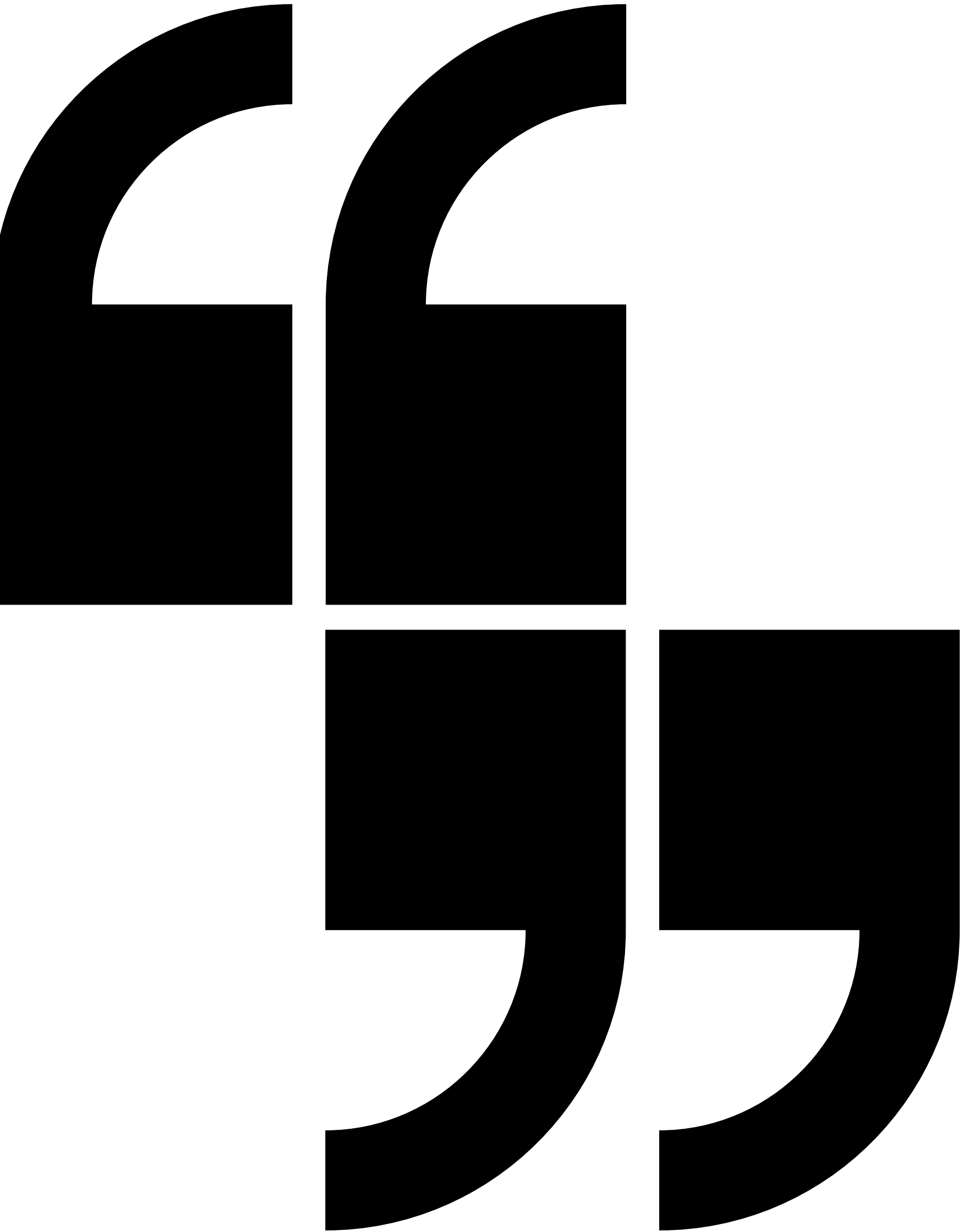

SUSTAINABILITY REPORT

DONDUP
MADE IN ITALY

2023

DENIM SINCE 1999
ONLY THE GREATEST INTENTIONS BY THE ITALIAN DENIM VALLEY



LETTER TO STAKEHOLDERS

I am pleased to share with you Dondup's 2023 sustainability report, an important moment to reflect on our commitment to social and environmental responsibility.

Over the past years, we have worked tirelessly to integrate sustainability into every aspect of our operations. We are aware of the importance of preserving our planet and contributing to the well-being of the communities in which we operate.

In the 2023 sustainability report, you will find a detailed account of the actions we have taken to reduce the environmental impact of our activities. We have implemented sustainable production practices, reducing emissions and optimizing the use of natural resources. Additionally, we have adopted waste management and recycling policies to minimize the impact of our products on the earth.

Sustainability is not just about the environment, but also about the well-being of people. We have invested in the safety and well-being of our employees, promoting an inclusive culture and providing opportunities for professional development. Furthermore, we have collaborated with suppliers and partners to ensure that our ethical and social standards are upheld throughout the supply chain.

We are proud of the results we have achieved so far, but we believe that we are only at the beginning of the journey. We will continue to work towards constantly improving our sustainable practices and seeking new innovative solutions to address environmental and social challenges.

Thank you,



CEO DONDUP – Matteo Anchisi

NOTE ON METHODOLOGY

This document constitutes the second Sustainability Report ("Report") issued by parent company Arcadia S.r.l. ("Arcadia") and its subsidiaries. It was prepared on a voluntary basis. The Group decided to prepare a non-financial report in order to give material form and visibility to its sustainability commitments. The Group companies that fall within the reporting scope are Arcadia S.r.l. (the parent) and Arcadia International GmbH (a wholly owned subsidiary). Arcadia Retail Benelux BV and Arcadia US LLC (also wholly owned subsidiaries) do not fall within the reporting scope of the Sustainability Report as their impacts were considered negligible to the Group's consolidated impacts. The US company has no employees and does not carry out activities that are relevant to the material topics identified. The Belgian company has operated a single-brand shop in Antwerp since August 2022. It has two employees and does not carry out activities that are relevant to the material topics identified. The data and all the information set out within the Sustainability Report are presented in consolidated form to reflect the Group's performance. Any limitations regarding the scope of data or information are duly highlighted.

This document, which covers the period from 1 May 2022 to 30 April 2023, has been prepared with reference to the internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting Standards guidelines, published in 2016 (and subsequently updated on 6 October 2021), on the basis of the "with reference to GRI" option. In line with the GRI guidelines, Arcadia has prepared this Report in accordance with the principles of balance, clarity, accuracy, timeliness, comparability, completeness and reliability, to ensure the quality of the information and its appropriate presentation. In accordance with GRI standards, a GRI content index is included as an appendix to the document, with details of the content reported. The Sustainability Report is published annually.

The Group has identified the contents it discloses on the basis of its materiality assessment and has selected sustainability performance indicators that are consistent with the provisions of the reporting guidelines. With regard to the concept of materiality, the degree of detail dedicated to the various topics was determined by their relative

importance to the Group's goals and strategies, as well as their relevance for stakeholders. The materiality assessment was used as a foundation on which to base the structure of the entire document.

Where possible, the information in the Report includes comparisons in relation to the 2021-2023 financial period, to allow for an overall assessment of the Group's performance over the three-year period. After the first year of reporting information of this type, the Group opted to have the document verified by external auditors. Therefore, where the Group detected any errors in its presentation of information in the previous year, this has been highlighted in the document and the previous year's data and information corrected.

Where analytical detail for the indicators is lacking for certain subsidiaries, and where such detail is required by the aforementioned guidelines, the data are reported separately. Where quantitative data could not be obtained using the tools at the Group's disposal, estimates had to be used. These are suitably highlighted and based on the best available methodologies to ensure the reliability of the information reported. The specific calculation methods used by the Group in preparing and processing the data and the information in the Report are duly highlighted in the text.

This document was approved by the Board of Directors of Arcadia S.r.l. on 14 December 2023 and published on 20 December 2023.

The information presented for the 2023 financial year (1 May 2022 to 30 April 2023) has been subject to limited assurance and the audit report can be found at the end of this document.

For further information on the publication of the Sustainability Report, please write to csr@dondup.com. The document is also available on the Dondup brand website: <https://www.dondup.com/it/bilancio-sostenibilita-2023>

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DONDUP MADE IN ITALY

BRAND VALUES

OUR STORY

OUR PRODUCTS

CORPORATE GOVERNANCE

BRAND VALUES

//

All men were created equal. Race, colour and faith mean nothing. Our intentions and actions are what count.

//

DALAI LAMA – Mingyar Dondup

We have adopted these words from the Tibetan Dalai Lama Mingyar Dondup as our guiding principle: they perfectly sum up the values that inspired the genesis of the brand. Indeed, besides being the brand that Arcadia S.r.l.'s products are marketed under, Dondup symbolises the identity of an organisation founded on respect for the individual and a commitment to sustainability. CEO Matteo Anchisi leads the company's development and has overseen Arcadia's transformation from a leading Italian design and manufacturing brand to a global company.

Well known to style lovers, Dondup was born in the hills of Le Marche's "Denim Valley", an area with a rich history of jeans production, and where traditional craftsmanship is combined with modern industrial techniques. Dondup began its manufacturing history with denim before establishing itself in the years that followed with total-look collections for men, women and children.

Dondup revolutionised the ready-to-wear market from the very start by focusing on shape and embodying denim's adventurous spirit. Three key elements epitomise everything that makes Dondup stand out: Experimentation, craftsmanship and its Made in Marche approach. This unique blend sums up the originality of a brand that has made timeless elegance its philosophy.

Innovative, adventurous, and always authentic – Dondup proudly lives up to the core values of denim culture. Indeed, denim is more than just a simple fabric for us – it represents a real vocation. From skinnies to flared trousers, and everything in between, Dondup is the ultimate destination for true denim lovers. Quality, product innovation and a non-conformist spirit have made Dondup one of the leading brands in the ready-to-wear market.

Dondup was founded in 1999 in Fossombrone, in the province of Pesaro and Urbino. Fossombrone remains home to the operational headquarters of Arcadia S.r.l and the administration, purchasing, production and design offices, as well as the logistics warehouses for both finished products and raw materials. Ever since it debuted with its first women's collection, the brand has stood out in the fashion industry by virtue of an original and fresh vision, featuring a contemporary take on the Italian manufacturing tradition.

In 2003, the first men's collection was developed and launched, and in 2006 the release of its first children's collection completed the brand's offering.

In 2010, the international private equity fund L. Catterton invested in the brand. This marked the start of an exciting period of growth designed to bring the excellence and creativity of Dondup garments to the global market.

The fund helped chart Dondup's future by supporting its fashion-dedicated team develop a new industrial plan underpinned by a vision of constant growth.

In 2011, Casa Dondup, the brand's first concept store, opened its doors in Milan, while in 2017 the new flagship store was launched in the heart of Milan's fashion district (the Quadrilatero della Moda), at Via della Spiga 50.

In 2019, Dondup unveiled its D/Zero project through its ecommerce channel. The first step in the company's sustainability path, D/Zero used the theme of eco-sustainability as a source of innovation and the highest expression of denim culture, with traceable and certified washing and finishing processes developed through a series of exclusive treatments on the denim cloth.

In 2020 we hit an important milestone, with 100% of our products created in Italy. "Made in Italy" now became an integral part of the Dondup logo.

In 2021, Made in Italy Fund, a private equity fund managed by Quadrivio & Pambianco, acquired a majority stake in the company.

1999 - 2023

OUR PRODUCTS

Arcadia manufactures and distributes 100% Italian-made clothing and accessories for men and women. Constant innovation, uncompromising quality and product research mark Dondup out as one of the most compelling brands on the contemporary ready-to-wear scene. Dondup's collections bring Italian manufacturing expertise to the world through a modern and cosmopolitan vision that is expressed in an attention to detail traditionally only found in haute couture. The Dondup lifestyle is shaped by a creative passion and our particular corporate culture, which is reflected in each collection.





We studied trends in the international denim and trousers market and adapted our strategy to the evidence we collected and the needs we perceived. If we are to be a universal benchmark of excellence in this sector, we must be able to take a broad perspective and develop it in line with the Dondup style. In particular, we are committed to increasing the percentage of garments we produce in accordance with sustainability criteria. Indeed, we are seeing a persistent market trend towards a greater focus on such issues, and we intend to position ourselves to meet the growing demand for sustainable garments, especially from millennials and Generation Z.

Dondup is a global brand, but we generate the majority of our sales in Italy, Germany, Austria, Scandinavia, Benelux, Spain, France, China and Greece. We serve the market through multiple sales channels which allow us to offer our range to a large potential customer base on a global scale:

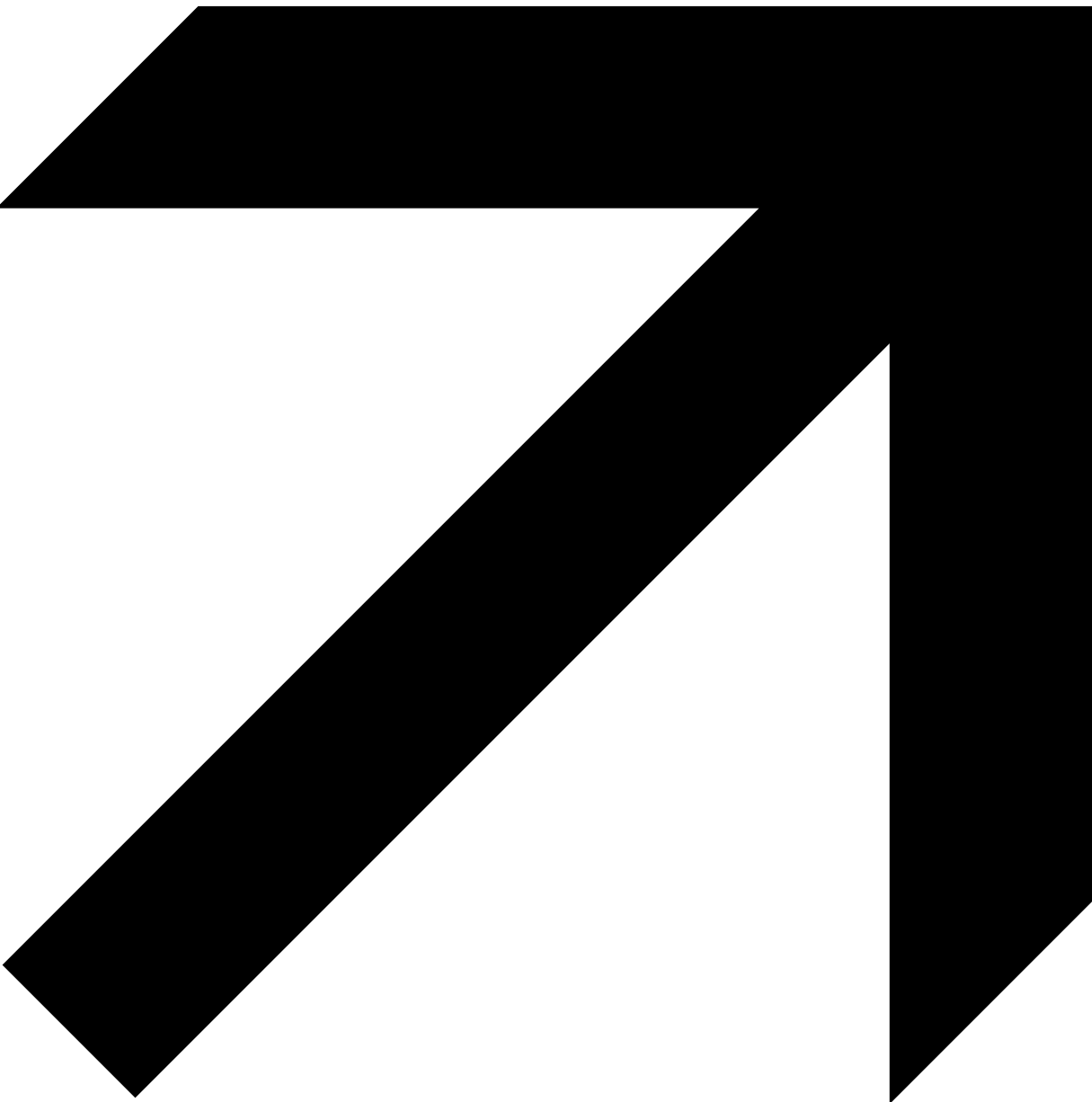
- Wholesale channels that give us a presence in multi-brand outlets;
- Traditional retail channels such as directly managed single-brand retail stores and shop-in-shops in leading international department stores;
- Etailers such as our online store and other online sites specialising in luxury goods

Arcadia interfaces with different types of customers based on each sales channel. Wholesale channel customers are typically multi-brand outlets or international distributors with whom we establish commercial relationships aimed at making our products available to consumers. Our retail and ecommerce channels bring us into direct contact with the end customer who will wear the Dondup garment.

Currently, the company has three showrooms in Milan, Rome and Munich. Our Milan headquarters also houses our management, commercial and marketing and digital offices, as well as the showroom. As regards the retail operations directly controlled by Arcadia, in addition to the flagship store in Milan, the company owns three "Archives" – in Fossombrone, adjacent to its operational headquarters, and in the McArthurGlen outlets at Serravalle Scrivia and Noventa di Piave. In August 2022, a new single-brand shop was opened in Antwerp (Belgium). Our Group mainly utilises three solutions to market products outside Italy:

- A showroom located in Munich and managed by the German subsidiary Arcadia International Gmbh, serving the German and Austrian markets;
- Third-party agents to serve the Spanish, French and Scandinavian markets;
- Specific distribution agreements for China, Greece and Benelux.

ARCADIA S.R.L. FIGURES



2021

118

Total number of employees

2022

121

2023

132

2021

8

Total number of locations/showrooms

2022

8

2023

9

2021

49.600^{.000 €}

Net revenue

2022

57.636^{.000 €}

2023

64.399^{.000 €}

2021

64.431^{.389 €}

Total capitalization

2022

39.844^{.000 €}

2023

47.557^{.000 €}

2021

603.678

Total number of products sold

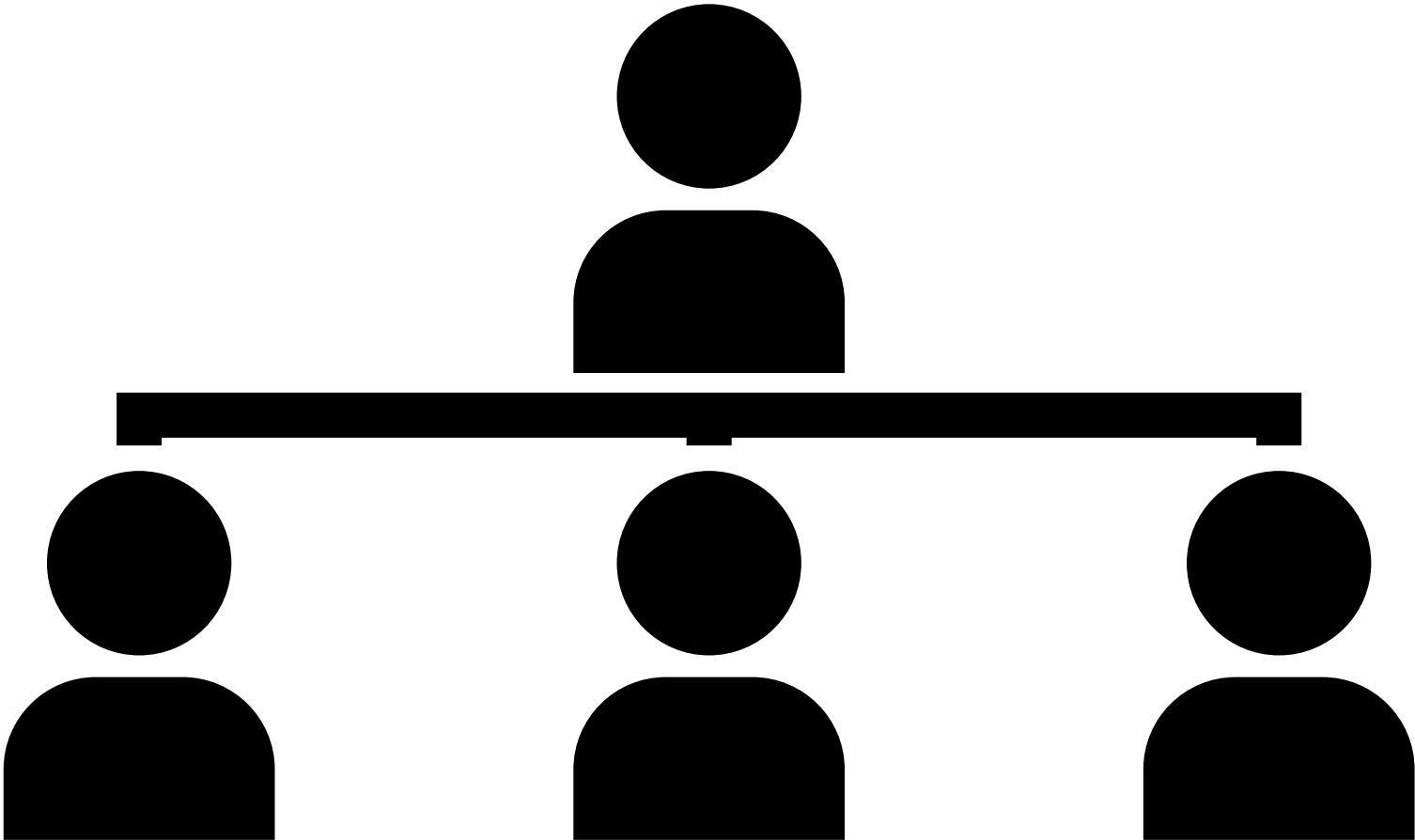
2022

648.529

2023

709.518

GOVERNANCE STRUCTURE



As of 30 April 2023, 99% of Arcadia S.r.l. shares were owned by Fine Sun S.r.l., the holding company for the Made in Italy Fund, with the other 1% held by CEO Matteo Anchisi.

