



Protecting health and safety is a cornerstone of C. Tessile's corporate strategy, integrated throughout operational activities.

The company takes a preventive and systematic approach, based on a certified Occupational Health and Safety Management System (OSHMS) that covers 100% of its personnel.

Risk assessment

Risk assessment is conducted on a departmental basis, taking into account operational specificities. Where operations are heterogeneous, the analysis is divided into homogeneous areas, ensuring consistency between activities and risk profiles. Each assessment is based on technical documentation (floor plans, equipment and responsibilities) and defines the level of risk according to criteria of severity, frequency and probability, classified into four levels: low, medium, high and very high.

The risks are further categorised by nature (organisational, ergonomic, specific and cross-cutting), by impact (health – H, safety – S, both – S/H) and by type (general, role-specific, 'tabulated' according to Italian Legislative Decree 81/2008).

Prevention and continuous improvement

Preventive and protective measures are in place for each risk, including collective protection, training, drills and PPE. In the event of an accident or 'near miss', the Prevention and Protection Service Manager prepares an analysis report with the support of witnesses and the Human Resources Department. The proposed technical solutions are integrated within the Risk Assessment Document and followed by improvement plans, which will clearly state responsibilities, timelines and monitoring indicators.

Involvement and reporting

Workers are actively involved in the prevention system and can report situations of risk through two channels: direct communication with the department manager or a computerised whistleblowing system, also accessible via QR code. This system ensures prompt intervention and promotes a culture of shared safety.

Health monitoring

C. Tessile collaborates with the Mediolanum Medical Centre in the management of its corporate health plan. The occupational health physician carries out mandatory medical examinations, assesses fitness for duties and reports any limitations. Health data is stored securely, in accordance with current data protection legislation.

Employee well-being and professional development

7.3

GRI 3-3

KEY INSIGHTS

83.6%

Of employees on permanent contracts

40%

Female representation on the Board of Directors



Flexible return-to-work model following parental leave in place in Hungary



Dedicated housing solutions for foreign workers (up to 75 m²)

C. Tessile considers the well-being and professional development of employees to be core to its human capital enhancement strategy, aimed at creating an inclusive, respectful and stimulating work environment.

Employment stability and inclusiveness

83.6% of C. Tessile's employees are on permanent contracts, reflecting the company's commitment to employment stability and long-term relationships.

The approach to human resource management is based on the principles of non-discrimination and equal opportunities. All recruitment is based solely on competence and merit, regardless of gender, sexual orientation or background.

Female representation in senior roles stands at 40% on the Boards of Directors (2 out of 5), while at C. Tessile KFT, the only executive position is held by a woman.

Employee welfare and quality of life

Corporate welfare policies aim to improve daily well-being through tangible measures. Five company cars are available for shared use, and agreements are in place for the purchase of goods and services. In Hungary, C. Tessile KFT adopts a flexible return-to-work model following parental leave for both parents, with flexible working hours ranging from four to six hours per day.

Housing is provided for foreign workers, equipped with essential furnishings and compliant with company standards:

- a 280m² dormitory-style residence with 11 rooms of 18m² each;
- a boarding house with 25m² rooms;
- flats ranging from 45 to 75m².

Training and skills development

The company promotes continuous training through internal courses and collaborations with external organisations. Between 2022 and 2024, courses on English and Excel were organised, with 34 participating employees. A training needs assessment is underway at C. Tessile KFT. Staff also regularly attend specialised webinars by SMI (Sistema Moda Italia) on technical and sustainability topics.



Social initiatives and activities of the 'Un Sorriso in Più' Association

7.4

C. Tessile's social commitment extends beyond the company's boundaries, through social initiatives and philanthropic projects that strengthen ties with the local community and promote a culture of care.

KEY INSIGHTS

2,000+

Elderly people reached annually

50

Minors reached annually

100

Volunteers consistently active for approaching 20 years

400

Participating residential care facilities across Italy



Active collaboration with organisations (e.g. PEPITA) for the socially beneficial reuse of textile waste

Donations and social reuse practices

C. Tessile directs waste generated from sampling and the retail department towards initiatives with social and environmental value. In 2023, it began a collaboration with the PEPITA association, which uses these scraps in creative workshops for children and teenagers. This initiative promotes social inclusion and a culture of reuse, in line with the company's approach to circularity.



The 'Un Sorriso in Più' Association

Founded in 2004 by the Canclini family, the Un Sorriso in Più NGO is the primary vehicle through which the company promotes initiatives to support the most vulnerable individuals in society, especially elderly people living alone and children and young people in situations of hardship.