- 1

ARCADIA S.R.L.
Italian parent company Arcadia S.r.l.;
- 2

ARCADIA INTERNATIONAL GMBH
The wholly owned subsidiary Arcadia International Gmbh in Germany, responsible for operating the Munich showroom;
- 3

ARCADIA RETAIL BENELUX
The wholly owned subsidiary Arcadia Retail Benelux in Belgium, responsible for operating the Antwerp retail outlet (excluded from the Sustainability Report 2023’s scope of consolidation);
- 4

ARCADIA US LLC
The wholly owned subsidiary Arcadia US LLC (excluded from the Sustainability Report 2023’s scope of consolidation), established to manage the display of Dondup products in a multi-brand showroom located in Miami. The US subsidiary does not have any employees and shares the showroom with other brands under the control of the Made in Italy Fund.

GOVERNANCE STRUCTURE

1

THE BOARD OF DIRECTORS (BOD)

The Board of Directors (BoD): comprises six members, one of whom is female; the Board plays a key role in the corporate governance system, deliberating on activities with significant strategic, economic or financial importance. The Chair, the Vice-Chair, and the Chief Executive Officer are appointed by the Board of Directors. The Board holds the widest powers for ordinary and extraordinary management and has the right to carry out all actions it deems appropriate to implement and achieve the corporate aims, with the sole exclusion of those powers that the law or the articles of association prescribe to the shareholders' meeting.

2

THE BOARD OF STATUTORY AUDITORS:

The Board of Statutory Auditors: responsible for monitoring compliance with the law and the articles of association, compliance with the principles of correct administration and the adequacy of the Company's organisational structure, the internal control system and the accounting system; it comprises three standing members and two alternates.

3

BOARD OF AUDITORS

In accordance with the deed of incorporation, the statutory auditor of the accounts is appointed by the Shareholders' Meeting, acting on the proposal of the Board of Statutory Auditors. The external auditor carries out its activity in an independent and autonomous manner and therefore does not represent either the majority or minority shareholders. The statutory audit of the accounts for the 30 April 2022-2024 period was awarded to the independent auditors Pricewaterhousecoopers S.p.A.

4

THE SUPERVISORY BODY (ODV):

The Supervisory Body (ODV): currently comprises two external members and one internal member. They undertake to embody the principles of professionalism, consistency, autonomy and independence, and comply with the supervisory functions set out by Italian legislative decree 231/2001.



SYSTEMS OF ORGANIZATION AND INTERNAL CONTROL

In 2017 the company adopted the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231 of 8 June 2001 (or Model 231). Its aim is to make all those who work for and on behalf of the Company – particularly those who operate in "sensitive" areas – aware that it strongly condemns unlawful conduct. Furthermore, it allows us to intervene promptly to prevent or combat crimes being committed, or at least significantly reduce the damage of such crimes, as well as improve corporate governance and the Company's image.

Reports relating to any violations of Model 231 or behaviour counter to the rules of conduct adopted are made in accordance with the regulatory provisions regarding whistleblowing. Reports can be made anonymously and sent by either post or email. With regard to reports sent by physical mail, we request that they be sent in a sealed envelope by registered mail to the address of the members of the Arcadia Supervisory Body. Note that no episodes of corruption were recorded during the period in question.

1 THE ARTICLES OF ASSOCIATION
The Articles of Association, which encompass provisions relating to corporate governance aimed at ensuring management activities are performed correctly;

2 THE CODE OF ETHICS
The Code of Ethics, consisting of a set of rules of conduct and general principles which all internal and external parties who hold a relationship with Arcadia either directly or indirectly must respect;

3 THE ORGANISATIONAL SYSTEM
The Organisational System, which is made up of the organisational structures and positions and related areas of responsibility;

4 THE SUPPLIER CODE OF CONDUCT
The Supplier Code of Conduct, which sets out the minimum requirements each supplier must comply with in terms of environmental and social sustainability, workers' rights, safeguarding occupational health and complying with the law and ethical business practices.

FUNCTIONS OF CORPORATE GOVERNANCE

As depicted in the organisation chart below, the heads of the various organisational functions report directly to CEO Matteo Anchisi. Specifically, corporate governance consists of the following main functions:

- 1

ADMINISTRATION
Comprises all activities relating to personnel management, financial management, business control, industrial control, credit management and IT equipment management;
- 2

MARKETING AND COMMUNICATION
In addition to communication with end customers, responsible also for the brand's artistic direction;
- 3

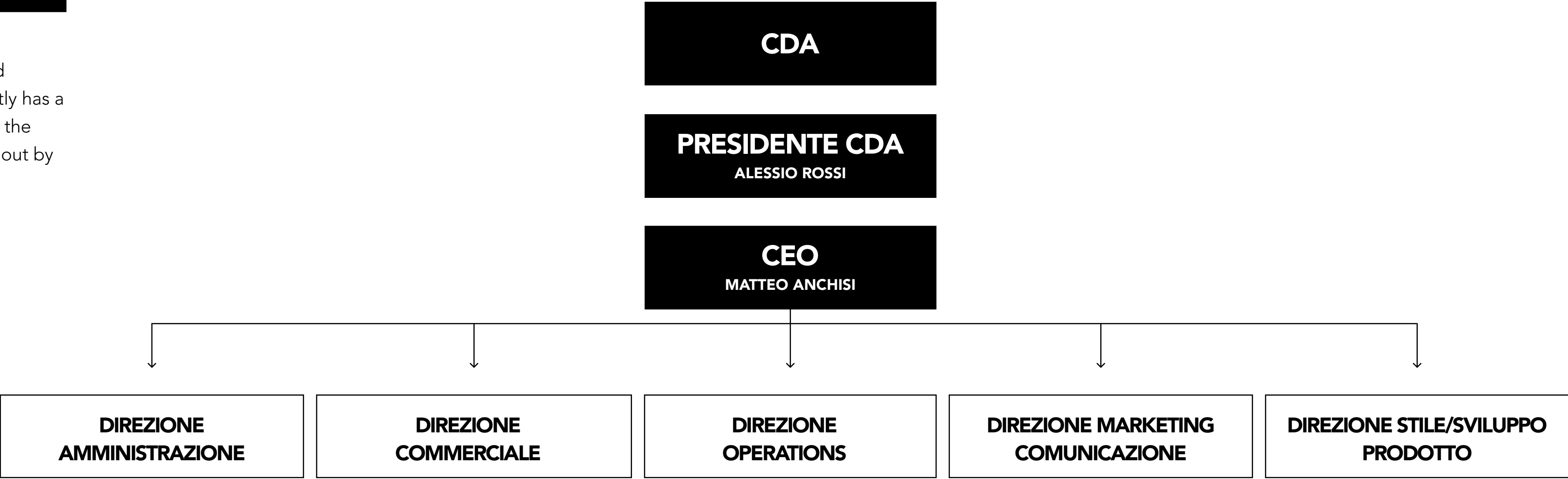
OPERATIONS
Responsible for industrial and commercial production activities, the purchasing of raw materials, logistics management and general services for the organisation;
- 4

STYLE/PRODUCT DEVELOPMENT
Responsible for the development of new collections, from product design through to the sampling and industrialisation phases.
- 5

COMMERCIAL
Responsible for managing relationships with wholesale and retail customers for the distribution of the end product;

GOVERNANCE STRUCTURE OF ARCADIA S.R.L.

In 2022 an internal position was created that is dedicated exclusively to managing ESG issues. The position currently has a remit to operate across the various functions by virtue of the strategic relevance of ESG issues for all activities carried out by the organisation.



DONDUP AND SUSTAINABILITY

OUR VISION

MAIN STAKEHOLDERS

MATERIALITY ASSESSMENT

OUR PILLARS

SUSTAINABILITY PLAN

OUR VISION

//

Dondup believes in equality among humans, takes cares of its communities and creates extraordinary products that fully respect the planet.

//

In setting out the vision that will guide the Group on its sustainability path, we made a conscious decision to take the words that the Tibetan Dalai Lama Mingyar Dondup uses to express equality as our starting point. We then developed a vision that takes into account the commitment we intend to make to the people in our communities, to the customers who buy our products and to the planet we live on. We choose to talk about equality because it is a concept that is close to our hearts. As stated in our Code of Ethics, we reject all discrimination based on age, gender, sexuality, health, race, nationality, political opinions, or religious beliefs. This applies both to relations with our customers and business partners and to relations between people within our organisation.

We intend to look after the local communities where we operate because they are what drives our people. Our corporate culture is proudly rooted in the manufacturing tradition of Le Marche. .

We therefore view protecting the cultural and social heritage that has inspired, and continues to inspire, our work as of the utmost importance.

Our products represent the perfect synthesis of the effort put in by the people who make up the organisation. With each collection, Dondup's offering is shaped by our flexible, versatile and dynamic organisational culture. We seek excellence in the details, to offer customers a contemporary and recognisable style.

Lastly, our vision is confirmation of our commitment to attempting to reduce the environmental impact of our manufacturing activities. Indeed, we adopt the "Precautionary Approach", first formally set out in the Rio Declaration on Environment and Development, selecting processes based on innovative and increasingly cleaner technological solutions. In addition, we carefully assess the materials we use to ensure that the quality of our product is not achieved at the expense of the planet.

MAIN STAKEHOLDERS

Win establishing the sustainability strategy, one of our first activities was to identify our main stakeholders. These are groups of individuals significantly influenced by our ESG initiatives, or who are able to influence the decisions we are required to make in managing these issues. We therefore carried out a specific benchmark analysis for the denim sector to assess the relevance of some of our peers' and competitors' stakeholders with an impact on sustainability topics.

Furthermore, a critical analysis of the sustainability initiatives that Arcadia has undertaken in the past was carried out to identify the main stakeholders with which the organisation has dealt with in specific situations. Thanks to this mapping process, we were able to compile a list of potentially relevant stakeholders. The list was then evaluated and discussed internally in order to assign the stakeholders to two macro-categories



PRIMARY STAKEHOLDER

This group includes the stakeholders with whom Arcadia has significant relationships, especially in the context of its own sustainability strategy.

1

END CUSTOMERS

Naturally, our end customers play a key role in determining the commercial success of our initiatives. Arcadia communicates with them through its ecommerce site, shops and Dondup pages on major social media channels.

2

MADE IN ITALY FUND

Owens a 99% stake in Arcadia S.r.l. and therefore has a decisive role in mapping out the strategic development of the organisation. The organisation interacts with the fund through the activities of the Board of Directors

3

EMPLOYEES

We consider our workforce to be one of the main strengths of the Dondup brand and a focal point for initiating a successful sustainability programme. The working environment within the Arcadia Group is extremely informal and familiar. As a result, with the exception of official communications managed via email, discussions generally take place in the form of dialogue between colleagues.

4

PROCESSING SUPPLIERS AND SUBCONTRACTORS

To make our products we use the services of Italian contractors who support us with specific processes or the entire production of some garments on the basis of commercial production agreements. We develop long-term relationships with our suppliers, aimed at continuously improving joint processes and boosting our employees' welfare.

5

ENVIRONMENT AND FUTURE GENERATIONS

Given our commitment to the environment, we have deemed it appropriate to have these interests represented among the main stakeholders. We are setting up an information-collection system to allow us to quantify Arcadia's impact on the environment. Furthermore, we seek to understand the demands of young people through in-depth market analyses, paying attention to the trends emerging from the main social media channels.

6

RAW MATERIAL SUPPLIERS

To minimise our environmental impacts, close collaboration with our material suppliers is crucial. We are constantly seeking partnerships with suppliers able to offer us innovative and cutting-edge technological solutions that can be used in the creation of Dondup products.

PRIMARY STAKEHOLDER

7

SERVICE PROVIDERS

By services we mean all activities that support our production operations and allow us to ensure we manage our consumption and waste correctly. With this group of stakeholders we aim to develop long-term partnerships, aimed at jointly developing initiatives to maximise the productivity and sustainability of those processes for which we require external support.

9

WORKERS IN THE SUPPLY CHAIN

By maintaining a 100%-Italian supply chain, we intend to ensure that our suppliers' employees enjoy full protection of their rights and satisfactory working conditions. Arcadia places an emphasis on interaction with workers through frequent visits to suppliers as part of the manufacturing of our items.

11

FINANCIAL INSTITUTION

In light of recent regulatory developments, we expect that in future years credit institutions will play a central role in driving the Group's growth and the development of ESG initiatives. The administrative office is responsible for managing relations with financial institutions by responding to their requests for information.

8

OTHER INVESTORS

The development of a structured ESG strategy could be of interest to possible investors. At present, however, Arcadia is not in dialogue with other potential investors.

10

PRESS AND MEDIA

Considered primary stakeholders by virtue of the high communication potential of sustainability initiatives. Arcadia uses press releases to publicise its main sustainability initiatives concerning products.

12

RETAILERS AND ETAILERS

Strategic partners for the distribution of our products through wholesale channels or multi-brand department stores. Arcadia holds regular discussions with them to organise the distribution of the finished product and plan restocking of the new collections.

SECONDARY STAKEHOLDER

in this group we list stakeholders who, though relevant to the development of our ESG initiatives, play a secondary role compared to the stakeholders in the previous group.

1

LOCAL COMMUNITIES

We also intend to generate wellbeing for communities through initiatives that allow us to grow while respecting the cultural and social heritage of the areas in which we operate.

2

CERTIFICATION BODIES

We are in the process of securing environmental and/or social certifications to provide further validation of our sustainability efforts.

3

PEERS AND COMPETITORS

We assess the possibility of collaborating with peers and competitors to facilitate our industry’s transition towards sustainability

4

PUBLIC/LOCAL AUTHORITIES

In view of the rapid regulatory developments linked to ESG issues, public authorities are likely to take on a more central role in determining our approach.

5

LOGISTICS PARTNERS

Partners considered as strategic for reducing our environmental impact in the distribution phase.

6

TRADE ASSOCIATIONS

Relevant in opening discussions with workers, suppliers and our peers and competitors.

7

UNIVERSITIES AND RESEARCH CENTRES

Innovation and research are important enablers in reducing our environmental impacts.

8

ESG-FOCUSED NON-PROFIT ORGANISATIONS

We are interested in developing partnerships with non-profit organisations capable of generating a positive impact on the environment and communities.

MATERIALITY

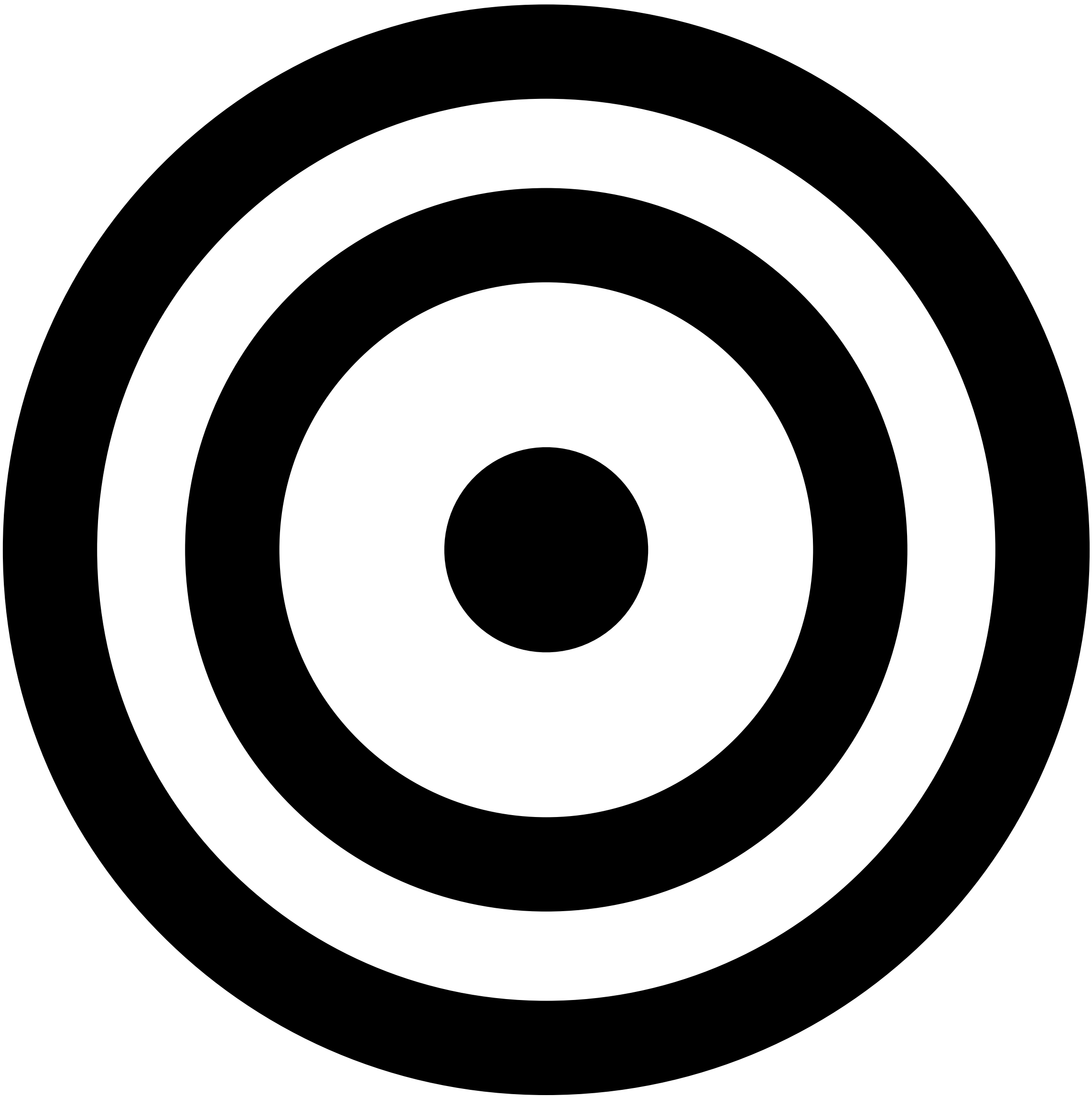


LO ASSESSMENT

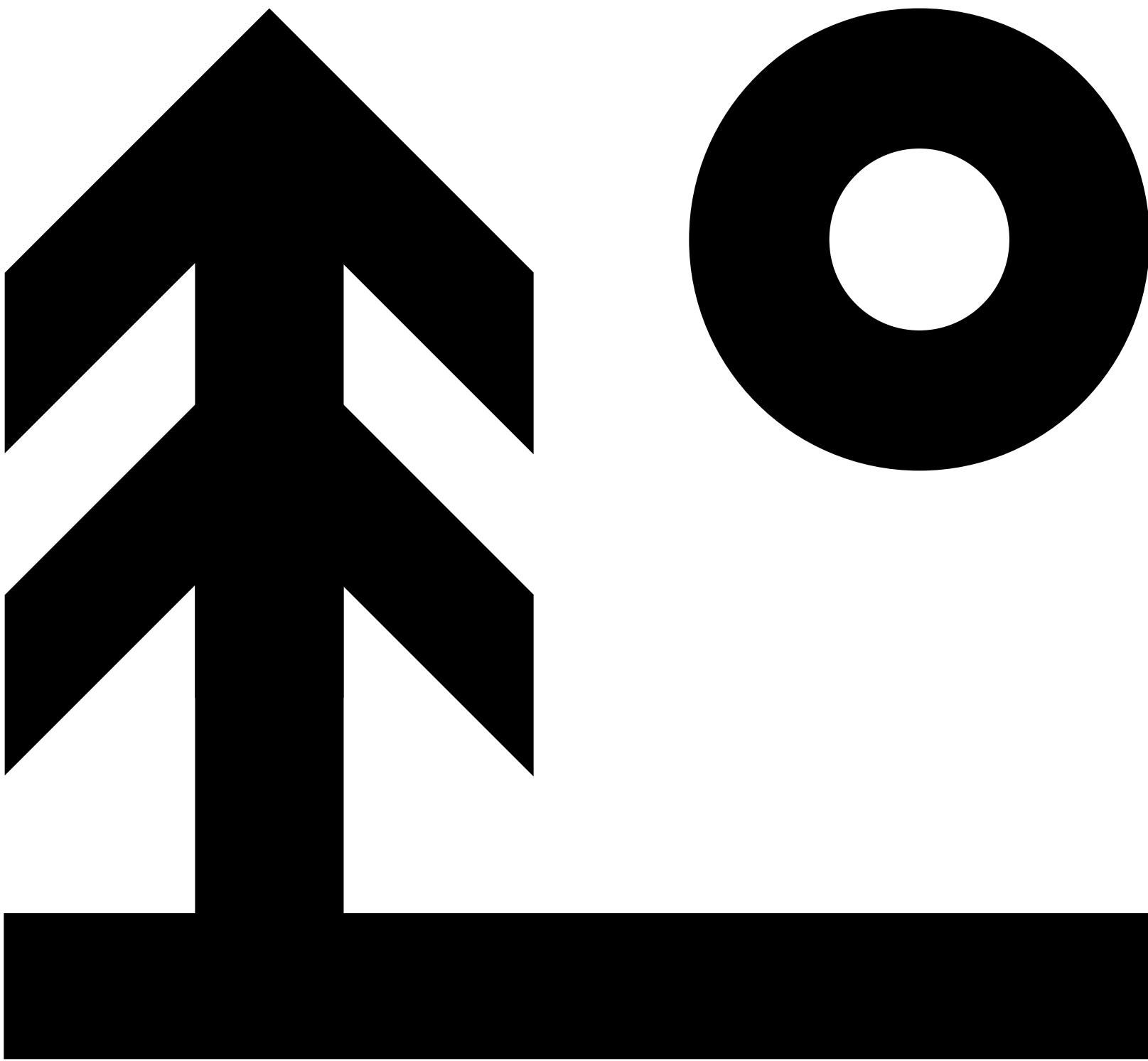
In line with GRI reporting standards, we carried out a materiality assessment aimed at identifying the most relevant sustainability topics for our organisation. Note that the materiality assessment did not take into account the latest version of the GRI standards, with reference to the methodology used for identifying material topics; instead, the assessment work carried out in the previous year has been updated. The Company is working on conducting a new materiality assessment in line with the latest version of the GRI standards for the next reporting period. Materiality was a key principle in establishing the topics to report on and the goals in our Sustainability Plan. The materiality assessment ensures that the needs and interests of various stakeholders are taken into account; it also determines the threshold beyond which an issue becomes sufficiently important to report on.



Arcadia carefully evaluates requests from its stakeholders. For this reason, in the coming years we intend to actively involve them in identifying sustainability issues that are a priority for our organisation. As the previous year was the first materiality assessment, stakeholder engagement was simulated during an internal workshop. Arcadia's management team was asked to respond to a digital questionnaire seeking to replicate the views of the primary stakeholders listed in the previous section. The questionnaire was then used to identify the priority issues from the perspective of the management team itself. The respondents were subsequently asked to evaluate the importance of 19 sustainability topics which a preliminary analysis of the internal and external operations of the organisation had identified as being potentially relevant. The topics assessed are listed below.



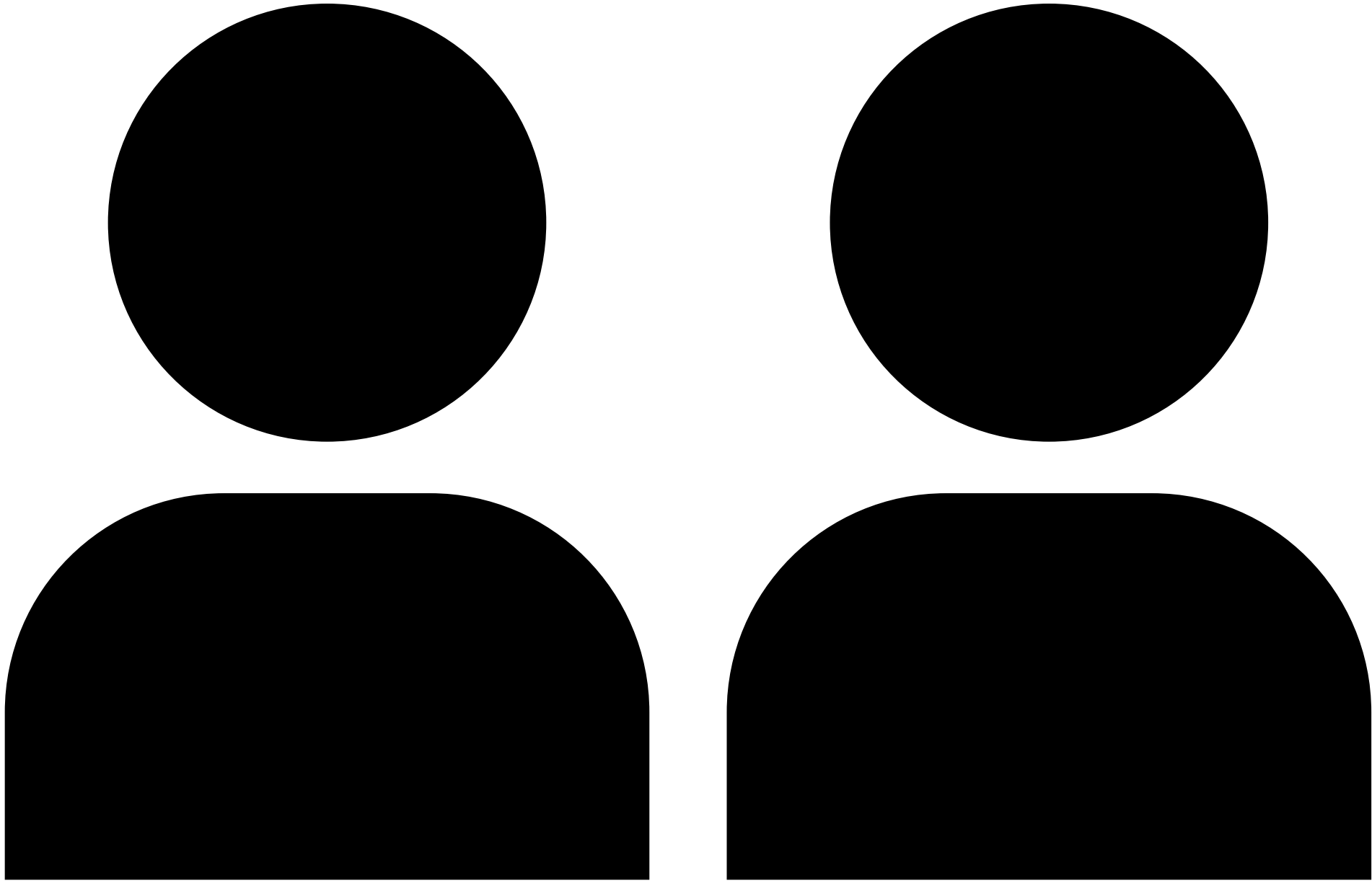
ENVIRONMENTAL TOPICS



-
- 1 SUSTAINABILITY OF RAW MATERIALS**
 - 2 ENERGY EFFICIENCY AND RENEWABLES**
 - 3 WATER CONSUMPTION IN THE SUPPLY CHAIN**
 - 4 REDUCING GHG EMISSIONS**
 - 5 WASTE MANAGEMENT**
-

- 1. Building a lower environmental impact into raw materials procurement.
- 2. Efficiency in energy consumption and use of energy from renewable sources.
- 3. Reduction of water consumption and controlling water discharges.
- 4. Monitoring and reducing greenhouse gas emissions and other air pollutants.
- 5. Management, disposal or recovery practices related to waste generated by the organisation.

SOCIAL TOPICS



6 EMPLOYEE
WELFARE

7 OCCUPATIONAL
HEALTH AND SAFETY

8 STAFF DEVELOPMENT
AND TRAINING

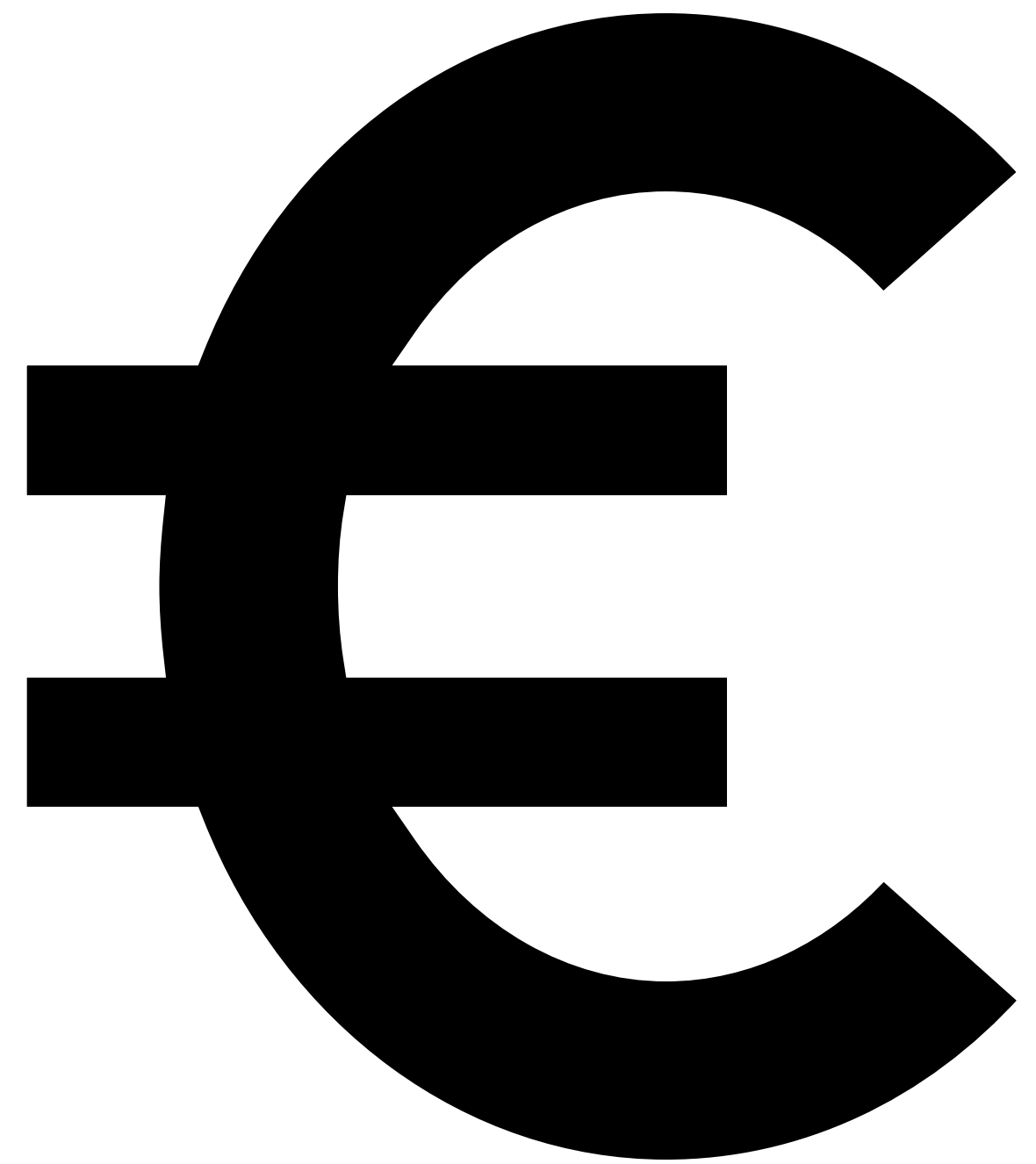
9 DIVERSITY, EQUITY
AND INCLUSION

10 WORKING CONDITIONS IN
THE SUPPLY CHAIN

11 RELATIONS WITH
LOCAL COMMUNITIES

-
- 6. Welfare activities to improve employee wellbeing,
 - 7. Management systems and procedures adopted to protect workers' health and safety,
 - 8. Training and skills development programmes for company personnel,
 - 9. Company policies aimed at promoting gender equality, diversity and inclusion,
 - 10. Assessment of the economic and social conditions of workers in the supply chain,
 - 11. Company initiatives to support communities in areas where the organisation operates,

ECONOMIC TOPICS



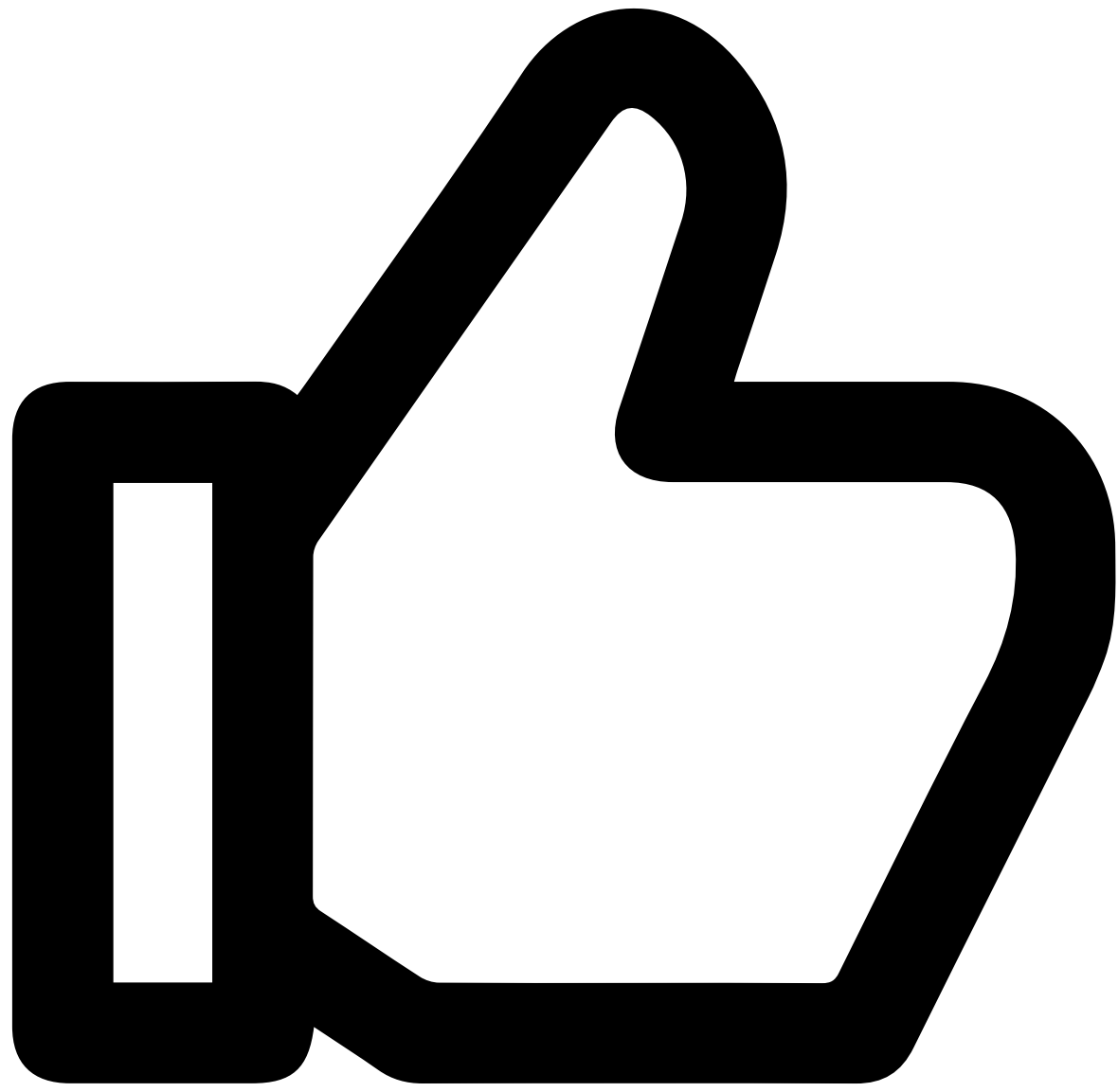
12 RESPONSIBLE SUPPLIER
MANAGEMENT

13 SUPPLY CHAIN
PROXIMITY

14 TACKLING
CORRUPTION

12. Sustainability policies adopted in the supplier selection phase and sustainability partner
13. Maintaining a short, Italian-based supply chain to protect product quality.
14. Management systems adopted by the organisation to prevent issues relating to corrupt

COMPANY-WIDE TOPICS



-
- 15 CUSTOMER SAFETY**
 - 16 CUSTOMER SATISFACTION**
 - 17 TECHNOLOGICAL INNOVATION IN PROCESSES**
 - 18 PRODUCT CIRCULARITY**
 - 19 SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY**

15. Practices carried out by the company to protect the health and safety of its customers.
16. Practices adopted by Arcadia to assess its customers' satisfaction levels.
17. Significance of technological innovation to its production processes.
18. Usiness practices to facilitate the transition to a circular consumption model.
19. Practices aimed at promoting the transparency and traceability of its production proce:

THE MATERIALITY MATRIX

The answers collected during the internal workshop were then consolidated and given a weighting on the basis of the priorities of the individual stakeholders represented. This was done to evaluate their perspective on the proposed topics more effectively. The results were presented in the form of a materiality matrix and evaluated by Arcadia's management, who deemed it appropriate to supplement the list of material topics with three topics that had also been excluded from the analytical methodology used to develop the matrix. This decision reflects the management's intention to provide a complete and exhaustive disclosure on all topics of possible interest to the Group and its stakeholders. As can be seen from the matrix below, for the stakeholders whose interests were simulated during the workshop, issues of a universal and social nature were particularly relevant. These included customer satisfaction, employee welfare, occupational health and safety, and supply chain traceability and transparency. In preparing this sustainability report, the company's management decided to revalidate the previous year's materiality assessment.

● ENVIRONMENTAL TOPICS

- 1. Sustainability of raw materials
- 2. Energy efficiency and renewables
- 3. Water consumption in the supply chain
- 4. Reduction of GHG emissions
- 5. Waste management

● SOCIAL TOPICS

- 6. Employee welfare
- 7. Occupational health and safety
- 8. Staff development and training
- 9. Diversity, equity and inclusion
- 10. Working conditions in the supply chain
- 11. Relations with local communities

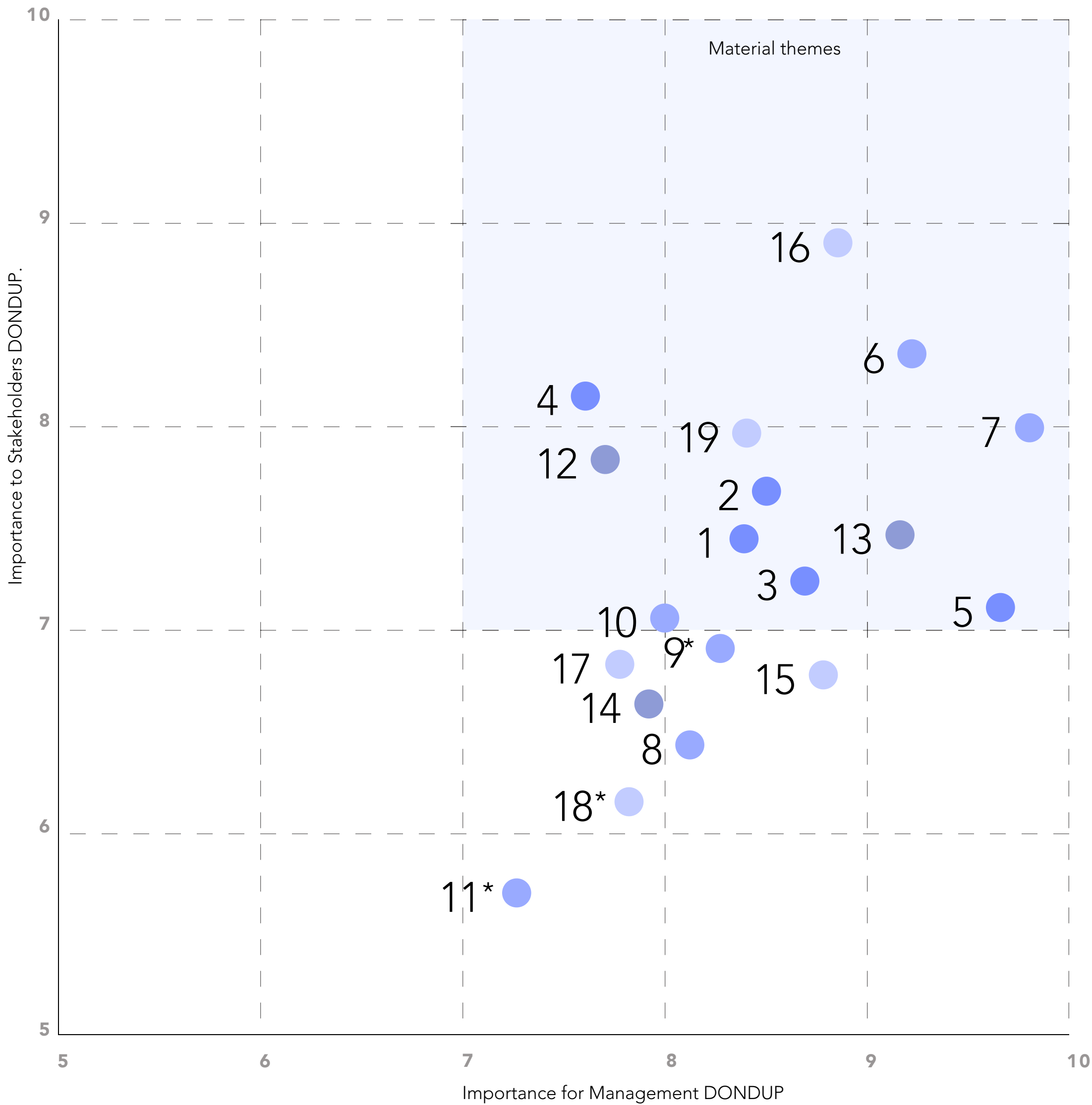
● ECONOMIC TOPICS

- 12. Responsible supplier management
- 13. Supply chain proximity
- 14. Tackling corruption

● COMPANY-WIDE TOPICS

- 15. Customer safety
- 16. Customer satisfaction
- 17. Technological innovation in processes
- 18. Product circularity
- 19. Supply chain traceability and transparency

*Theme deemed material



ENVIRONMENTAL TOPICS

- 1** SUSTAINABILITY OF RAW MATERIALS & PRODUCT CIRCULARITY
- 2** REDUCTION OF GHG EMISSIONS THROUGH ENERGY EFFICIENCY AND RENEWABLES
- 3** WATER CONSUMPTION IN THE SUPPLY CHAIN
- 4** WASTE MANAGEMENT

1. Building a lower environmental impact into raw materials procurement and adoption of practices facilitating the transition towards a circular consumption model.
2. Monitoring and reduction of greenhouse gas emissions through energy efficiency and use of energy from renewable source.
3. Reduction of water consumption and controlling water discharges.
4. Management, disposal or recovery practices related to waste generated by the organisation

Given the similarity of some of the proposed topics in conceptual terms, it was decided to combine certain pairs of topics into a single material topic. As a result of this process, 12 material themes were identified, divided into four areas.