Its mission is simple: no one should feel alone. At the heart of this activity is a well-established network of approximately 100 volunteers, who have been active for almost 20 years and who reach over 2,000 elderly people and 50 minors in educational communities every year, primarily in the Italian provinces of Como, Milan and Varese.

The association's projects are based on listening, building relationships, and valuing individuals, with the aim of combating social isolation through meaningful and participatory experiences. Its main initiatives include:

- 'I Nipoti di Babbo Natale' (Father Christmas's Grandchildren): a nationwide project that allows elderly care home residents to make a wish, which is then fulfilled by volunteers ('grandchildren') who choose to make it come true. In 2023, it engaged over 8,000 elderly people in 400 Italian residential care homes, transforming the delivery of gifts into a moment of emotional connection and recognition.
- 'Nipoti di penna' (Pen grandchildren): a letter-writing initiative that fosters intergenerational bonds through the exchange of letters between elderly people and volunteer 'grandchildren'. Requests are submitted via the website www.nipotidipenna.it, where anyone can respond with a message of support.
- 'Desideri Cantiere' (Wish Workshop): a forum for dialogue and co-design aimed at educators and social workers, designed to develop new models of personalised care in elderly care homes.
- 'Un Sorriso in Più Family' (One More Smile Family): a digital platform ('web TV' on www.unsorrisoinpiufamily.it) offering video content specifically designed to accompany elderly people on journeys of discovery, well-being and social connection.

All projects share a common goal: to alleviate loneliness and foster authentic relationships, creating opportunities for people to express themselves, be heard and feel part of a supportive community.



GRI 2-2; GRI 2-3; GRI 2-4;
GRI 2-29; GRI 3-1; GRI 3-2

C. Tessile's has demonstrated its commitment to sustainability through the preparation of the 2023 Sustainability Report (hereinafter also referred to as the 'Report'), which outlines its impacts, initiatives and progress in environmental, social and governance (ESG) matters.

The scope of reporting coincides with the 2023 Management Report and covers the entire period from 1 January to 31 December 2023. It includes data relating to C. Tessile S.p.A. and its foreign subsidiary, C. Tessile Kft., unless otherwise specified in the relevant sections or in the footnotes.

Although this Report covers the year 2023, it is being published in 2025. This time lag is due to the fact that this is the first ESG reporting exercise for the C. Tessile Group; it took time to develop and implement a structured system for data collection, processing and validation, in line with international standards and industry best practices.

Reporting Methodology

8.1

The Report has been prepared with reference to the *GRI Sustainability Reporting Standards*, updated to the *GRI Universal Standards 2021*.

The information was gathered through interviews and GRI forms completed by the company's departmental representatives, ensuring consistency with industry best practices (see also Section '4.1 Materiality assessment and analysis').

The contents have been organised as follows:

- Initial tables with material topics, impacts, risks and opportunities;
- Policies and management models;
- Actions and projects developed in 2023 relating to material topics;
- GRI tables with qualitative and quantitative indicators.

C. Tessile continues its commitment with annual reporting.

Materiality analysis of ESG issues

8.2

The workshop enabled the definition of **impact materiality**, namely the identification and assessment of ESG impacts (positive and negative, actual and potential), based on scale, scope and, for negative impacts, remediability. The time horizon (short, medium and long term) was also considered, along with the probability of occurrence for potential impacts (scale from 1 = low to 5 = high).

The following thresholds applied to the classification of materiality:

For *positive impacts* (maximum score 12):

- **Greater than 9:** Critical
- **Between 8 and 9:** Significant
- **Between 5 and 7:** Important
- **Between 3 and 4:** Informative
- **Less than 3:** Minimal

For *negative impacts* (maximum score 15):

- **Greater than 12:** Critical
- **Between 10 and 12:** Significant
- **Between 8 and 9:** Important
- **Between 5 and 7:** Informative
- **Less than 5:** Minimal

Financial materiality was defined in parallel via:

1. Identification of ESG risks and opportunities, conducted with Cikis Studio, in accordance with regulatory and industry trends;
2. Qualitative assessment of probability and magnitude (scale 1–5). The average score determined the overall level of materiality.

Verification and validation

8.3

GRI 2-4; GRI 2-14

This Report has not been independently audited. The process included:

- Validation of the structure and content by the **Sustainability Team**;
- Final approval by the **Board of Directors**.