SOCIAL TOPICS



5 EMPLOYEE WELFARE

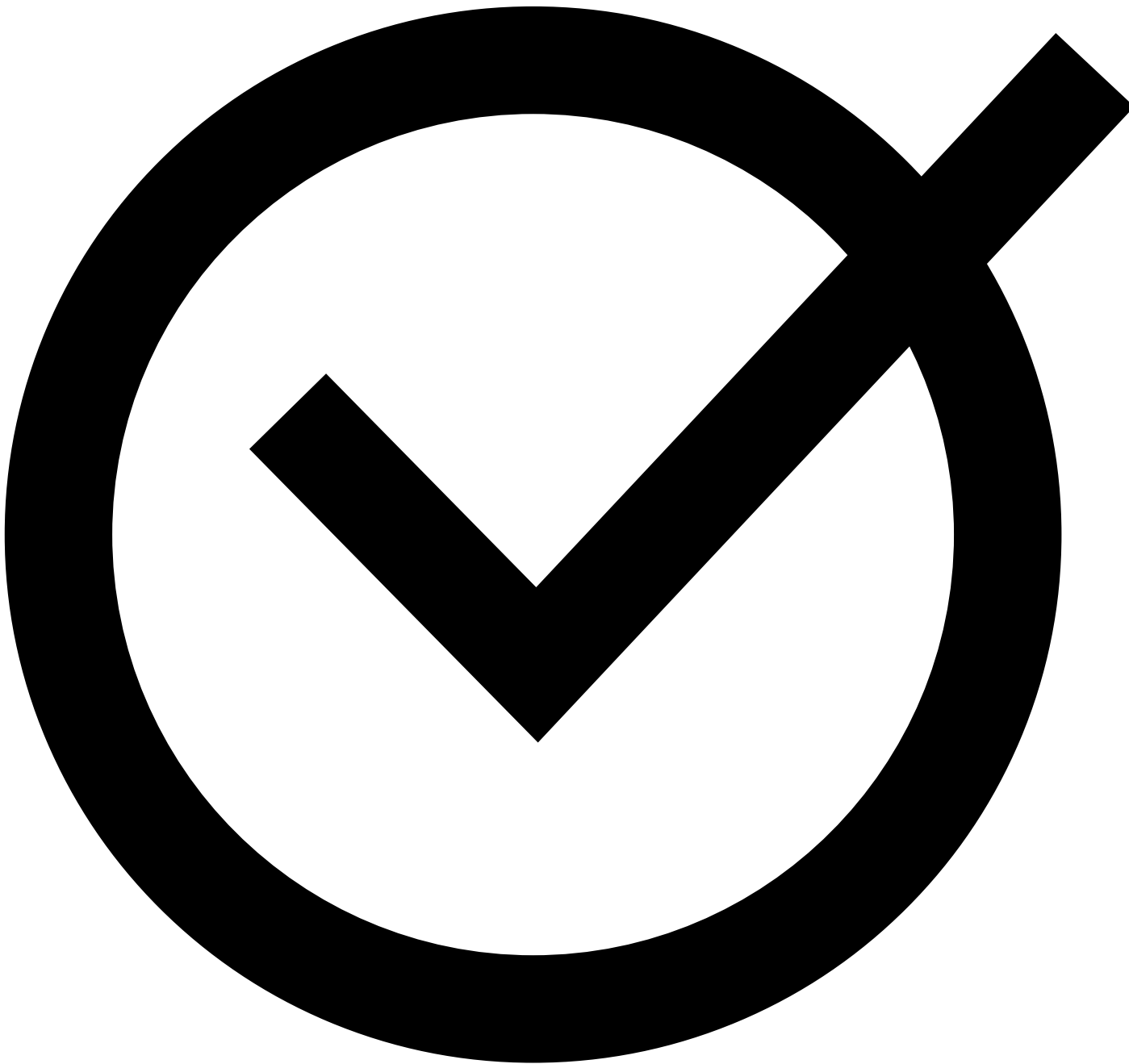
6 OCCUPATIONAL HEALTH
AND SAFETY

7 DIVERSITY, EQUITY
AND INCLUSION

8 RELATIONS WITH LOCAL
COMMUNITIES

-
- 5. Welfare activities to improve employee wellbeing.
 - 6. Management systems and procedures adopted to protect health and safety in the workplace.
 - 7. Company policies aimed at promoting gender equality, diversity and inclusion.
 - 8. Company initiatives to support communities in areas where the organisation operates.

ECONOMIC TOPICS



**9 RESPONSIBLE SUPPLIER
MANAGEMENT**

**10 WORKING CONDITIONS IN
OUR LOCAL SUPPLY CHAIN**

9. Sustainability policies adopted in supply chain management and development of partnerships for sustainability initiatives.
10. Assessment of the economic and social conditions of workers in Arcadia's Italian-based supply chain.

COMPANY-WIDE TOPICS

11 CUSTOMER SATISFACTION

12 SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY

11. Practices adopted by the organisation to assess customer satisfaction levels.
12. Practices aimed at promoting the transparency and traceability of production processes.



OUR PILLARS

The results of our materiality assessment allowed us to identify the key aspects underpinning the Arcadia Group's new ESG strategy. The material topics identified best represent the sustainable development aims that have guided the organisation for over twenty years. Each topic homes in on a way in which Arcadia intends to achieve its vision, providing a practical and strategic description of the main intentions that lie behind it. We have therefore decided to outline our sustainability strategy across three main lines of action. These bring together all our material topics and combine the individual elements that make up our vision. To this end we present below the three pillars that will support Arcadia's sustainability strategy.



PRODUCT



1 SUSTAINABILITY OF RAW MATERIALS AND PRODUCT CIRCULARITY

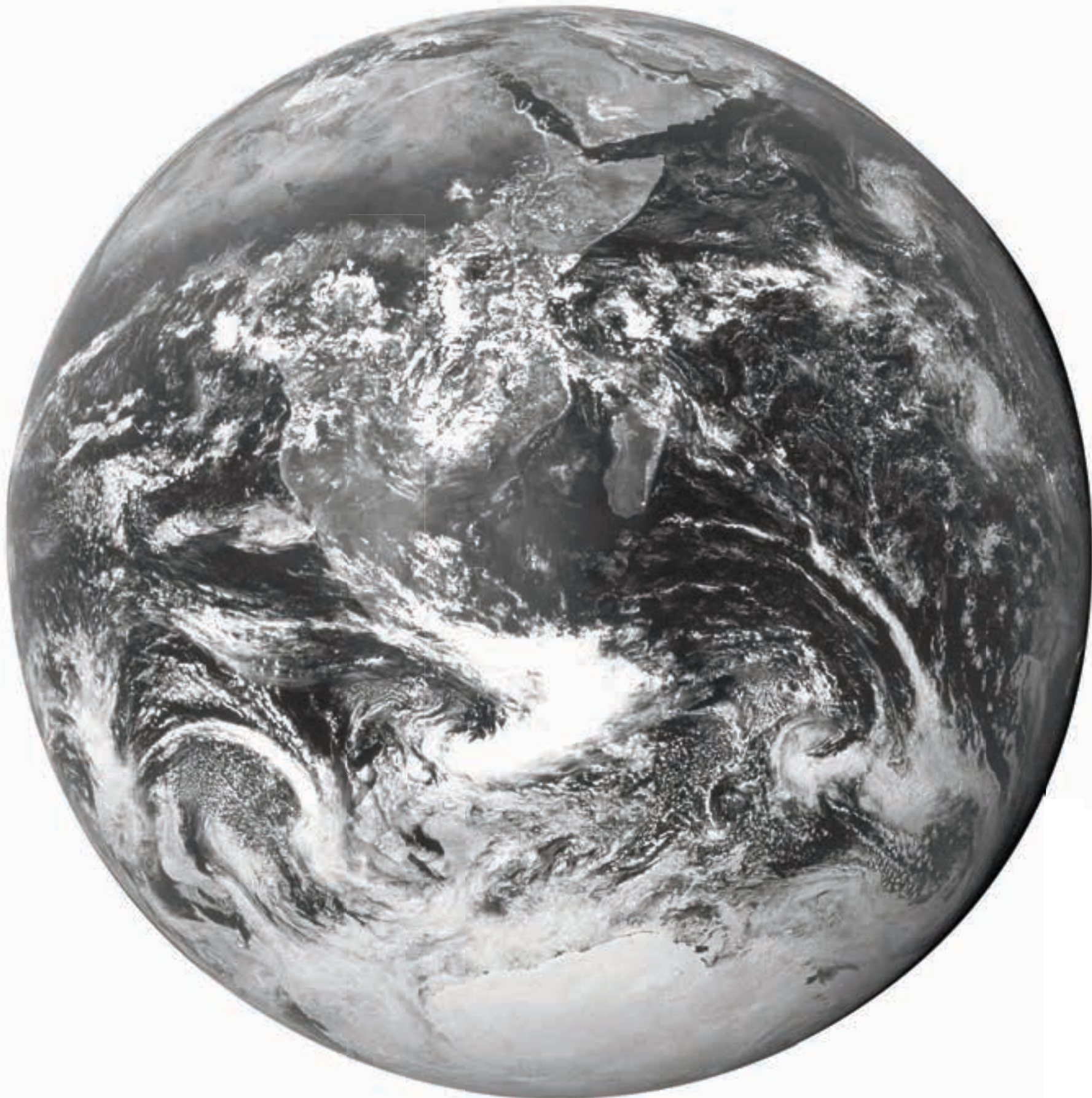
2 TRACEABILITY AND TRANSPARENCY OF PRODUCTION PROCESSES

3 RESPONSIBLE MANAGEMENT OF SUPPLIERS

4 WORKING CONDITIONS ACROSS OUR ITALIAN SUPPLY CHAIN

The fruit of our labour. The form in which we present our values and our idea of style to the world. Our product and the way it is created represent the very essence of the Dondup brand. For this reason, in addition to the uncompromising quality and timeless style we are known for, in creating our products we have forced ourselves to seriously consider our organisation’s approach to the following material aspects

PLANET



5 WASTE MANAGEMENT
TO MINIMISE ITS RELATED
IMPACTS

7 THE REDUCTION OF WATER
CONSUMPTION IN OUR
SUPPLY CHAIN PROCESSES

6 THE REDUCTION OF OUR
GREENHOUSE GAS
EMISSIONS THROUGH
INITIATIVES RELATING TO
ENERGY EFFICIENCY AND
THE PROCUREMENT OF
ENERGY FROM RENEWABLE
SOURCES

We reiterate our intention to protect the planet as part of our corporate philosophy. The style we present to the market must not be the result of the deterioration of ecosystems and depleting natural resources. Our commitment in this regard is represented by the measures we take in these material topics

PEOPLE



8 CUSTOMER SATISFACTION

9 EMPLOYEE WELFARE

10 OCCUPATIONAL HEALTH AND SAFETY, WITH THE GOAL OF “ZERO INJURIES”

11 PROMOTING DIVERSITY, EQUITY AND INCLUSION

12 OUR RELATIONS WITH LOCAL COMMUNITIES

Dondup represents, first and foremost, a group of people who identify with the value of equality and a passion for style. Our family comprises not only our employees, but also our customers, the communities we operate in, our suppliers and all our other business partners. We believe it is our duty to take care of all these people and we intend to do this through the coordinated management of the following material topics.

SUSTAINABILITY PLAN

We based our first Sustainability Plan for the period 2022-2027, which has been approved by the Board of Directors, around the material topics we identified and the three pillars described in the previous section. For Arcadia the Plan is the ideal response to the requirement of achieving the Group's sustainable growth ambitions. The initiative has also proved useful for collecting and organising information regarding our sustainability path to date, giving us an overall view of our work and allowing us to identify the priorities that will drive future initiatives.

For each of the material topics identified, we examined the goals we want to achieve in order to guarantee our organisation's development in a way that takes into account the many facets of sustainability within our domain of activity. Representing Arcadia's principles, mantras and missions, 10 high-level objectives were formulated, which are designed to guide the Group's decisions over the coming years. The Sustainability Plan set out by the organisation therefore takes into account all the aspects dealt with in this report and outlines them in the form of their prospective development, with the ultimate goal of driving the creation of shared value for the Group and its stakeholders.

The 2022-2027 Sustainability Plan includes details of over 60 projects and initiatives that Arcadia has undertaken, or intends to undertake, to pursue its high-level objectives. The initiatives have been divided into three categories, each based on the relevant stage of the project.

INITIATIVES IN PROGRESS

Projects relating to sustainability topics launched by Arcadia over the past three years and which we expect to be ongoing for the period of the Plan.

PLANNED INITIATIVES

Projects in development, for which the organisation has already taken the necessary first steps to achieve effective implementation within the Plan's scope of application.

NEW INITIATIVES

Initiatives conceived and developed during the drawing up of the Plan. These complete the Group's sustainable growth strategy for areas not fully covered by the initiatives described in the previous points.

Operational objectives have been established for all the initiatives in the Sustainability Plan. These are aimed at clearly outlining the scope of application, the timeframe and responsibilities. Furthermore, where possible, the organisation has tried to identify qualitative and quantitative indicators that make it possible to monitor progress towards the operational objectives.

As regards initiatives aimed at increasing people's wellbeing, the People Pillar sets out a series of projects that involve our customers, employees and local communities. The Plan envisages the development of a system that allows us to actively monitor the degree of our customers' satisfaction, through the adoption of technological and methodological solutions aimed at gathering market impressions regarding ongoing interactions with the Dondup brand. Initiatives for employees are also planned, aimed at increasing their level of wellbeing through corporate welfare activities and practices to safeguard occupational health and safety with the goal of "zero injuries". The pillar also includes activities and policies designed to promote fairness and inclusion and enhance diversity in the company, as well as initiatives aimed at supporting the communities in the areas where we operate.

The Product Pillar focuses on the sustainability practices adopted within the production supply chain of Dondup garments, with a particular emphasis on the processes and personnel management of our suppliers. Arcadia has identified initiatives to lower the environmental impact of procuring raw materials and the adoption of practices aimed at transitioning to a circular consumption model, both for the garments we sell and product packaging. Furthermore, the Group plans to implement activities that promote transparent and traceable production processes, collecting information from our suppliers regarding

their environmental impact and social policies. For the latter, specifically, we envisage setting up a supplier control system to guarantee that all workers in our Italian supply chain operate under fair economic and social conditions, in accordance with national standards.

Planet, the Pillar relating to the management of environmental issues, focuses on reducing the environmental impacts generated by the Group's operating activities. As regards the management, recovery and disposal of waste, Arcadia plans to maintain and extend the recycling initiatives it has launched in recent years and expand its monitoring activity to also evaluate the waste management methods adopted by suppliers. The Sustainability Plan has also seen the company set up a system for monitoring greenhouse gas emissions, which it plans to reduce through energy efficiency solutions and the use of energy from renewable sources. In addition, the Plan focuses particularly on the effective and conscious management of the water resources that our organisation uses by developing a process to map water consumption and assess the use of processes that are especially efficient in this respect.

Lastly, we wanted to understand how the efforts we intend to make under our new Sustainability Plan will contribute to resolving global sustainable development challenges. For this reason, we aligned the initiatives proposed in the Plan with the 2030 Agenda set out by the United Nations in 2015 during the 21st edition of the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) held in Paris. The 2030 Agenda is made up of 17 global objectives called Sustainable Development Goals (SDGs), which in turn are broken down into a total of 169 specific targets that humanity must achieve by 2030.



SDGS AND 2030 AGENDA TARGETS RELEVANT TO OUR SUSTAINABILITY PLAN

Arcadia has identified 7 SDGs and 12 specific targets which the Group contributes to achieving through implementing the initiatives set out in the 2022-2027 Sustainability Plan. These are shown in table 2.1 alongside the Group’s material topics.

| SDG | TARGET | MATERIAL TOPIC |
|--|--|--|
| HEALTH AND WELFARE | 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases, and combat hepatitis, water-borne diseases and other communicable diseases 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing | Employee wellbeing Occupational health and safety |
| GENDER EQUALITY | 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life | Diversity, equity and inclusion |
| CLEAN WATER AND HYGIENE | 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally | Water consumption in the supply chain |
| DECENT WORK AND ECONOMIC GROWTH | 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment | Sustainability of raw materials & product circularity Working conditions in Arcadia’s local supply chain Supply chain traceability and transparency Responsible supplier management |
| SUSTAINABLE CITIES AND COMMUNITIES | 11.4 Strengthen efforts to protect and safeguard the world’s cultural and natural heritage | Relations with local communities |
| RESPONSIBLE CONSUMPTION AND PRODUCTION | 12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle | Sustainability of raw materials & product circularity Supply chain traceability and transparency Waste management Supply chain traceability and transparency |
| CLIMATE ACTION | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries | Reduction of GHG emissions through energy efficiency and renewables |

PRODUCT

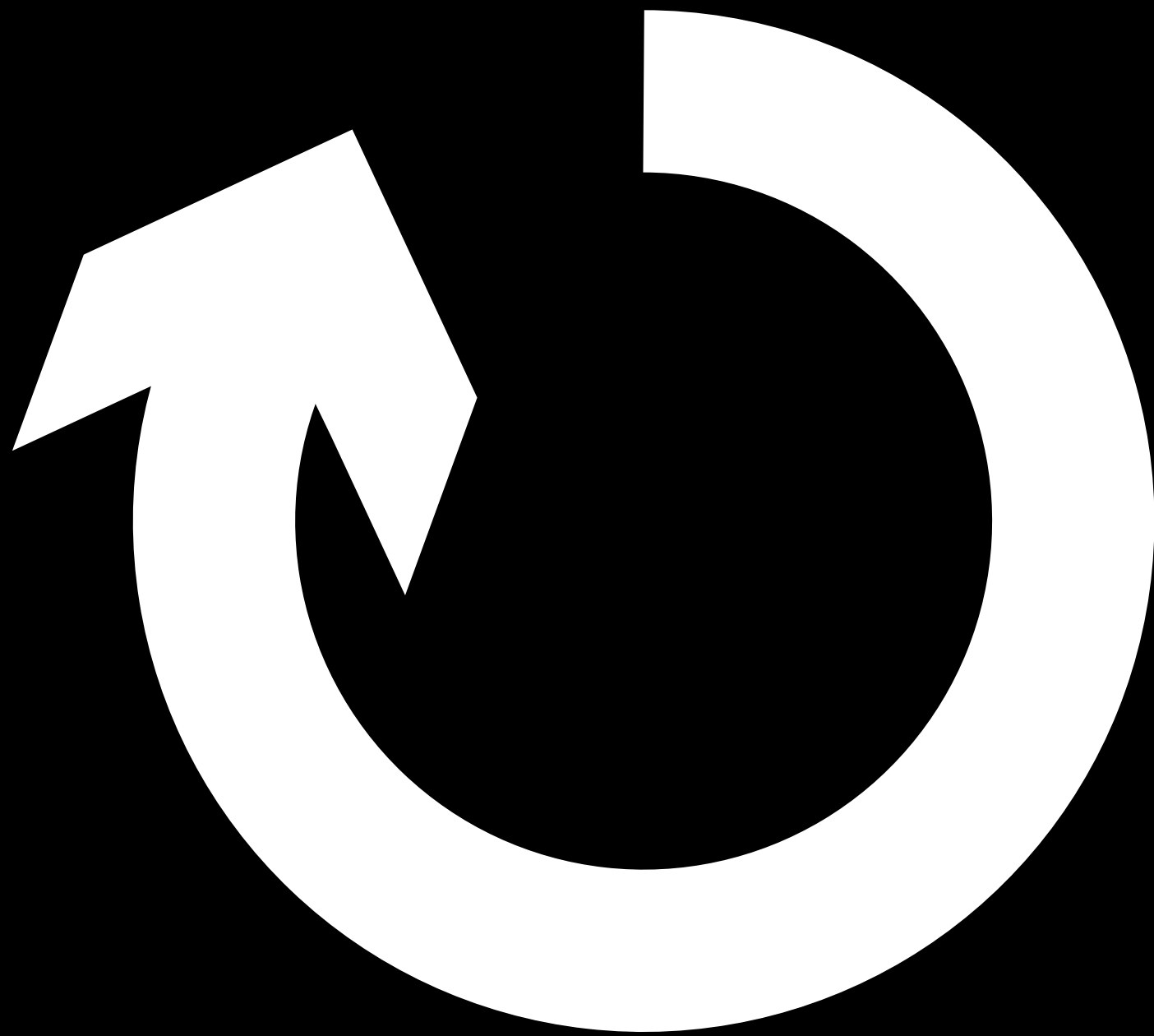
SUSTAINABLE SOURCING
AND CIRCULARITY

SUPPLY CHAIN TRACEABILITY
AND TRANSPARENCY

WORKING CONDITIONS IN
OUR SUPPLY CHAIN

SUSTAINABLE SOURCING AND CIRCULARITY

The sustainability path undertaken by Arcadia begins with our product and the materials that go into it. The quality and style that customers can expect from our garments are the result of a rigorous procurement process, geared towards seeking the perfect combination of aesthetic performance and durability in the raw materials we select. In addition to these criteria – and especially in recent years – we have added an increasing focus on the environmental impacts associated with the materials we purchase, carefully evaluating the possibility of adopting innovative solutions that help us to reduce our footprint on the planet.



Purchasing sustainable raw materials is fundamental for Arcadia as it represents the best option we have of reducing the environmental impact generated by the production of our garments. For this reason, Arcadia seeks to ensure that the majority of the raw materials it purchases are certified as being responsibly sourced, use chemicals and processes with a low environmental impact and are traceable throughout the supply chain.

Most of the environmental impacts associated with the fashion sector derive from the production activities upstream of assembling the finished products. These impacts vary in nature and intensity on the basis of the material in question. Although Arcadia is not directly involved in the generation of these environmental impacts, the organisation is aware that it bears great responsibility in identifying and selecting raw material suppliers who can offer high-quality solutions that are the result of innovative and clean production processes. Arcadia manages this area by engaging in continuous dialogue with suppliers so as to evaluate, season after season, the potential for including new materials in its collections that feature cutting-edge environmental characteristics while maintaining the Dondup brand's uncompromising quality and aesthetic standards.

Typically the materials are developed, manufactured and tested independently by the suppliers and then presented to the Arcadia style office. In addition to their impact, Arcadia evaluates their aesthetic suitability in respect to the stylistic parameters that define Dondup's identity; it also carries out tests to verify that the material is suitable for undergoing our production processes. The organisation assesses the possibility of selecting sustainable materials when developing all our garments, whether they are produced internally through industrialised production processes, or contracted out to specialised suppliers as part of commercial production agreements. Our style office oversees the product development processes for both production methods, making sure that the materials used meet the desired aesthetic, technical and environmental specifications. In addition to the style office, our purchasing office also plays a key role in the procurement process: it works to ensure that raw materials are purchased in sufficient quantities for our production requirements, thereby avoiding the generation of waste and hard-to-manage inventories. The purchasing office is also responsible for verifying that our raw material suppliers are aligned with our ethics and sustainability standards and committed to ensuring our values apply to the supply chain.

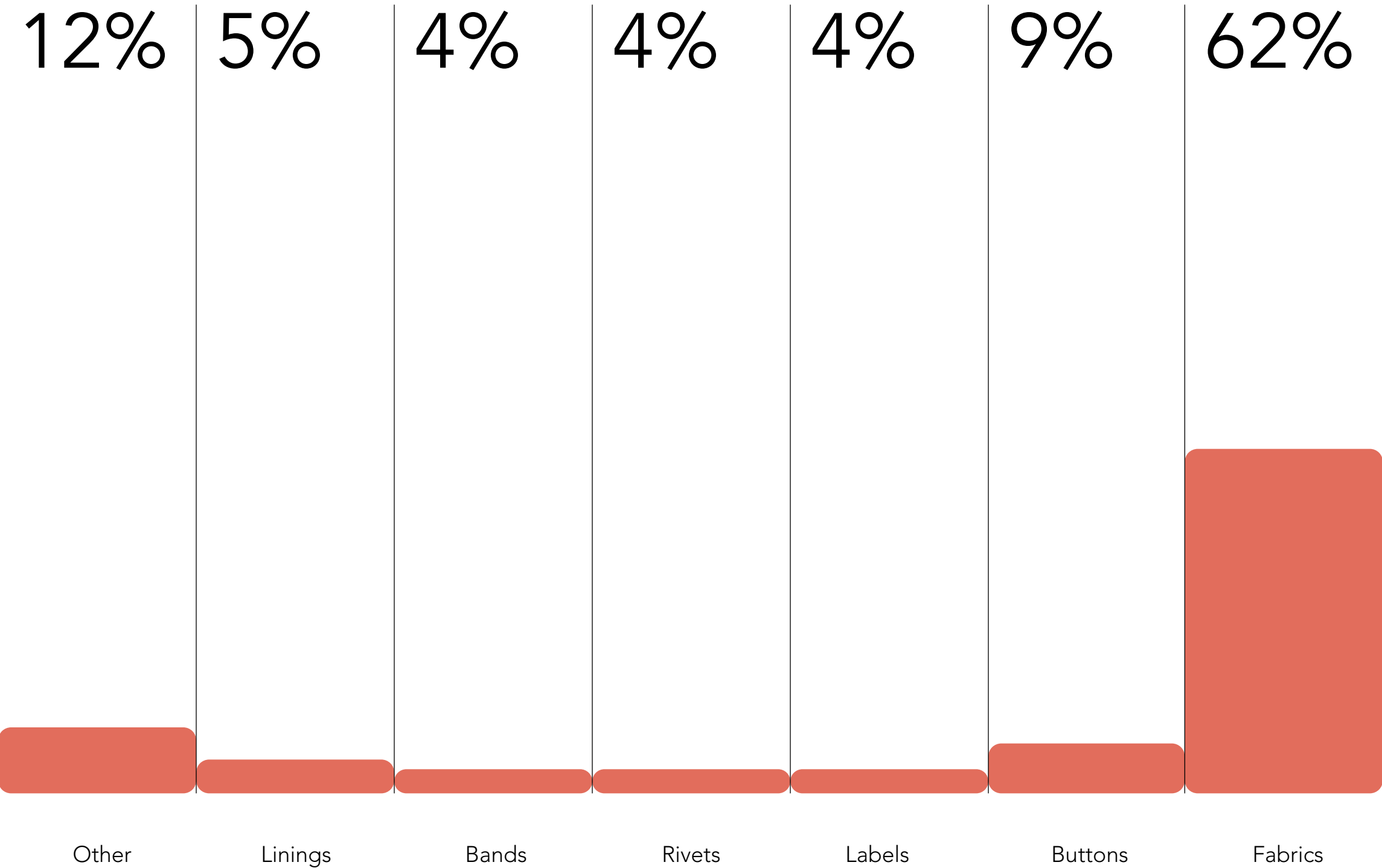
TYPE OF FIBER

Arcadia’s goal is for 25% of its fabrics to be recycled. For this reason, it made the decision to undertake a specific certification process for its products. Arcadia introduced and communicated to key stakeholders and decision makers its new materials sourcing policy, developing a decision-making framework for purchasing, product development and design. Dondup's material tool has three tiers of sustainable fibres; all of these are internally defined as sustainable. By selecting them, we aim to highlight the most sustainable and circular fibres, with the goal of pushing our development even further and challenging the industry to focus on the definition and use of sustainable fibres. In addition to the Sustainable categories, there is a “Do Not Use” category for fibres that should not be used in any way in Dondup products.

| SUSTAINABLE FIBERS | UNSUSTAINABLE FIBERS |
|---|------------------------|
| GRS COTONE | NO CERTIFY ACETATE FSC |
| GOTS COTTON | NO CERTIFY VISCOSE FSC |
| OCS COTTON | LINEN |
| BCI COTTON | ELASTAN |
| TENCEL LYOCELL | ACETATE |
| HEMP COTTON | CUPRO |
| BLUESIGN | POLYESTER |
| LWG CERTIFY LEATHER | NYLON |
| RECYCLEDELASTAN | ACRYLIC |
| GUADO | MODAL |
| RECYCLED CASHMERE | VIRGIN WOOL |
| | VISCOSE |
| | LEATHER |
| UNUSED FIBERS | |
| FUR | |
| FEATHER | |
| PROTECTED SPECIES LEATHER | |
| EXOTIC ANIMAL LEATHER | |
| FUR OF ANIMALS RAISED IN CAGES | |
| COTTON FROM UZBEKISTAN AND TURKMENISTAN | |

PERCENTAGE OF SPENDING ON MATERIALS DURING 2023

In view of the nature of our products, fabrics naturally occupy a central role in Arcadia's sourcing strategies. Each of the fabrics we select is the main element in the garment sold in stores and the most significant aspect in determining customer satisfaction levels for the Dondup brand. The following chart shows the percentages of expenditure for the main materials purchased by Arcadia during the 2023 financial year.



FABRICS INCLUDED IN THE W22 & S23 COLLECTIONS AND FUTURE PROJECTS

Given the importance of fabrics to Dondup's products, Arcadia has in the past offered new cloths with sustainable features by adopting an "experimental" approach. These were developed through seasonal capsule collections which led to the adoption of the fabric as a carry-over material.

See below for further details on fabrics included in the W22 and S23 collections and future projects.

1

REGENERATED CASHMERE

This type of recycled cashmere is obtained through the regeneration of post-consumer virgin cashmere fibres. This process follows circular economy principles and provides quality cashmere with a reduced impact on the environment due to its use of production waste and old cashmere garments to obtain reels of regenerated yarn that new clothing can be made from.

3

HEMP COTTON

This promising material, used as an alternative to traditional cotton, allows us to significantly reduce our impact since it requires much lower quantities of pesticides and water resources during its cultivation and guarantees higher yarn production using the same surface area.

5

CERTIFIED DENIM CLOTHS FROM SUSTAINABLE CROPS

When selecting denim cloths in recent seasons, we have given priority to materials with traceability certifications guaranteeing their origin. Another reason for opting to give preference to these materials is that the certification they hold provides a number of additional benefits:

- the use of chemicals with much stricter human and environmental toxicity levels than the minimal legal requirements;
- the use of plants in which environmental parameters are continually monitored by third parties with more stringent indicators than those required by law;
- the use of third-party-verified suppliers throughout the chain, ensuring compliance with health and safety and workers' social standards

2

RECYCLED CASHMERE

A carded yarn obtained from re-using knitting scraps.

4

CERTIFIED VISCOSE JERSEYS

Carry-over articles in which a certified material from responsibly managed forests is used. The Company has put in place a specific system of procedures for selecting certified suppliers and evaluating materials. This applies both during the design of the collections and during procurement and control phases.

6

DENIM CLOTHS IN CERTIFIED RECYCLED FABRIC

As noted above, Arcadia also seeks out recycled cotton through its purchase of certified canvases. As well as being traceable throughout the supply chain, guaranteeing that the materials are recycled, the chemicals used across the various manufacturing stages are also guaranteed and certified. These substances must not pose a risk to human health or the environment. In addition to this, all phases of processing must have an environmental management system in place. This should ensure compliance with regulation and the ongoing reduction of environmental impacts. Through specific certification the various players in the supply chain also guarantee compliance with workers' social standards and the reduction of health and safety risks.

1 Duque, Ana & Pequito, Sergio & Pazour, Jennifer. (2020). Industrial hemp fibre: A sustainable and economical alternative to cotton. Journal of Cleaner Production. 268. 122180. 10.1016/j.jclepro.2020.122180.

FABRICS INCLUDED IN THE W22 & S23 COLLECTIONS AND FUTURE PROJECTS

In order to ensure that we keep track of materials that meet the highest sustainability standards, we use specific letters within the codes. This differs from previous practice, where the letter “E” was used generically in the fabric code, making it time-consuming to trace the specific certification type. This change was set out in our Sustainability Plan and, by virtue of the new methodology, the data in Table 3.1 on the use of textiles from sustainable and recycled materials has been revised retrospectively. In addition, where Arcadia has submitted finished products for certification, we have opted to include a letter in the article code to indicate the type of certification – namely “K” for products with materials from sustainable cultivation and “H” for products made from recycled raw materials. This means that the range of available sustainable fabrics is highly visible to our style office. In addition, we have also created a book in recent years showing all available fabrics, including those from older collections, and the quantities we hold in stock. This is to reduce waste, facilitate reusing fabrics in future collections and avoid purchasing new materials before inventories have been used up for production.

7 SUSTAINABLE COTTON

Again with reference to denim, as well as to trouser fabrics, the style office selects materials from the world's largest cotton sustainability programme. This non-profit programme involves all stakeholders in the cotton supply chain – from farmers to fashion companies. It provides training to help transition cultivation techniques towards less pesticide use and more effective use of water and soil resources, as well as towards better and fairer conditions for workers in the sector

9 BLUESIGN

Another of Arcadia’s future denim projects is the introduction of Bluesign-certified cloths into its collections. This certification focuses on chemicals. Bluesign-certified fabrics are treated with chemicals that have been created to be environmentally friendly. The certification requires that approved chemicals are used, and that the fabric has 60% of cellulosic fibre and a twill construction.

8 REGENERATED YARNS

Arcadia's aim is to seek out and use regenerated yarns in the outerwear and blazer categories too. Regenerated yarns are obtained from sorting and selecting industrial (pre-consumer) and/or clothing (post-consumer) textile waste on the basis of its composition, material and colour. Once divided by colour and composition, the waste undergoes tearing and shredding processes to create fibres ready to be spun.

10 LYOCELL

in the S23 season we introduced a 100% Lyocell Lenzing fabric. Lyocell is a recently introduced type of ecological fabric that is produced using fibres from renewable sources. LENZING™ Lyocell fibres are known for being naturally comfortable and employing an environmentally friendly production process. They offer quality, performance and versatility. Their unique physical properties include resistance, moisture control and gentleness on the skin. In light of the material's qualities and excellent performance, Arcadia opted to carry it over into the summer seasons. In addition to its use in pure form in the cloth mentioned above, the material is also used in a mix with other fibres such as cotton and elastane.



Most of the eco-sustainable fabrics introduced in past collections have become best sellers and consequently adopted as carry-over materials, featuring permanently in the Spring/Summer (SS) or Fall/Winter (FW) collections depending on the fabric's seasonality. In general, the men's and women's collections tend to be developed in line with a common mood, with the aim of using similar fabrics for the two collections.

The most important material in the fabrics used by Arcadia is cotton, as it is by far the most common fibre in the composition of the canvases we purchase.

For this reason, our style office is keen to assess fabrics made from certified cotton that meet sustainability criteria.

Our main carry-over fabrics and best sellers with sustainable cotton are gabardine and satin and various denim cloths. Sustainable cotton was introduced in the SS20 season and since then has been used to an increasing degree for all our subsequent collections.

During the course of the year, we introduced additional cloths with material-specific product certifications.

Another sustainable material that Arcadia has started using over the last few seasons is hemp cotton. This promising material, used as an alternative to traditional cotton, allows us to significantly reduce our impact since it requires much lower quantities of pesticides and water resources during its cultivation and guarantees higher yarn production using the same surface area.

By using industrialised production processes Arcadia creates not only denim trousers, which have always been the Dondup brand's strength, but also outerwear and blazers in various types of fabrics. Specifically, from the FW22 season onwards, and with new fabrics introduced in FW23, we have used fabrics with recycled wool yarns developed by our suppliers. These fabrics have helped us to take a further step forward in completing our eco-sustainable product offering.

The table below shows data regarding the quantities of total fabrics and sustainable and recycled fabrics purchased in the three reporting years.

2 Duque, Ana & Pequito, Sergio & Pazour, Jennifer. (2020). Industrial hemp fibre: A sustainable and economical alternative to cotton. Journal of Cleaner Production. 268. 122180. 10.1016/j.jclepro.2020.122180.



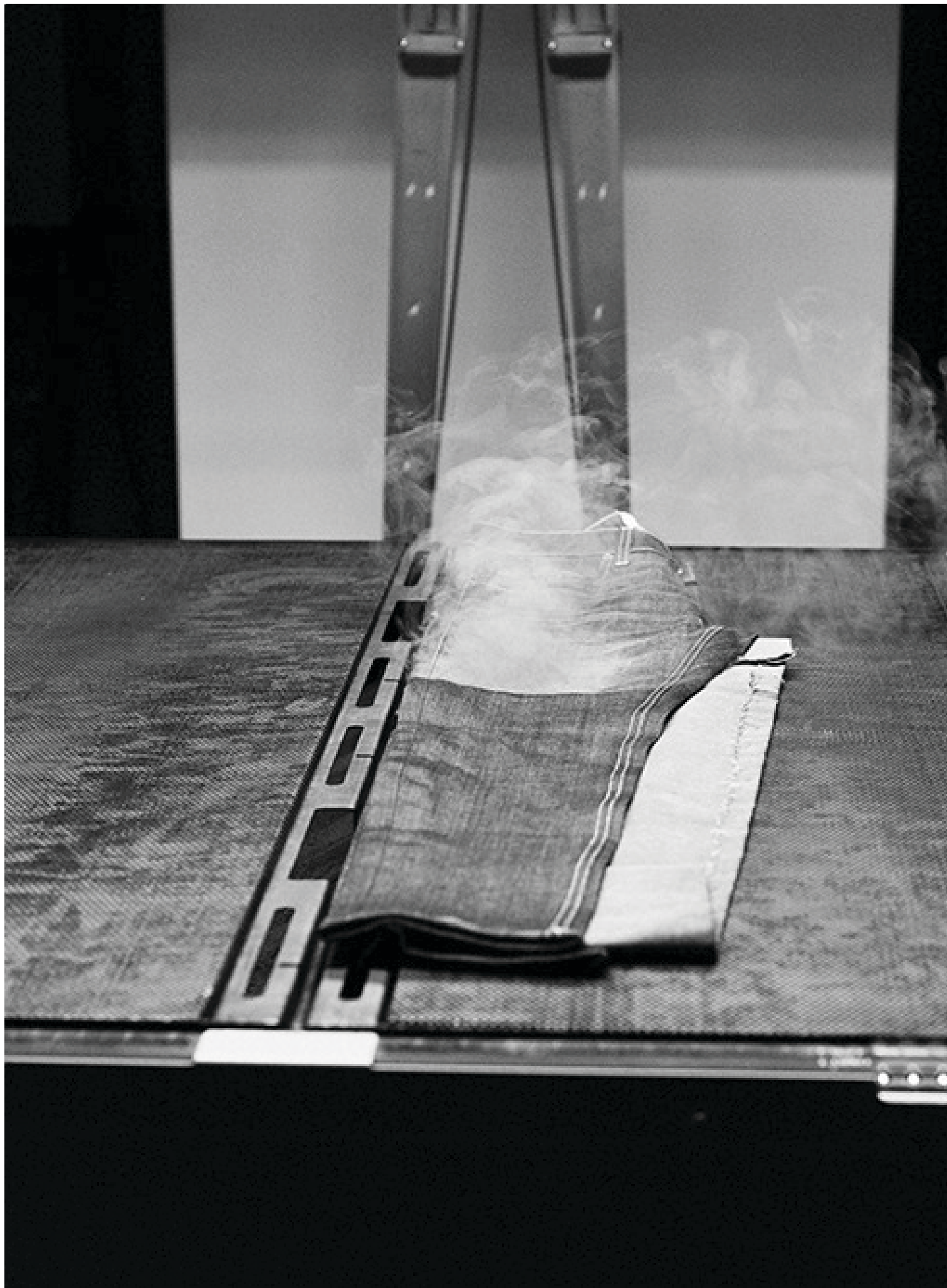
PERCENTAGE OF SPENDING ON MATERIALS DURING 2022

| | UDM | 2021 | 2022 | 2023 |
|--|-----|---------|---------|---------|
| Total sustainable fabrics purchased (recycled + other sustainable fabrics) | Mt | 484.048 | 681.691 | 681,477 |
| Percentage of sustainable fabrics | % | 66,19% | 80,74% | 79,01% |
| Total recycled fabrics purchased (recycled only) | Mt | 20.000 | 25.592 | 20.311 |
| Percentage of recycled fabrics | % | 0,03% | 3,03% | 2,35% |
| Total fabrics purchased | Mt | 731.296 | 844.302 | 862.568 |

The table above does not take into account the materials used for manufacturing products that we sell but do not produce. In these cases, we entrust the purchase of raw materials directly to our specialised suppliers. As previously mentioned, however, our style office also guides suppliers in their selection of fabrics used in these processes. For example, we used regenerated cashmere for products that we market and sell, such as knitwear, in our FW22 collection: this type of recycled cashmere is obtained through the regeneration of post-consumer virgin cashmere fibres. This process follows circular economy principles and provides quality cashmere with a reduced impact on the environment due to its use of production waste and old cashmere garments to obtain reels of regenerated yarn that new clothing can be made from. We have also introduced recycled cashmere as a carry-over yarn for our accessories. This is a carded yarn obtained from reusing knitting scraps

Another highly significant element in the procurement of raw materials is the reduction of toxic and harmful chemicals used in the production of the fabrics we purchase. As indicated in our Code of Conduct for Suppliers, in managing this aspect Arcadia adopts the Manufacturing Restricted Substances List (MRSL) drawn up by the ZDHC foundation. ZDHC promotes the implementation of good chemical management practices through the involvement of various stakeholders in the fashion world. Specifically, ZDHC publishes, and periodically updates, the ZDHC MRSL: this lists substances considered toxic and harmful to humans and the environment, which are subject to a defined limit within production processes. Furthermore, in 2019 we drew up the Arcadia Restricted Substances List (Arcadia RSL), which is updated annually and attached to our Code of Conduct for Suppliers. This lists the minimum requirements for the concentration of chemical substances with which Dondup products must comply in order for us to sell them.

Finally, Arcadia is also working on reducing its packaging materials footprint. In addition to the garment purchased by the customer, the company uses materials such as bags and hangers to protect the product during distribution, as well as tags to provide a complete shopping experience by informing customers about the production process.



Over past years Arcadia has paid particular attention to the procurement of these materials, ensuring that our activities in this area are in line with our guiding values of safeguarding the planet. Arcadia's goal is to limit the impact on forests caused by the use of components obtained from cellulosic raw material. These impacts concern illegal logging, trade in illegal wood or cellulose and the destruction of areas of particular botanical interest and the habitats of endangered species. For this reason, we ask our tag suppliers to source raw materials of cellulosic origin that are certified as being from responsibly managed forests and, where possible, to opt for recycled raw material or, at the very least, material deriving from processes with a lower environmental impact (e.g. lyocell). Furthermore, we give preference to suppliers who purchase artificial cellulosic raw material from producers who have received a positive rating (green shirt) under the audit guidelines of CanopyStyle, an international organisation whose goal is to promote a responsible procurement model for cellulose-derived fibres. With the goal of boosting its sustainable performance, Arcadia has decided to replace the fabric cord used for tags, which was disposed of as mixed waste, with a recycled paper cord that can be recycled alongside the tag itself. This will be introduced from the SS24 collection onwards. Arcadia also supports and gives preference to suppliers who are committed to reducing the use of plastic, especially disposable plastic, by using recycled plastic or, where possible, by replacing it with other materials. In addition, the recycled plastic we use is PVC-free.