With this approach, C. Tessile intends to strengthen the transparency of its reporting, in line with European regulatory developments, and to promote a constructive dialogue with its stakeholders.

For further information, please contact: *info@canclini.it*.

Summary of Performance Indicators

9.1

As this is the first Sustainability Report prepared by the company, 2023 marks the first year in which a structured process for collecting and consolidating ESG data was established.

For this reason, the following tables mainly show data relating to 2023. In some cases, data for 2022 was also included, where available and sufficiently verifiable, while it was not possible to include data for 2021. The availability of historical data will be gradually expanded in future reporting cycles.

GRI 2-7 - Employees

TOTAL NUMBER OF PERMANENT AND FIXED-TERM EMPLOYEES, BROKEN DOWN BY GENDER AND REGION

	2022							2023						
	Italy		Europe (excluding Italy)		Outside Europe		Total	Italy		Europe (excluding Italy)		Outside Europe		Total
	Men	Women	Men	Women	Men	Women		Men	Women	Men	Women	Men	Women	
Permanent	45	47	26	67	1	-	198	43	44	19	64	1	-	190
Fixed-term	1	7	-	-	12	-	8	1	8	-	-	19	-	9
Total	46	54	26	67	13	0	206	44	52	19	64	20	0	199

TOTAL NUMBER OF FULL-TIME/PART-TIME EMPLOYEES, BROKEN DOWN BY GENDER

	2022			2023		
	Men	Women	Total	Men	Women	Total
Full time	84	115	199	81	109	190
Part time	1	6	7	2	7	9
Total	85	121	206	83	116	199

TOTAL NUMBER OF EMPLOYEES BY ROLE, BROKEN DOWN BY GENDER

	2022			2023		
	Men	Women	Total	Men	Women	Total
Executives	0	1	1	0	1	1
Managers	7	2	9	7	2	9
Office workers	23	29	52	19	32	51
Labourers	55	89	144	57	81	138
Total	85	121	206	83	116	199

GRI Disclosure 2-8 - Workers who are not employees

TOTAL NUMBER OF OTHER STAFF, BY ROLE, BROKEN DOWN BY GENDER

	2022			2023		
	Men	Women	Total	Men	Women	Total
Interns	2	1	3	0	2	2
Total	2	1	3	0	2	2

GRI Disclosure 205-1 - Operations assessed for risks related to corruption

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	
	2023
Total no. of operations	17
% of operations assessed for risks related to corruption	100%

GRI Disclosure 205-2 - Communication and training about anti-corruption policies and procedures

COMMUNICATION TO MEMBERS OF GOVERNING BODIES	
	2023
Total no. of individuals to whom anti-corruption policies and procedures have been communicated	5
% of total members of governing bodies	100%

COMMUNICATION TO EMPLOYEES		
		2023
Executives	Total no. of executives who have been informed of anti-corruption policies and procedures	0
	% of the total executives	0%
Managers	Total number of managers to whom anti-corruption policies and procedures have been communicated	9
	% of total managers	100%
Office workers	Total no. of office workers who have been informed of anti-corruption policies and procedures	45
	% of total office workers	90%
Labourers	Total number of labourers to whom anti-corruption policies and procedures have been communicated	41
	% of total labourers	30%

EMPLOYEE TRAINING	
	2023
Total number of employees who have received training	117
% of total employees	59%

Note: Communication to managers and office workers was conducted directly via corporate email. For labourers who do not have a company email account, information was communicated by posting notices on internal bulletin boards.

Note: At the KFT site, there is currently no direct communication system in place with employees. However, the Code of Ethics and the rules governing the whistleblowing channel are posted on the bulletin board in four or five languages to ensure that all personnel have access to them.

Note: No specific training has been provided as of yet to members of governance bodies on the prevention of corruption.

Note: All company employees have received training on the Organisational, Management and Control Model pursuant to Italian Legislative Decree. 231/01.

GRI 301-1 Disclosure - Materials used by weight or volume

TEXTILE MATERIALS						
		UoM	2022	of which recycled	2023	of which recycled
Yarns	Renewable	kg	548,069	0.72%	540,808	0.10%
	Non-renewable	kg	2,377	-	1,870	-
Fabrics	N/A	kg	0	-	918,350	-
Total materials		kg	550,446	0.72%	1,461,028	0.04%

PACKAGING MATERIALS			
		UoM	2023
Renewable		kg	70,955
Non-renewable		kg	41,775
Total		kg	112,730

Note: There was no structured packaging data collection system in 2022; the system is currently being consolidated. Consequently, although there is a proportion of recycled packaging, it was decided not to report an estimated figure but rather to work on defining a more robust monitoring system, to be implemented from next year.