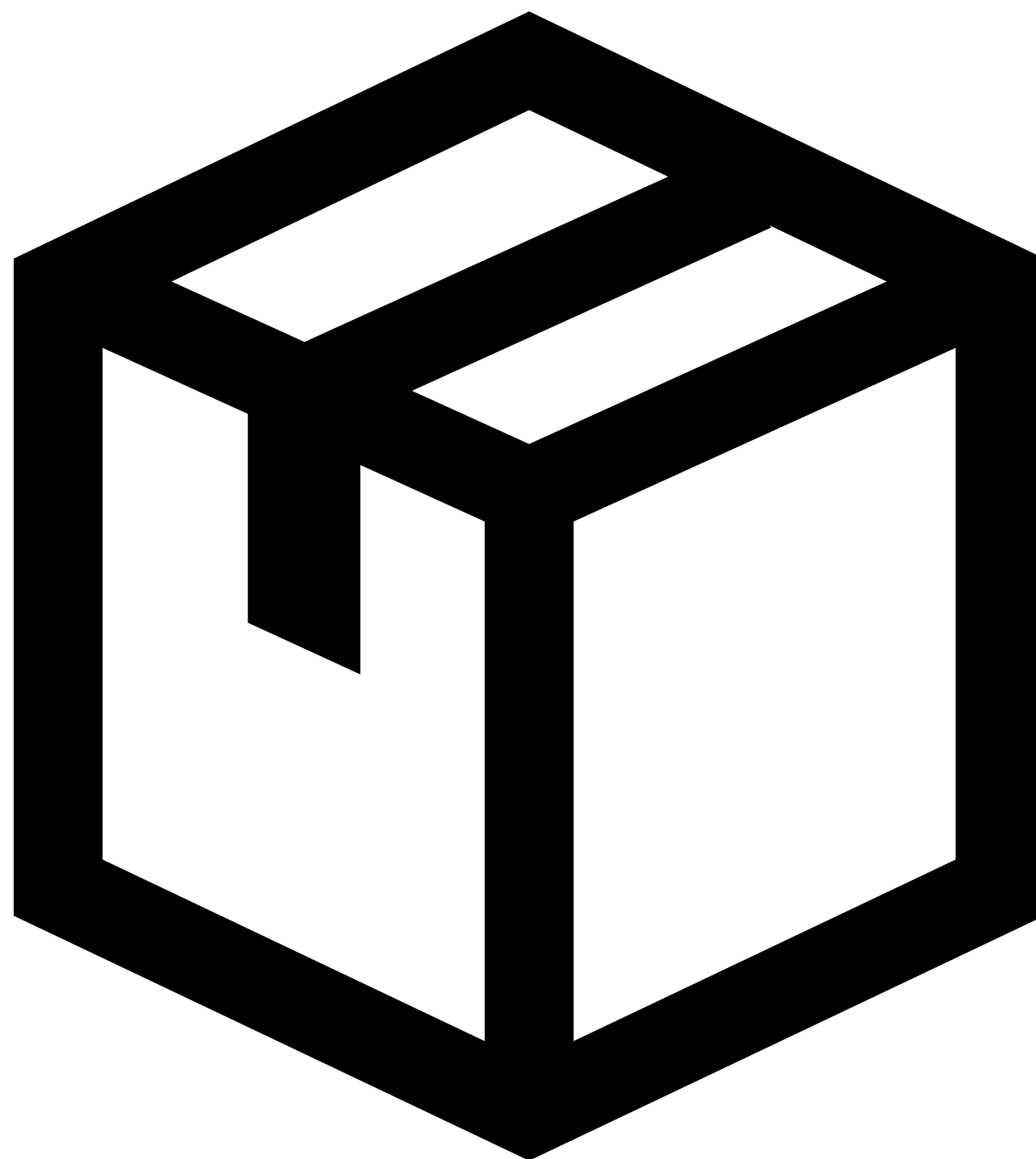
PERCENTAGE OF SUSTAINABLE PACKAGING MATERIALS PURCHASED

| | UoM | 2021 | 2022 | 2023 |
|--|-----|---------|---------|---------|
| Total tags | n | 823.426 | 684.296 | 820.037 |
| Total recycled tags (mix recycled + certified paper) | n | 225.250 | 656.596 | 820.037 |
| Percentage of sustainable tags purchased | % | 27,36% | 95,95% | 100% |
| Total plastic bags | n | 862.042 | 770.460 | 877.604 |
| Total recycled plastic bags | n | 220.105 | 701.225 | 877.604 |
| Percentage of recycled bags purchased | % | 25,53% | 91,01% | 100% |
| Total plastic hangers | n | 357.344 | 294.114 | 219.659 |
| Total recycled plastic hangers | n | 29.640 | 157.504 | 219.659 |
| Percentage of recycled hangers purchased | % | 8,29% | 53,55% | 100% |

The following table displays data regarding purchases of the main packaging materials in the three reporting years. Note the significant increase in recycled components from 2021. The remaining materials used by Arcadia in the creation of industrialised products can be found in table 3.3 in the appendix. Our guidelines for these materials also favour the purchase of accessories with environmental and social product certifications that have been tested in third-party laboratories to ensure they are safe for consumers.

SUPPLY CHAIN TRACEABILITY & TRANSPARENCY

As touched on in the previous pages, our supply chain represents the natural extension of Arcadia, and the organisation intends to assume full responsibility for this area. Arcadia views the responsible management of suppliers as not simply selecting collaborators who stand out because of their implementation of best practices in the processes we contract them for, but also guiding some of our less well-organised partners towards adopting social and environmental sustainability practices that can generate long-term value. This is another reason why Arcadia has opted to embark on a path towards obtaining certifications that guarantee traceability and transparency throughout the entire supply chain.



This approach to our suppliers means that we consider the environmental impacts generated by their activities and the social and economic development of the communities in the areas where they operate. Starting with the suppliers with whom we have direct commercial relationships, we plan to develop relationships that enable us to set in motion a process of reciprocal development regarding the management of sustainability issues relevant to our sector. Indeed, Arcadia cannot hope to achieve its sustainability objectives without involving its main suppliers, who contribute to shaping Dondup products on a daily basis. In creating our garments we must continuously rely on the activities carried out by our commercial partners; not only for the procurement of raw materials, but also for certain final processes prior to assembling the finished product we offer to our customers. Consequently, the environmental and social impacts deriving from creating Dondup products extend well beyond the activities over which we have direct control. However, Arcadia's strategic position gives us the possibility to be a positive influence on our suppliers' practices through developing solid and long-term partnerships aimed at creating mutual wellbeing and effective management of our impacts. As mentioned, Arcadia has opted to undertake a supply chain monitoring process. First and foremost, this involves verifying that its suppliers comply with regulation as well as the procedures they put in place to ensure traceability. This means that Arcadia can verify that raw materials processed during all production phases are handled appropriately and in compliance with statutory regulations on environmental protection, workers' health and safety and social standards. Accomplishing these aims also involves an evolution of the organisational systems through which our supply chain manages,

updates and shares information regarding production processes.

Our sustainability strategy for the next few years will therefore have to take this into account in order to develop a system for collecting, processing and sharing information that can communicate to our customers in a clear and transparent way what the real impacts of our processes are, and what Arcadia is doing to manage them in the best way. This will help our organisation gain greater awareness of the priorities on which to base our development strategy and identify suppliers who need support in gathering information or improving processes. Demand from end customers for transparency and traceable, certified production processes also continues to grow. This trend is connected to an evolution in the buying habits of generations Y and Z, who are no longer interested solely in product features, but also in ethical considerations and the sustainability practices adopted by organisations they are buying from. We therefore intend to stimulate an evolution in our production chain that will place at end customers' disposal all the information necessary to show that Dondup products are an ethical and responsible style choice and the company is transparent about their impacts. For Arcadia therefore, traceability and transparency are inextricably linked to responsibly managing our suppliers. For this reason, we will add a QR code to our tags, giving the end consumer a simple way of retracing the history of the garment from the purchase of the material to pressing. This will be introduced from the SS24 collection. This goes hand in hand with correctly disposing of our products' packaging. A QR code will be printed on the tag and once scanned the end consumer will be able to receive all information concerning disposal and the garment's traceability – from raw material purchasing to the pressing phase.

SUPPLIERS

The suppliers Arcadia collaborates with on an ongoing basis can be divided into four main categories.

1

RAW MATERIAL SUPPLIERS

They supply Arcadia with materials and semi-finished products such as fabrics, yarns and production accessories such as buttons, zips, bands, elastics, etc. As mentioned in the previous section, not all the raw materials used to create Dondup products are purchased by Arcadia. Unless otherwise specified, in this report the term raw materials means only those materials that Arcadia was directly involved in purchasing.

3

SOLD PRODUCT SUPPLIERS

Suppliers to whom Arcadia contracts out the entire management of the production process. Once they have received the technical design of the product from Arcadia, they handle all production phases necessary for the creation of the garment, including the industrialisation phase and procurement of raw materials. Although the suppliers of sold products are granted significant autonomy during the creation of the garment, the Arcadia style office often visits them on site and interacts with them to supervise the production process. The products made with this production method are knitwear, jerseys, sweatshirts, leather outerwear and both leather and fabric accessories. Suppliers of sold products are also located exclusively in Italy, mainly in central Italy and in the Veneto region.

2

INDUSTRIALISED PRODUCT SUPPLIERS OR SUBCONTRACTORS

Suppliers contracted to create finished products or, alternatively, certain intermediate processing phases such as dyeing, embroidering or washing. Arcadia gives industrialised product suppliers both the industrialisation specifications and the raw materials needed to carry out the requested processes. Arcadia uses this production method to make trousers, denim garments, skirts, dresses, shirts and outerwear, with the exception of leather outerwear. The subcontractors used by Arcadia are located solely in Italy, and mainly in the Marche region, close to the company.

4

SERVICE PROVIDERS

Suppliers who support Arcadia with auxiliary services for the production process. Examples include the suppliers we work with in the modelling, prototyping or waste disposal phases. Unless otherwise specified, in this report the term production suppliers means only the three categories of suppliers described in the points above, given they are undoubtedly the most relevant in terms of the impacts generated by our supply chain.

NUMBER OF PRODUCTION SUPPLIERS BY CATEGORY

| SUPPLIERS CATEGORIES | UoM | 2021 | 2022 | 2023 |
|----------------------------------|-----|------|------|------|
| Raw material suppliers | n | 90 | 59 | 81 |
| Marketed product suppliers | n | 22 | 33 | 28 |
| Industrialised product suppliers | n | 43 | 38 | 36 |
| Total production suppliers | n | 155 | 130 | 145 |

The number of suppliers indicated represents the suppliers from whom we purchased 99% of our orders in terms of annual expenditure. We have decided to report the data in this way so as not to distort the total number with occasional suppliers from whom we have sourced materials in small quantities, using them solely for carrying out tests and trials in the product development phase. The significant drop in raw material suppliers recorded from 2022 onwards, due to the decision to streamline the range of fabrics used, continued in the last two collections. Although not clear from the table, in 2023 (similarly to 2022), 80% of turnover was concentrated across approximately the top 20 suppliers, compared to over 25 in 2021.

SPENDING ON PRODUCTION SUPPLIERS BY CATEGORY

| SUPPLIERS CATEGORIES | UDM | 2021 | 2022 | 2023 |
|----------------------------------|-------|--------|--------|--------|
| Raw material suppliers | €/000 | 7.687 | 8.956 | 10.499 |
| Marketed product suppliers | €/000 | 5.668 | 6.229 | 6.162 |
| Industrialised product suppliers | €/000 | 9.410 | 9.350 | 11.884 |
| Total production suppliers | €/000 | 22.765 | 24.535 | 28.544 |

The table shows that, in the production of Dondup products, Arcadia tends to distribute its expenditure equally across the three main categories of suppliers.

It is essential that all suppliers we collaborate with for the production of our items, directly and indirectly, share our principles and comply with national and international regulations in the field of workers' rights, the environment, health and safety. Consequently, the organisation's goal is to give preference to businesses employing good practices, with the aim of further improving our work standards in both social responsibility and the reduction of environmental impacts. The risk of human rights violations against workers in the supply chain is considered relatively small, by virtue of the protections set out in Italy's regulations and collective labour agreements.

Our choice of working with an Italian-based supply chain brings advantages not only in terms of product quality, but also in guaranteeing that values and social standards which cannot be taken for granted elsewhere are respected within our production processes.

In any case, in 2020 Arcadia chose to draw up a Code of Conduct for Suppliers. This lists the social and environmental sustainability principles and product compliance standards which our suppliers must commit to in order to continue a value-driven collaboration with the organisation. Our Code of Conduct for Suppliers aims to apply the requirements established by voluntary market standards (in some cases stricter than current legislation) to the production processes and materials used in our supply chain. In particular, the Code draws from and is based on international standards including:

- The conventions of the International Labour Organization (ILO);
- The United Nations Guiding Principles on Business and Human Rights;
- The Universal Declaration of Human Rights;
- The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

The Supplier Code of Conduct has been shared with most of our collaborators. It is also expected that suppliers sign up to our Code of Ethics and communicate it internally. In 2024, Arcadia intends to ask each production supplier to sign the Code of Conduct as an integral part of the documentation exchanged during the contractual phase. Our suppliers will also be required to ensure that any subcontractors they employ in the creation of our articles comply with the principles and standards set out in the Code.

After initiating the certification process – with the goal of being certified by the W24 season – Arcadia began assessing the suppliers who will be part of this process on the basis of environmental, social and safety criteria. A concurrent procedure to assess suppliers on environmental or social criteria is being initiated in collaboration with consultants.

During the selection phase we also seek to give preference to partners who can demonstrate compliance with the requirements set out in the Supplier Code of Conduct; for example, through the application of certification systems or by carrying out recognised third-party audits. Furthermore, we ask our Italian suppliers to send us a document (DURC) certifying that they are up to date with their contributions to the National Social Security Institute (INPS) and the National Institute for Accident Insurance at Work (INAIL).

Our purchasing, style and production offices will play a key role in this area, as they interact daily with suppliers to provide specialised support in all phases of production, communicating technical knowledge regarding processing methods and supporting them in resolving any issues. As mentioned, developing our supply chain management in this way has led to an evolution in how Arcadia manages and collects information.

Arcadia has implemented an IT tool aimed at improving this aspect of its organisation. The new platform, integrated with our administrative processes, is used to check and archive all information regarding relevant sustainability topics, including those relating to suppliers in the chain. In addition, through a dedicated section, the platform will allow data collected from suppliers regarding the environmental and social criteria we intend to assess them on to be entered and viewed. In line with an approach based on continuous improvement which underpins our management of supply chain and operations processes, we have launched a project that, from the S24 season onwards, will allow us to create a QR code that can be added to the tag and scanned by the end customer to show the production processes that make up our supply chain. The issue of traceability plays an important role in supply chain management, helping us to bring transparency to the entire value chain, from the origin of the individual materials that make up our products to the final manufacturing and packaging processes for the garment.

WORKING CONDITIONS IN OUR SUPPLY CHAIN

Monitoring the social and economic conditions of workers in the supply chain is a particularly delicate issue for companies in the fashion sector. It has assumed growing significance as a consequence of the tendency of many companies, including our competitors, to relocate a substantial part of their production activities to countries with low labour costs and limited social protection for workers. The result is that maintaining a fair and equitable supply chain for all involved is now a complex challenge which goes against the grain.



Business dynamics in the denim segment now typically involve a structure comprising production chains contracted out to suppliers in countries such as China, Pakistan, India, Turkey or Algeria, coordinated by administrative and marketing offices in western countries, where the majority of sales to end customers are made. Naturally, this approach brings significant economic benefits due to reduced production costs, but it also presents social risks for the workers involved in the process. Over the past two decades, numerous organisations in the fashion industry have had to respond to allegations of forced labour or child labour in their production chains or to claims that their suppliers' employees were not being paid a fair wage. Furthermore, the decision to relocate production often breeds unsafe working environments where employee wellbeing is certainly not a key consideration. These problems tend to arise not only with delocalised processes controlled directly by Western brands, but above all with suppliers from whom these brands purchase raw materials or processing services.

On the initiative of our CEO Matteo Anchisi, Arcadia has embarked on a radical path, in stark contrast to others in the sector. We have become a brand whose products are entirely designed and made in Italy. We see a twin advantage in this goal: in addition to ensuring that the people in our processes are respected in accordance with high national regulatory standards, we are convinced that the wholly Italian character of our products gives them a quality that is unattainable in normal delocalised supply chains. Arcadia is therefore committed to preserving and promoting Italian excellence in design, attention to detail, quality of materials and workmanship. Where possible, Arcadia goes even further by using suppliers based close to our operational headquarters in Fossombrone, thereby benefiting from logistical advantages and generating income and job opportunities for local communities.

COUNTRY OF ORIGIN OF ARCADIA GROUP PRODUCTION SUPPLIERS

In 2020 we achieved the goal of making Dondup a 100% “Made in Italy” brand. For this reason, “Made in Italy” has now become an integral part of our logo. It defines our organisation’s identity and the level of care we aim to offer both our customers and the people who choose to collaborate with us. 100% “Made in Italy” means that all our processes are performed by Italian suppliers. We have established an internal policy that requires our purchasing and production departments to only select Italian industrialised and sold product suppliers. Furthermore, we intend to support and maintain the specialist denim-producing industrial fabric in the Marche region by selecting local suppliers. In fact, in the 2023 financial year, as in the previous year, 43% of purchases of industrialised and sold products were from suppliers in Le Marche. The tables below show our percentage of expenditure by the supplier’s country of origin over the three years of disclosure. We considered the supplier’s country of origin to be the country where the head office is located.

As part of our Sustainability Plan, we intend to take on a more active role to check that our sold product processes are not carried out by subcontractors located outside Italy.

| | 2021 | 2022 | 2023 |
|----------------------------------|---------|---------|---------|
| RAW MATERIAL SUPPLIERS | | | |
| Italy | 77,00% | 78,00% | 81,00% |
| Switzerland | 7,00% | 7,00% | 8,00% |
| Spain | 6,00% | 7,00% | 7,00% |
| Turkey | 3,00% | 3,00% | 2,00% |
| France | 3,00% | 3,00% | 3,00% |
| Other | 4,00% | 2,00% | 1,00% |
| INDUSTRIALISED PRODUCT SUPPLIERS | | | |
| Italy | 100,00% | 100,00% | 100,00% |
| MARKETED PRODUCT SUPPLIERS | | | |
| Italy | 100,00% | 100,00% | 100,00% |

In any case, protecting workers in our supply chain is a key priority that does not depend on the supplier's country of origin. For this reason, our Supplier Code of Conduct asks collaborators to extend their responsibility by monitoring and guiding their supply chains towards good practices through cooperation and mutual support. Suppliers must ensure that all workers are free to choose their work and that any form of forced labour and slavery is strictly prohibited. We do not accept any workers being subjected to degrading treatment, corporal punishment and mental and/or physical coercion. Workers must be free to leave their jobs and must not be required to work to pay off company or third-party debts. We also strictly prohibit the use of child labour for all our suppliers in accordance with the provisions of the relevant standards set by the International Labour Organisation (ILO). Relationships between suppliers and their employees must be formalised with a written contract which includes the rights and duties of the employee and the terms for termination of the contract. Arcadia also prohibits its suppliers from avoiding their labour and social security obligations towards employees through the use of temporary or occasional contracts such as apprenticeship contracts and/or traineeships that are not designed to teach skills or lead to regular jobs. Suppliers must guarantee workers the right to collective bargaining and to create or join trade union organisations of their choosing, without incurring sanctions, discrimination or abuse from their employer.

All workers must be entitled to a minimum wage based on national legal standards or industry benchmarks, whichever is higher.

The right to appropriate remuneration must also be guaranteed. This should be sufficient to satisfy the basic wants of workers and their families, and the need for additional remuneration should be recognised where necessary. Our suppliers are required to comply with national laws and industry standards regarding working hours and holidays. At a minimum, workers must be given one day off in each seven-day period. The employer must guarantee that overtime is undertaken on a voluntary basis and must always be remunerated with additional pay on the basis of the national legislation in force. All workers must operate in a safe and healthy workplace, in compliance with applicable regulations. Arcadia also asks its suppliers to look at new working models which increase productivity and improve workers' wellbeing. Finally, Arcadia has established additional supply chain policies by virtue of identifying specific critical issues in the supply of denim products. It is strictly prohibited to supply cotton from Uzbekistan and Turkmenistan to Arcadia due to forced labour and child labour practices in these producing countries. As regards the processing of Arcadia denim garments, sandblasting finishing is strictly prohibited. This is to avoid workers' health problems if the technique is not applied in accordance with the correct health and safety conditions.

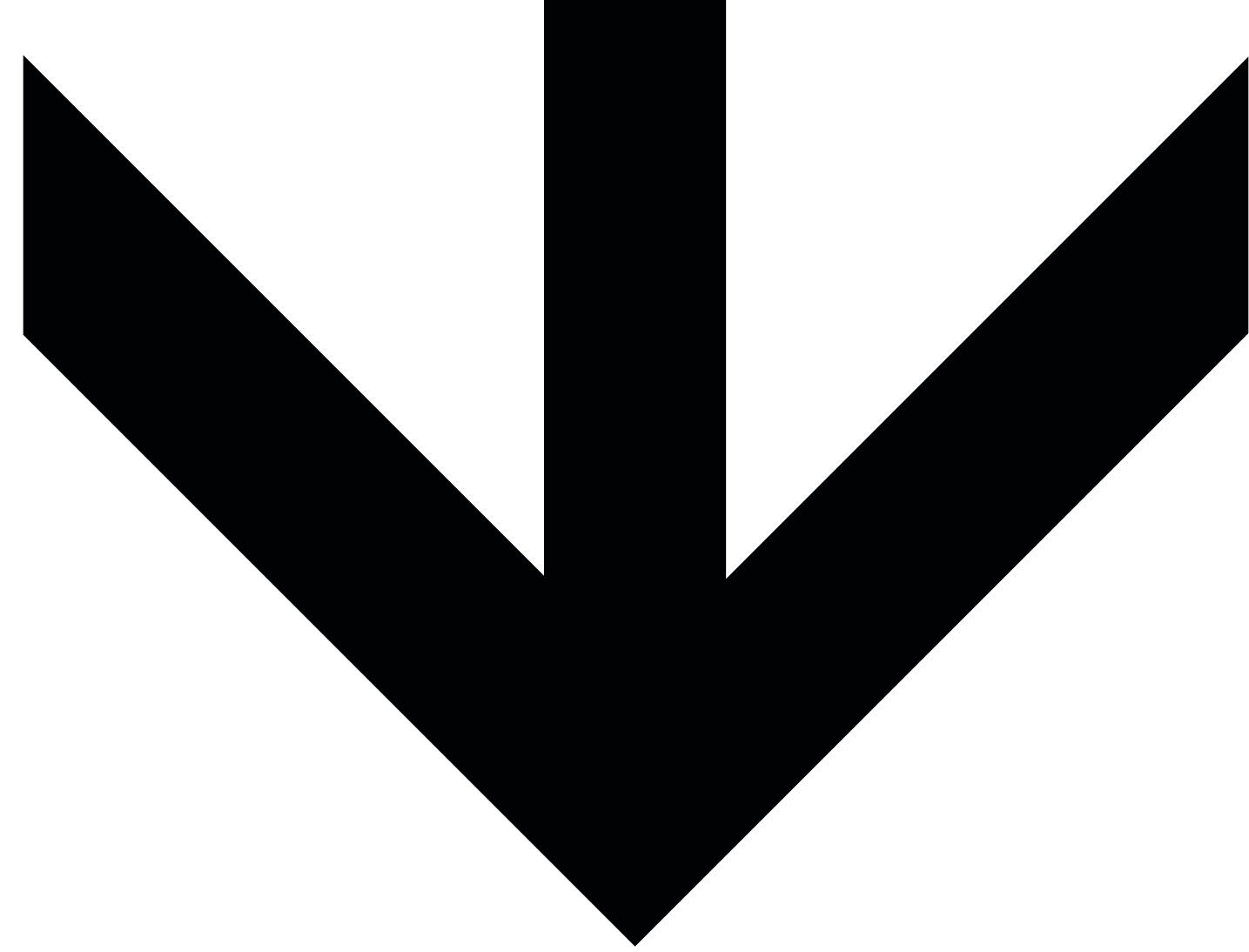


PLANET

RESPONSIBLE WASTE
MANAGEMENT

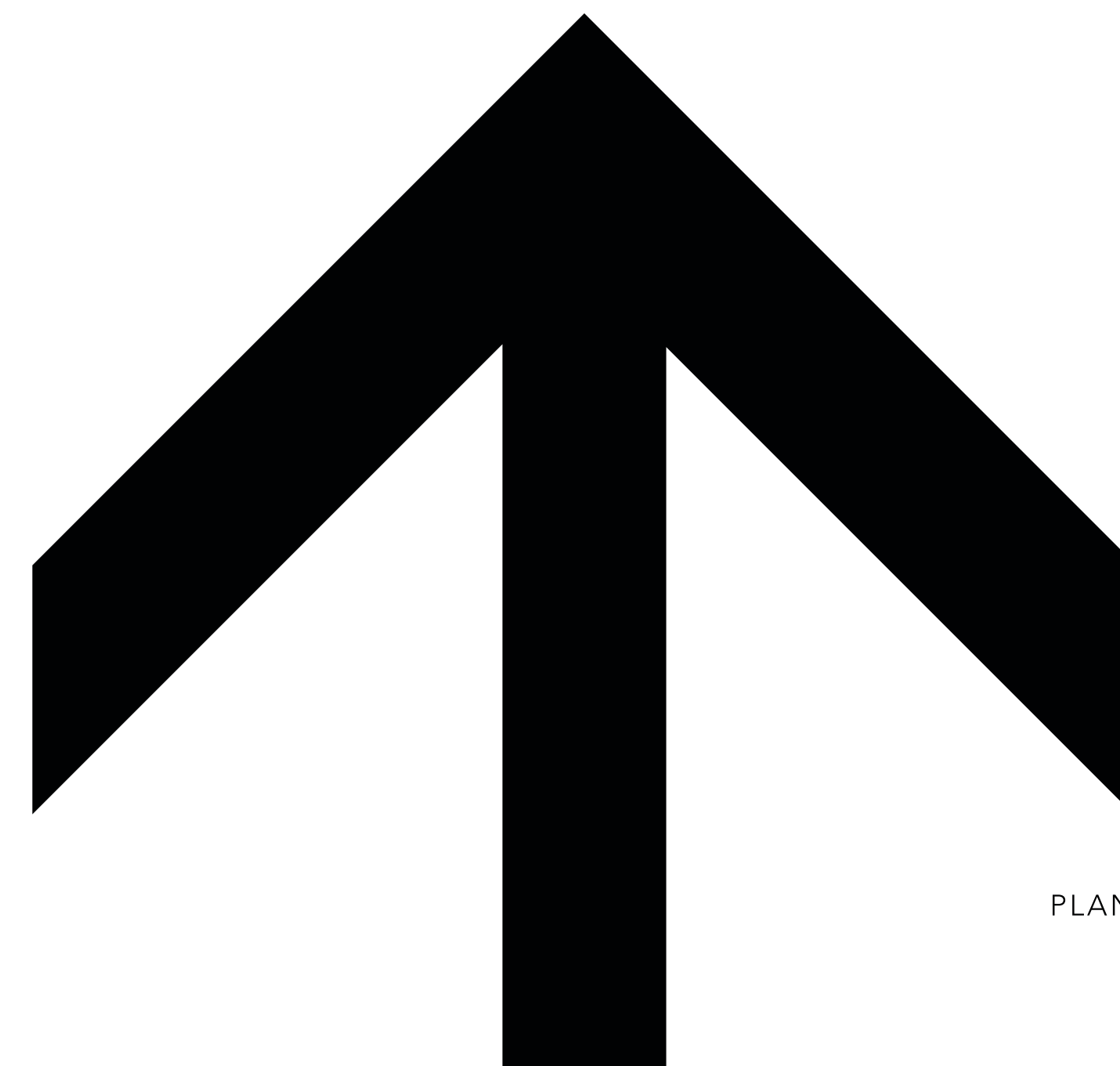
ENERGY AND
REDUCING EMISSIONS

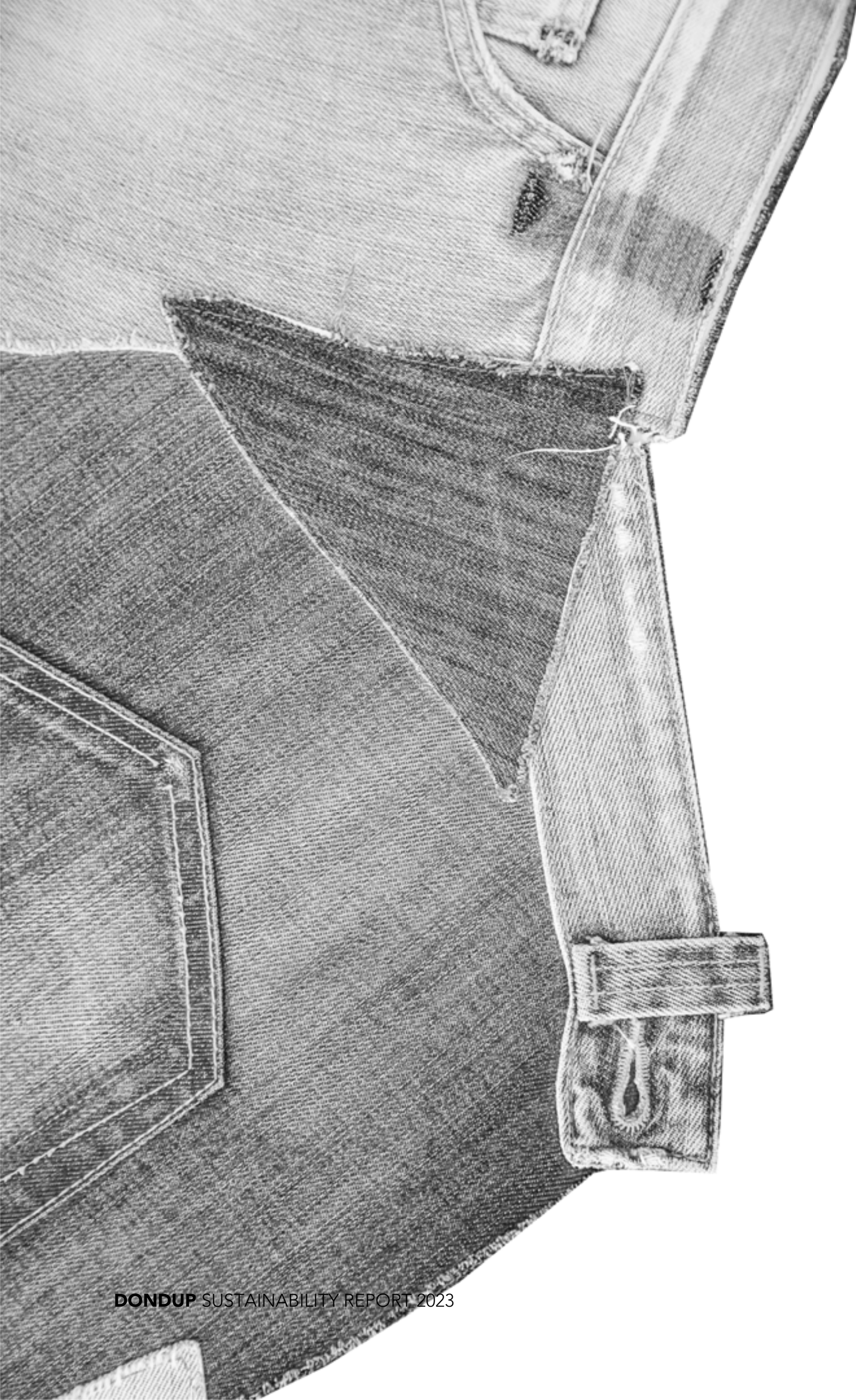
MANAGEMENT OF
WATER RESOURCES



RESPONSIBLE WASTE MANAGEMENT

Managing waste generated within the production processes is a key priority for Arcadia. In order to fulfil our commitment to the planet, we must ensure that all our activities are optimised to minimise waste and, where we cannot avoid generating waste, establish a management process with minimal impact on the environment. Arcadia has paid particular attention to this issue for a number of years given the importance of waste in the context of the environmental impact typically generated by industrial processes. Waste directed to disposal involves twin impacts that the organisation is held responsible for: the first concerns the procurement phase, as per any other material used in production, and the second concerns solely the waste management phase. Managing waste as sustainably as possible has always been one of Arcadia's main goals and has prompted us to seek partnerships to divert our waste away from disposal.





Arcadia mainly generates urban waste, deriving principally from activities in the offices at its organisational headquarters and in the Group's shops. It also generates special types of waste deriving from production activities under the direct control of Arcadia. The special waste generated by the Arcadia Group mainly concerns fabric processing waste, defective clothing items to be destroyed, materials used for packaging and decommissioned IT equipment. To date, the waste management practices operated by the Arcadia Group have not included waste generated by suppliers for the creation of materials we source, nor those generated by industrialised or sold product suppliers during the manufacture of Dondup products. However, with a view to extending our responsibility towards the supply chain, over the next few years we expect to start collecting information to monitor our suppliers' waste management methods.

Arcadia pursues a zero-waste policy aimed at minimising the waste it generates through its activities. This policy applies to the reduction of both municipal-equivalent waste and special waste. For example, with regard to reducing municipal-equivalent waste, Arcadia has adopted a plastic-free policy within its offices. Our employees have been provided with a bottle they can fill with water free of charge using the dispensers located inside the company offices and Dondup showrooms.

As regards its special waste reduction strategy, Arcadia has opted to keep fabric cutting under the organisation's direct control.

We carry out the cutting processes internally for all our industrialised products to ensure we optimise the output from purchased fabrics, thereby minimising waste from fabric scraps.

Furthermore, we minimise the waste we generate through rigorous production planning, which means we produce only those garments we will actually sell via our wholesale and retail channels, in order to avoid creating more products than the market demands.

The municipal-equivalent waste produced by Arcadia is handled by the relevant municipal utilities for the various organisational offices. The Group's offices and shops are equipped with special containers for recycling waste.

Employees are constantly made aware of the importance of following proper rubbish-sorting practices, to ensure that, where possible, waste can be sent for recycling.

Within the Group's offices, the following are collected for recycling: paper, cardboard, plastic, used batteries and organic waste. Cleaners empty the containers positioned inside offices and shops, transferring the waste to bins which are collected by the relevant municipal utilities for transport to recovery and disposal centres.

Most of the waste generated by the Fossombrone site is sent for recovery through the municipal undertaking Aset S.p.a., thereby falling under Le Marche's effective collection system.

³ ARPAM: Regional Agency for Environmental Protection, 2022, "ENVIRONMENTAL INDICATOR: MUNICIPAL WASTE (2022)"

SPECIAL WASTE MANAGEMENT METHODS

Special waste, on the other hand, is managed through partnerships with specialised companies which allow us to reach high standards in terms of the quantity of waste sent for recovery. Specifically, depending on the type of special waste, Arcadia sets out specific methods for its management.

1

LOGISTICS PACKAGING

This type of waste is generated solely at our operational headquarters in Fossombrone. We have placed containers in the company areas dedicated to logistics and production activities, where Arcadia personnel dispose of paper, plastic and mixed packaging separately. Our specialised supplier Ferri & Oliva S.r.l., which is ISO 9001:2015 and ISO 14001:2015 certified, collects these containers once they are full. At its headquarters Ferri & Oliva also sorts the mixed packaging and then directs all the waste collected at our headquarters for recovery.

2

FABRIC PROCESSING SCRAPS

As mentioned, fabric processing scraps are generated during the internal cutting process, which supplies subsequent production phases, or, to a lesser extent, by the style office for product development purposes. We have also placed a container inside our production warehouse to collect waste from our cutting activity. When this container is filled, we contact our supplier Green Line S.r.l. (ISO 9001:2015 and ISO 14001:2015 certified), to collect the fabric scraps. Green Line, a partner since Arcadia's inception, is a company from Le Marche specialised in the collection and recycling of textile waste. The scraps are recovered and re-sold as recycled raw materials in the form of fabrics, yarns or rags for the textile industry.

3

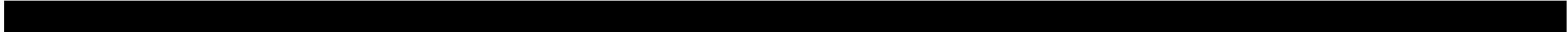
DEFECTIVE ITEMS OF CLOTHING TO BE DESTROYED

Once the production process is complete, our garments undergo careful quality control to ensure that only the best are directed to our sales channels. Garments with production defects or those that are damaged during the handling and storage processes are also handled by our specialised supplier Green Line. At its headquarters, our supplier carefully sorts the materials collected by Arcadia and proceeds with the weighing to complete the form. Depending on the type of material collected, Greenline sends the scraps to companies capable of processing the raw material in question through spinning, fraying, garnetting or fusion techniques.

4

ELECTRONIC DEVICES

When it is not possible to reuse decommissioned electronic equipment, it is collected in a designated place, a list of equipment to be treated as waste is drawn up and our specialised supplier WEEE Servizi S.r.l., which manages electronic waste recovery operations, is contacted.

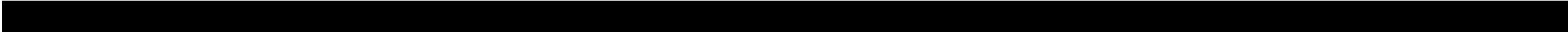


TOTAL WASTE OF GENERATED BY ARCADIA S.R.L.

The “Other” item in the “Non-hazardous waste” section includes mainly printer toners, septic tank sludge and expired gas from fire extinguishers. The “Other” item in the “Hazardous waste” section includes only fluorescent tubes and nickel batteries.

The peak in the total amount of waste generated in 2021 was due mainly to the recovery of remaining finished products from significantly out-of-date collections.

In 2021 we decided to designate part of our finished product inventories as waste so as to optimise logistical space within our warehouses and recover materials from defective products left in storage at our operational headquarters in Fossombrone.

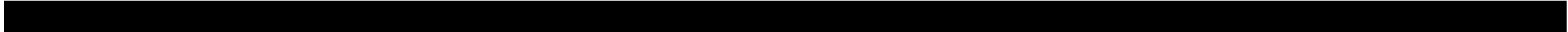


| | UoM | 2021 | 2022 | 2023 |
|--|-----|--------|-------|--------|
| Fabric | ton | 102.98 | 60.12 | 83.33 |
| Paper and cardboard | ton | 8.21 | 8.96 | 9.65 |
| Mixed packaging | ton | 33.05 | 21.92 | 23.83 |
| Non-hazardous electronic equipment | ton | 0.97 | 0,07 | - |
| Iron | ton | 1.59 | - | 0-00 |
| Other | ton | 1.45 | 1.08 | 0.18 |
| Non-hazardous waste directed to disposal | ton | 148.25 | 92.15 | 116.99 |
| Hazardous electronic equipment | ton | 0,11 | 0,14 | - |
| Other | ton | - | - | - |
| Hazardous waste directed to disposal | ton | 0,11 | 0,14 | - |
| Total waste directed to disposal | ton | 148,36 | 92,29 | 116,99 |

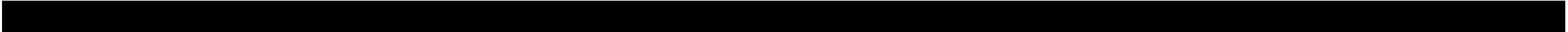


In addition to the recovery solutions listed above, Arcadia deploys reuse initiatives that prevent certain materials or equipment from entering the organisation's waste management process. For example, some unused fabric scraps from the production process are reused for tests and prototypes for new collections or serve as internal elements for garments in production. In addition, Arcadia has donated decommissioned but still functioning computer equipment to schools near its operational headquarters in Fossombrone.

Below we display information relating to the special waste managed during the three reporting years, categorised by type and destination of the waste based on the European Waste Catalogue (EWC) codes declared by the suppliers on the forms.



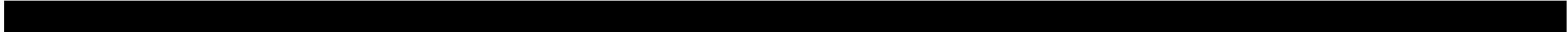
TOTAL WASTE NOT FOR DISPOSAL



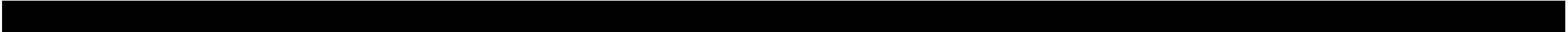
| | UoM | 2021 | 2022 | 2023 |
|------------------------------------|-----|--------|-------|--------|
| Fabric | ton | 102,98 | 60,12 | 83,33 |
| Recycled non-hazardous waste | ton | 102,98 | 60,12 | 83,33 |
| Paper and cardboard | ton | 8,21 | 8,96 | 83,33 |
| Mixed Packaging | ton | 33,05 | 21,92 | 23,83 |
| Non-hazardous electronic equipment | ton | 0,97 | 0,07 | - |
| Iron | ton | 1,59 | - | - |
| Other | ton | 0,10 | 0,04 | 0,09 |
| Recovered non-hazardous waste | ton | 43,92 | 30,99 | 33,57 |
| Hazardous electronic equipment | ton | 0,11 | 0,14 | - |
| Other | ton | - | - | - |
| Recovered hazardous waste | ton | 0,11 | 0,14 | - |
| Total waste diverted from disposal | ton | 147,01 | 91,25 | 116,90 |



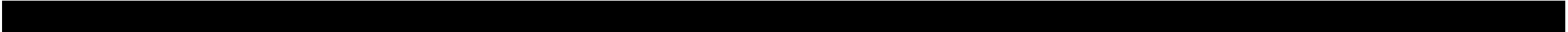
As indicated in the table above, Arcadia’s collaboration with Green Line means that it recovers 100% of the textile waste it generates.



TOTAL WASTE DESTINED FOR DISPOSAL



| | UoM | 2021 | 2022 | 2023 |
|--|-----|------|------|------|
| Fabric | ton | - | - | - |
| Paper and cardboard | ton | - | - | - |
| Mixed packaging | ton | - | - | - |
| Non-hazardous electronic equipment | ton | - | - | - |
| Iron | ton | - | - | - |
| Other | ton | 1,35 | 1,04 | 0,09 |
| Non-hazardous waste directed to disposal | ton | 1,34 | 1,04 | 0,09 |
| Hazardous electronic equipment | ton | - | - | - |
| Other | ton | - | - | - |
| Hazardous waste directed to disposal | ton | - | - | - |
| Total waste directed to disposal | ton | 1,35 | 1,04 | 0,09 |



Most of the waste produced during the three-year reporting period at the Fossombrone site is, as noted, municipal-equivalent waste; only septic tank sludge and gas from expired fire extinguishers did not fall into this classification and was reported in the forms under disposal code D8.

We will also assess the future possibility of extending our management of this issue to consider waste generated by our suppliers in the processes they carry out on Arcadia’s behalf.