GRI Disclosure 302-1 - Internal energy consumption within the company

FUEL CONSUMPTION			
	UoM	2022	2023
Natural gas (KFT)	kWh	459,000.00	271,000.00
Natural gas (C. Tessile)	Smc	85,833.38	45,081.29
Diesel	l	Data not available	91.60
LPG	l	10,000.00	57,714.03

ENERGY CONSUMPTION			
	UoM	2022	2023
Electricity consumption (C. Tessile)	kWh	425,752.85	457,284.56
of which from fossil fuels	kWh	206,795.03	236,305.14
of which purchased from certified renewable energy sources	kWh	119,371.82	145,750.42
of which self-generated from renewable sources	kWh	99,586.00	75,229.00
Electricity consumption (KFT)	kWh	1,969,000.00	2,950,368.82

Note: Some data for 2022 are not available, as a structured system for collecting and managing information had not yet been implemented at that time. From the next financial year onwards, the company is committed to systematically and continuously monitoring data.

Note: For the KFT site, it was not possible to disaggregate electricity consumption by supply source. The company plans to integrate this type of data in future reporting cycles to improve the completeness and transparency of energy data.

Note: For 2022, part of the electricity consumption from renewable energy sources was estimated based on an average of data from 2021 and 2023, due to the unavailability of specific data for the reporting year.

GRI Disclosure 305-1 - Direct GHG emissions (Scope 1)

TOTAL SCOPE 1	183.11	tonnes of CO ₂ eq
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Company	Fuel	FE (kg CO ₂ eq/UoM)	Footprint (tonnes of CO ₂ eq)	Dataset	Dataset source
KFT	Natural gas	0.20	55.39	Natural gas (100% mineral blend) - net CV	DEFRA 2024
C.Tessile	Natural gas	2.06	93.01	Natural gas (100% mineral blend)	DEFRA 2024
C.Tessile	Diesel	2.51	0.23	Diesel (average biofuel blend)	DEFRA 2024
C.Tessile	LPG	1.56	89.87	LPG	DEFRA 2024

GRI Disclosure 305-2 - Indirect GHG emissions from energy consumption (Scope 2)

TOTAL SCOPE 2 location based	610.91	tonnes of CO ₂ eq
TOTAL SCOPE 2 market based	704.60	tonnes of CO ₂ eq

Location based			
Company	Type	Country	Footprint (tonnes of CO ₂ eq)
KFT	Electricity from national grid	Hungary	740.15
C.Tessile	Electricity from national grid	Italy	54.16
C.Tessile	Renewable with GO	Italy	33.40
C.Tessile	Self-generated from renewable sources	Italy	0.00
Flats for employees	National grid	Hungary	5.56

Market based			
Company	Type	Country	Footprint (tonnes of CO ₂ eq)
KFT	Electricity from national grid	Hungary	836.13
C.Tessile	Electricity from national grid	Italy	113.38
C.Tessile	Renewable with GO	Italy	0.00
C.Tessile	Self-generated from renewable sources	Italy	0.00
Flats for employees	National grid	Hungary	6.28

Note: The source used for the datasets relating to Scope 2 is the Ecoinvent database, version 3.11.

GRI Disclosure 403-9 - Work-related injuries

WORK-RELATED INJURIES FOR ALL EMPLOYEES

	2023	
	No.	rate
Number and rate of fatalities resulting from work-related injuries	0	0
Number and rate of occupational injuries with serious consequences (excluding fatalities)	0	0
Number and rate of work-related injuries	1	7.14
The main types of work-related injuries	Hand caught in a manual cutter	
Number of hours worked	140,000	
The number of working days lost due to work-related injuries	28	

Note: The rates were calculated based on 1,000,000 hours worked

GRI Disclosure 405-1 - Diversity in governance bodies and among employees

PERCENTAGE OF MEMBERS OF THE ORGANISATION'S GOVERNING BODIES BY GENDER AND AGE GROUP

GENDER		
	2022	2023
Women	40%	40%
Men	60%	60%
AGE GROUP		
	2022	2023
< 30	0%	0%
30 - 50	0%	0%
> 50	100%	100%

PERCENTAGE OF EMPLOYEES BY EMPLOYMENT CATEGORY, GENDER, AGE GROUP AND OTHER DIVERSITY INDICATORS

AGE GROUP			
		2022 (%)	2023 (%)
Executives		0.49%	0.50%
	< 30	0%	0%
	30 - 50	100%	100%
	> 50	0%	0%
Managers		4.37%	4.52%
	< 30	0%	0%
	30 - 50	22%	22%
	> 50	78%	78%
Office workers		25.24%	25.63%
	< 30	12%	8%
	30 - 50	58%	71%
	> 50	31%	22%
Labourers		69.90%	69.35%
	< 30	28%	25%
	30 - 50	53%	59%
	> 50	19%	15%

GENDER			
		2022 (%)	2023 (%)
Executives		0.49%	0.50%
	Men	0%	0%
	Women	100%	100%
Managers		4.37%	4.52%
	Men	78%	78%
	Women	22%	22%
Office workers		25.24%	25.63%
	Men	42%	37%
	Women	58%	63%
Labourers		69.90%	69.35%
	Men	40%	41%
	Women	60%	59%

Note: In 2022 and 2023, there were no members of the Governing Body from minority groups or vulnerable categories. In 2023, there were four employees from minority or vulnerable groups, three of whom were women and one a man.

GRI Disclosure 405-2 - Ratio of basic salary and remuneration of women to men

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, AT SIGNIFICANT OPERATING SITES

	C.Tessile basic salary ratio 2023	KFT basic salary ratio 2023
Executives	N/A	N/A
Managers	134%	N/A
Office workers	73%	100%
Labourers	110%	100%

	C.Tessile Remuneration Report 2023	Pay ratio 2023
Executives	N/A	N/A
Managers	91%	N/A
Office workers	66%	100%
Labourers	110%	100%

Note: Basic salary: minimum fixed amount paid to an employee for the performance of duties. Basic salary excludes any additional remuneration, such as overtime payments or bonuses; remuneration comprises basic salary plus any additional amounts paid to an employee.

Note: Data were provided only for the year 2023, as a structured data collection system was not yet in place prior to this. Going forward, the company will systematically collect data.

Note: C. Tessile has no employees classified in the 'Executives' category. The same applies to KFT, where there is only one executive, who is female: the ratio is therefore not reported.

Note: 'Significant operating sites' refers to the companies included in the reporting scope.

GRI Disclosure 416-1 Assessment of health and safety impacts by product and service category

NO. OF TESTS PERFORMED ON MATERIALS										
	2022					2023				
	No. of tests passed	%	No. of tests failed	%	Total	No. of tests passed	%	No. of tests failed	%	Total
Finished fabric - Internal testing	4,632	90%	515	10%	5,147	7,057	99%	71	1%	7,128
Finished fabric - External tests	238	90%	27	10%	265	198	90%	22	10%	220

GRI correlation table

9.2

Declaration of Use	C. Tessile has published its reporting in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.
GRI 1 Applied	GRI 1 - Fundamental Principles - Version 2021

GRI STANDARD	DISCLOSURE	LOCATION	NOTES/OMISSIONS
GRI 2: General disclosure (2021)	GRI 2-1 Organisation details	Corporate structure and scope of reporting	
	GRI 2-2 Entities included in the sustainability reporting of the organisation	Corporate structure and scope of reporting; Methodological note	
	GRI 2-3 Reporting period, frequency and point of contact	Methodological note	
	GRI 2-4 Restatement of information	Methodological note	
	GRI 2-5 External assurance	N/A	This Report is not subject to assurance.
	GRI 2-6 Activities, value chain and other business relationships	Corporate structure and scope of reporting; Business model and offering; Target market	
	GRI 2-7 Employees	Appendix	
	GRI 2-8 Workers who are not employees	Appendix	
	GRI 2-9 Structure and composition of governance	Transparent governance, sound management	
	GRI 2-10 Appointment and selection of the highest governing body	Transparent governance, sound management	
	GRI 2-11 Chair of the highest governing body	Transparent governance, sound management	
	GRI 2-12 Role of the highest governance body in overseeing impact management	Transparent governance, sound management	
	GRI 2-13 Delegation of responsibility for impact management	Transparent governance, sound management	
	GRI 2-14 Role of the highest governance body in sustainability reporting	Transparent governance, sound management	
	GRI 2-15 Conflicts of interest	Transparent governance, sound management	
	GRI 2-16 Communication of concerns	Transparent governance, sound management	
	GRI 2-17 Collective competences of the highest governing body	Transparent governance, sound management	
	GRI 2-18 Assessment of the performance of the highest governing body	-	Confidential information
	GRI 2-19 Remuneration policies	-	The process for determining remuneration is based on the relevant National Collective Labour Agreement, which is then adjusted according to role, experience, and knowledge of products and the sector, as for every employee
	GRI 2-20 Process for determining remuneration	-	
	GRI 2-21 Annual total remuneration ratio	-	
	GRI 2-22 Statement on sustainable development strategy	Letter from the Chair; Sustainability as a business choice	
	GRI 2-23 Policy commitments	Transparent governance, sound management; ustainability as a business choice	
	GRI 2-24 Integration of commitments in terms of policy	Transparent governance, sound management; Sustainability as a business choice	
	GRI 2-25 Processes to remedy negative impacts	Transparent governance, sound management; Weaving The Future: C. Tessile's environmental strategy; Social responsibility and human impact	
	GRI 2-26 Mechanisms for seeking advice and raising concerns	Transparent governance, sound management	
	GRI 2-27 Compliance with laws and regulations	-	No significant instances of non-compliance with laws and regulations were reported in 2023, nor were any significant monetary penalties paid by the Group
	GRI 2-28 Membership of associations	Social projects and activities of the 'Un Sorriso in Più' association	
	GRI 2-29 Approach to stakeholder engagement	Methodological note	
	GRI 2-30 Collective bargaining agreements	-	No incidents of restriction of freedom of association and collective bargaining were recorded

GRI STANDARD	DISCLOSURE	LOCATION	NOTES/OMISSIONS
MATERIAL TOPICS			
GRI 3: Material topics (2021)	GRI 3-1 Process for determining material topics	Methodological note	
	GRI 3-2 List of material topics	Methodological note	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 7); Occupational health and safety	Data not available (Stakeholder engagement)
GRI 403: Occupational health and safety (2018)	GRI 403-1 Occupational health and safety management system	Occupational health and safety	100% of employees are covered by a certified Occupational Health and Safety Management System (OHSMS)
	GRI 403-2 Hazard identification, risk assessment and incident investigation	Occupational health and safety	
	GRI 403-3 Occupational health services	Occupational health and safety	
	GRI 403-9 Work-related injuries	Occupational health and safety; Appendix	There were no work-related injuries involving workers who are not employees.
RESPECT FOR HUMAN RIGHTS			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 7); Employee well-being and professional development	Data not available (Monitoring the effectiveness of actions)
GRI 405: Diversity and equal opportunities (2016)	GRI 405-1 Diversity in governing bodies and among employees	Appendix	
	GRI 405-2 Ratio of basic salary and remuneration of women to men	Appendix	
GRI 406: Non-discrimination (2016)	GRI 406-1 Incidents of discrimination and corrective actions taken	-	No incidents of discrimination were recorded.
ENERGY EFFICIENCY			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 6); Energy and emissions	Data not available (Policies and commitments; Actions to address material topics)
GRI 302: Energy (2016)	GRI 302-1 Energy consumption within the organisation	Appendix	
EMISSIONS			
GRI 3: Management of material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 6); Energy and emissions	Data not available (Policies and commitments; Actions to address material topics)
GRI 305: Emissions (2016)	GRI 305-1 Direct GHG emissions (Scope 1)	Appendix	
	GRI 305-2 - Indirect GHG emissions from energy consumption (Scope 2)	Appendix	
PRODUCT SAFETY			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 6); Materials	Data not available (Stakeholder engagement)
GRI 416: Customer health and safety (2016)	GRI 416-1 Assessment of health and safety impacts by product and service category	LCA and technical product testing; Appendix	
CHEMICAL MANAGEMENT			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 6); Chemical management and control	
RAW MATERIALS MANAGEMENT			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 6); Materials	Data not available (Stakeholder engagement)
GRI 301: Materials (2016)	GRI 301-1 Materials used by weight or volume	Appendix	
	GRI 301-2 Recycled materials used	Appendix	
ETHICS AND TRANSPARENCY			
GRI 3: Material topics (2021)	GRI 3-3 Management of material topics	Policy and management model (Section 5); Compliance and transparency	Data not available (Stakeholder engagement)
GRI 205: Anti-corruption (2016)	GRI 205-1 Operations assessed for risks related to corruption	Compliance and transparency; Appendix	
	GRI 205-2 Communication and training on anti-corruption policies and procedures	Compliance and transparency; Appendix	
	GRI 205-3 Confirmed incidents of corruption and actions taken	-	No incidents of corruption occurred.

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