ENERGY AND REDUCING EMISSIONS

Arcadia has always worked to reduce its impact on the environment – from small actions through to more impactful production processes. Since Matteo Anchisi became CEO, our progress in this area has become more rapid, wide-reaching and effective through the promotion of a modern and practical culture of sustainability and change, the development of partnerships with ESG-specialised companies and the adoption of tools for more efficient reporting on environmental impacts.



One of the main environmental issues the Arcadia Group intends to address as a top priority is a reduction in the emissions of climate-altering greenhouse gases. Gas emissions such as carbon dioxide, methane, nitrous oxide and others are known to contribute to increasing the greenhouse effect on the earth's atmosphere, leading to a steady rise in average global temperatures . Global warming has multiple severe effects on our planet, with some already beginning to influence the ability of companies like ours to operate on an ongoing basis. In addition to increased temperatures, global warming causes a range of potentially very harmful effects for our communities, such as rising sea levels, melting glaciers, extreme climate events, the loss of biodiversity and extended periods of drought.

To combat these effects, Arcadia intends to be an active participant in transitioning Italy's industrial fabric towards a carbon-neutral economy by adopting a decarbonisation strategy that allows us to decouple our

ambitions for growth from increased greenhouse gas emissions. In parallel with its first Sustainability Report and the development of a Sustainability Plan, Arcadia therefore decided to calculate the GHG emissions associated with activities under the direct control of the Group, corresponding to Scope 1 and Scope 2 under the internationally recognised GHG Protocol standards for calculating emissions. Greenhouse gas emissions deriving from activities carried out by suppliers on behalf of Arcadia are therefore not considered in this report. In the future, however, we intend to include these activities under the policy for monitoring and reducing greenhouse gas emissions, in order to provide a complete overview of both direct and indirect emissions associated with Arcadia Group. As the manufacture of Dondup products does not involve the use of highly carbon-intensive processes, most of the emissions associated with the Group derive from direct and indirect energy consumption within its offices.

Q.IPCC, 2022: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard - Revised Edition, 2004, World Business Council for Sustainable Development & World Resource Institute

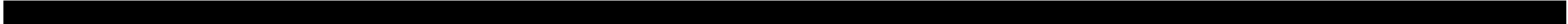


TOTAL ENERGY CONSUMPTION

Below is an overview of energy consumption in the three reporting years in GJ.

The information included in the table was collected from electricity and gas bills and from transport-related consumption recorded in the period in question. Direct and indirect energy consumption at the Arcadia offices is mainly linked to production and logistics activities at the Fossombrone site and to heating, air conditioning and lighting of the facilities in commercial and administrative offices and shops.

| | UoM | 2021 | 2022 | 2023 |
|--|-----|----------|----------|----------|
| Natural gas | GJ | 3.515,28 | 3.969,94 | 3.629,73 |
| Total direct consumption for heating | GJ | 3.515,28 | 3.969,94 | 3.629,73 |
| Diesel | GJ | 1.314,33 | 1.626,58 | 1.995,16 |
| Diesel | GJ | 104,55 | 95,88 | 302,42 |
| Methane Gas | GJ | 39,71 | 31,99 | - |
| Total direct consumption for transport | GJ | 1458,59 | 1.754,45 | 2.297,58 |
| Total fuel consumption from non-renewable sources | GJ | 4.973,87 | 5.724,39 | 5.927,31 |
| Energy for district heating from non-renewable sources | GJ | 135,38 | 133,04 | 133,04 |
| Electricity purchased from non-renewable sources | GJ | 2.953,30 | 3.136,25 | 2.976,75 |
| Electricity purchased from renewable sources | GJ | 90,97 | 125,58 | - |
| Total energy purchased from non-renewable sources | GJ | 3.088,68 | 3.269,29 | 3.109,79 |
| Total energy purchased from renewable sources | GJ | 90,97 | 125,58 | - |
| Total energy consumed | GJ | 8.153,51 | 9.119,25 | 9.037,10 |
| Total energy self-produced and sold | GJ | - | - | - |



To date, Arcadia has met its energy needs for heating and transportation through the combustion of fossil fuels.

However, the new Sustainability Plan commits the Group to identifying alternative solutions for using energy from renewable sources for these processes. The increase in energy consumption compared to 2021 is mainly related to the gradual relaxation of restrictions imposed by the pandemic. The reduction in electricity and natural gas consumption in 2023 is linked to an initiative adopted from September 2022 onwards of spreading working hours throughout the day to maximise the use of natural light. This has the twin aim of containing costs and, above all, contributing in a small way to reducing energy consumption. Employees were also made aware of how to adapt their behaviour to limit consumption, including by switching off office lights when there is sufficient natural lighting, turning off monitors/PCs at the end of working hours and other small measures that can help reduce consumption.

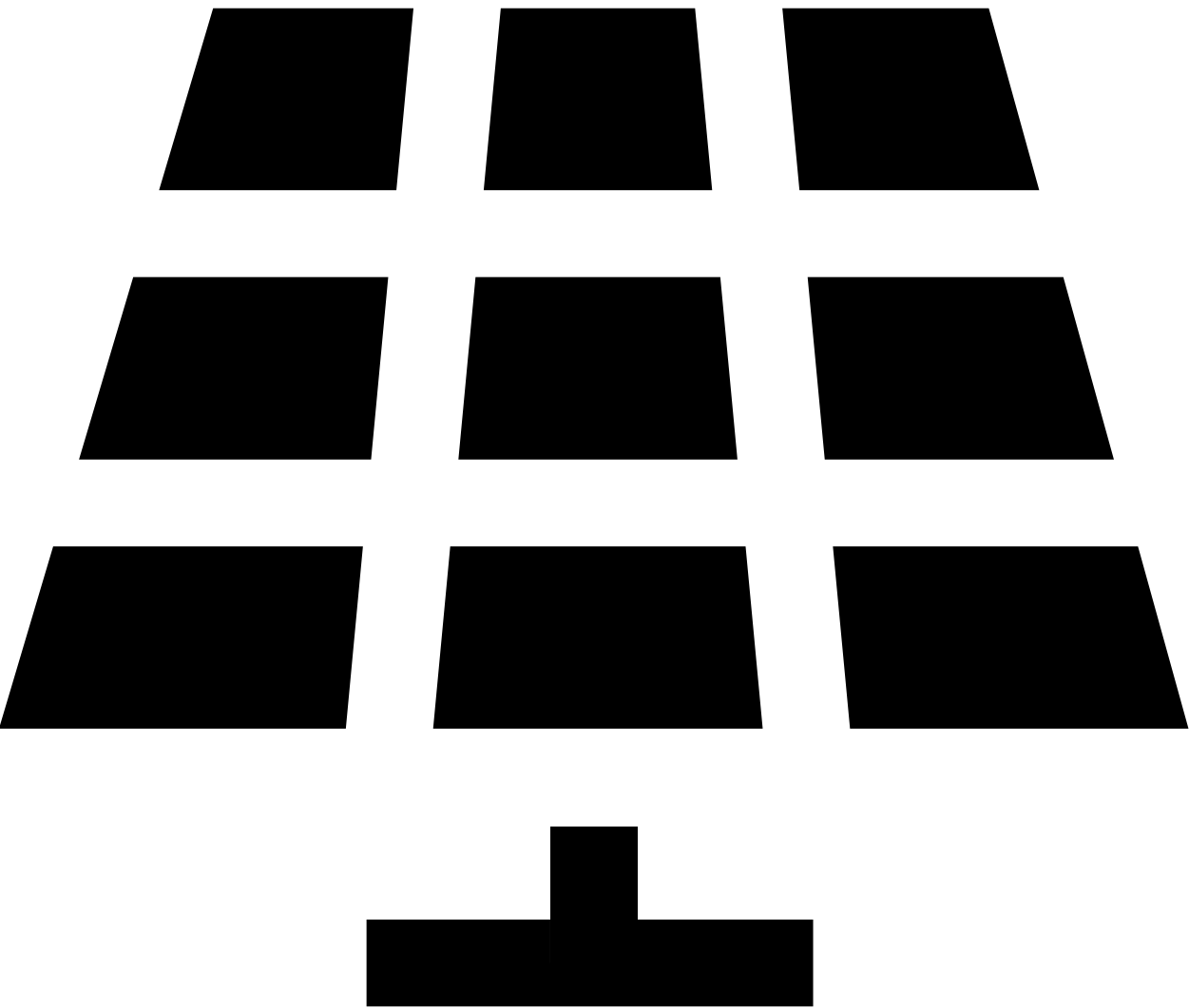
As of 2023, the Noventa di Piave shop was no longer able to secure a contract for the supply of electricity from renewable sources. As the table shows, the purchase of this type of energy was therefore reduced to zero. The energy purchased for district heating relates to the consumption of the German showroom in Munich, owned by the Arcadia International Gmbh subsidiary and is based on projected consumption from the previous year.

Given their negligible impact, data relating to the Arcadia US LLC and the Arcadia Retail Benelux subsidiaries were not included in the calculation of

energy consumption in the table. Finally, as the table shows, Arcadia does not currently have plants for the self-production of energy and, consequently, only consumes energy purchased from third parties. For information regarding the conversion factors used, please refer to table 4.5 in the appendix.

Arcadia has put in place a series of measures and initiatives over a number of years to reduce its energy consumption:

- Lighting systems with LED lights or fluorescent neon lamps have been installed in all our offices and shops. These solutions are considerably more efficient than incandescent bulbs.
- The use of video calls is strongly encouraged as an alternative to business travel, especially for employees who need to interact with colleagues or suppliers at significant distances from our offices. Specifically, we have used this solution to foster collaboration between the operational headquarters in Fossombrone and the administrative headquarters in Milan.
- We have introduced environmentally friendly vehicles to the company car fleet through an engine downsizing policy and, where possible, encourage the purchase of hybrid or electric vehicles.
- At the Fossombrone site, office hours were changed to concentrate all phases into eight hours and reduce energy waste.



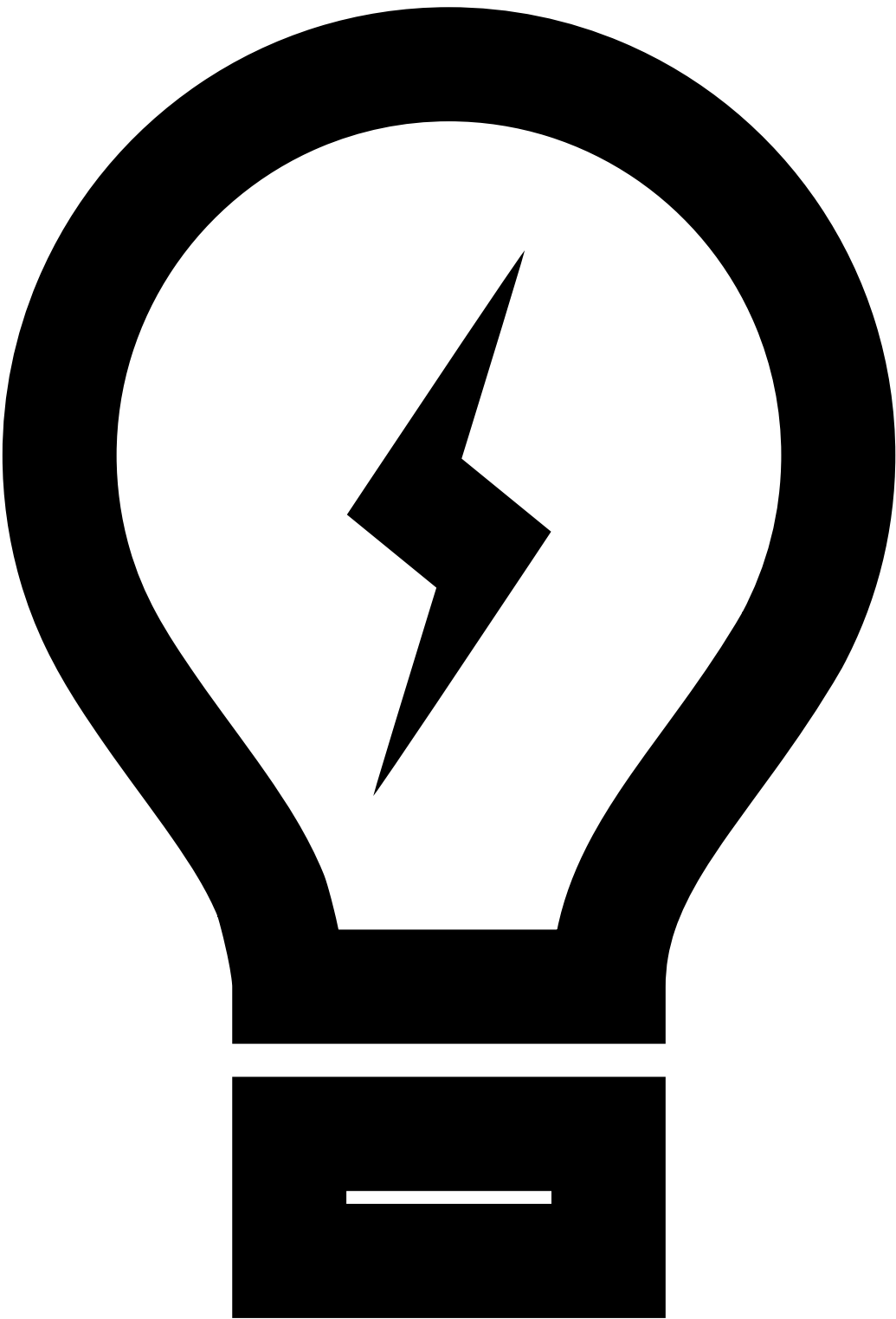
ENERGY INTENSITY

| | UoM | 2021 | 2022 | 2023 |
|--------------------------|-----------|----------|----------|----------|
| Total energy consumption | GJ | 8.153,51 | 9.119,25 | 9.037,10 |
| Turnover | .000 € | 49.620 | 57.636 | 64.399 |
| Energy intensity | GJ/.000 € | 0,16 | 0,16 | 0,14 |

The following table shows information on our total internal energy consumption, including fuel, electricity we have purchased and district heating, in relation to our turnover in the financial years we are reporting on.

In addition to the solutions listed above, at Arcadia we seek to reduce consumption linked to creating Dondup products by selecting raw materials and processes deriving from ever less energy-intensive production methods. This is the case for both industrialised and sold products and is the result of careful research by our style and purchasing office to identify suppliers capable of providing increasingly cutting-edge solutions. An example of Arcadia's energy saving efforts in the area of raw materials can be seen in the recycled wool purchased for the production of some of our outerwear and blazers . Similar initiatives are also adopted for the creation of sold products, through the use of more environmentally friendly materials such as regenerated cashmere and hemp cotton.

⁶ Life Cycle Assessment (LCA) of MWool® Recycled Wool Fibers, 2022



THE ARCADIA GROUP'S GHG EMISSIONS

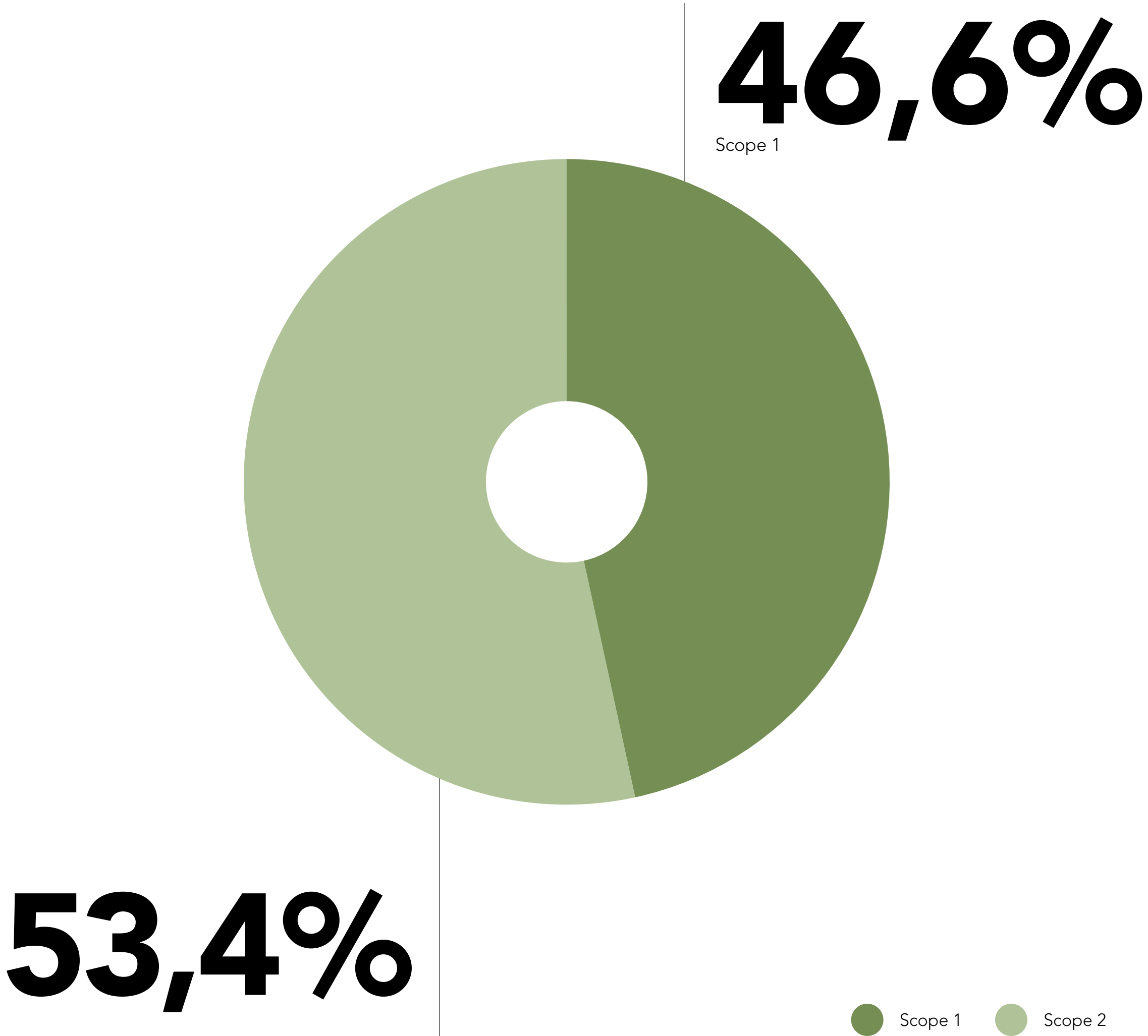
As noted, by reducing Arcadia's energy consumption we aim to cut greenhouse gas emissions arising from our activities. We have therefore opted to calculate our emissions in accordance with the GHG Protocol parameters. The calculation of emissions, expressed in tonnes of CO2 equivalent, is based exclusively on emissions generated directly through combustion processes (Scope 1) and indirect emissions deriving from the use of electricity and energy for district heating purchased (Scope 2). The calculation includes emissions of the main gases responsible for the greenhouse effect, namely carbon dioxide (CO2), methane (CH4) and nitrogen monoxide (N2O). The remaining greenhouse gases identified by the GHG Protocol were not considered as they are negligible in Arcadia’s activities. The financial control approach was used to define the boundary but, as per the data on energy consumption, the Arcadia US LLC and Arcadia Retail Benelux subsidiaries are not included in the disclosure as their emissions were considered negligible due to the companies’ very limited sizes.

| | UoM | 2021 | 2022 | 2023 |
|---|--------|--------|--------|--------|
| DIRECT EMISSIONS (SCOPE 1) | | | | |
| Natural gas for heating | tCO2eq | 178,70 | 201,25 | 184,54 |
| Diesel for transport | tCO2eq | 86,48 | 108,96 | 132,52 |
| Methane gas for transport | tCO2eq | 2,01 | 1,62 | - |
| Petrol for transport | tCO2eq | 6,01 | 5,43 | 18,62 |
| Total direct emissions | tCO2eq | 273,19 | 317,26 | 335,68 |
| INDIRECT EMISSIONS (SCOPE 2) – LOCATION BASED | | | | |
| Electricity purchased from the grid for consumption | tCO2eq | 204,65 | 217,34 | 221,60 |
| Electricity purchased from the grid for consumption | tCO2eq | 6,42 | 6,31 | 6,31 |
| Total indirect emissions – location based | tCO2eq | 211,07 | 223,65 | 227,91 |
| INDIRECT EMISSIONS (SCOPE 2) – MARKET BASED | | | | |
| Electricity purchased from the grid for consumption | tCO2eq | 366,43 | 383,82 | 378,01 |
| Heat (heating) purchased for consumption | tCO2eq | 6,89 | 6,75 | 7,41 |
| Total indirect emissions – market based | tCO2eq | 373,32 | 390,57 | 385,41 |
| Total emissions (Scope 1 + Scope 2 market based) | tCO2eq | 646,51 | 707,83 | 721,09 |

THE ARCADIA GROUP'S GHG EMISSIONS

As the tables below show, Arcadia, in addition to monitoring the overall emissions figure in aggregate form, has focused on a disaggregated data item to measure its performance: GHG emissions intensity/turnover. The overall figure, as the table above displays, shows a trend that seems to be increasing over the three-year period. This trend is, however, due to external and temporary situations (such as those related to different operating periods for lockdowns during the pandemic) and, above all, to the company's growth. However, to better interpret and understand Arcadia's approach to reduction and efficiency goals, the figure should be viewed in relation to the company's turnover. This figure shows a steady decline over the three-year period.

The following graph shows our total greenhouse gas emissions which, using the market-based calculation method for Scope 2 emissions, amount to 721.09 tCO₂eq. The emission factors used can be found in the appendix (table 4.8).



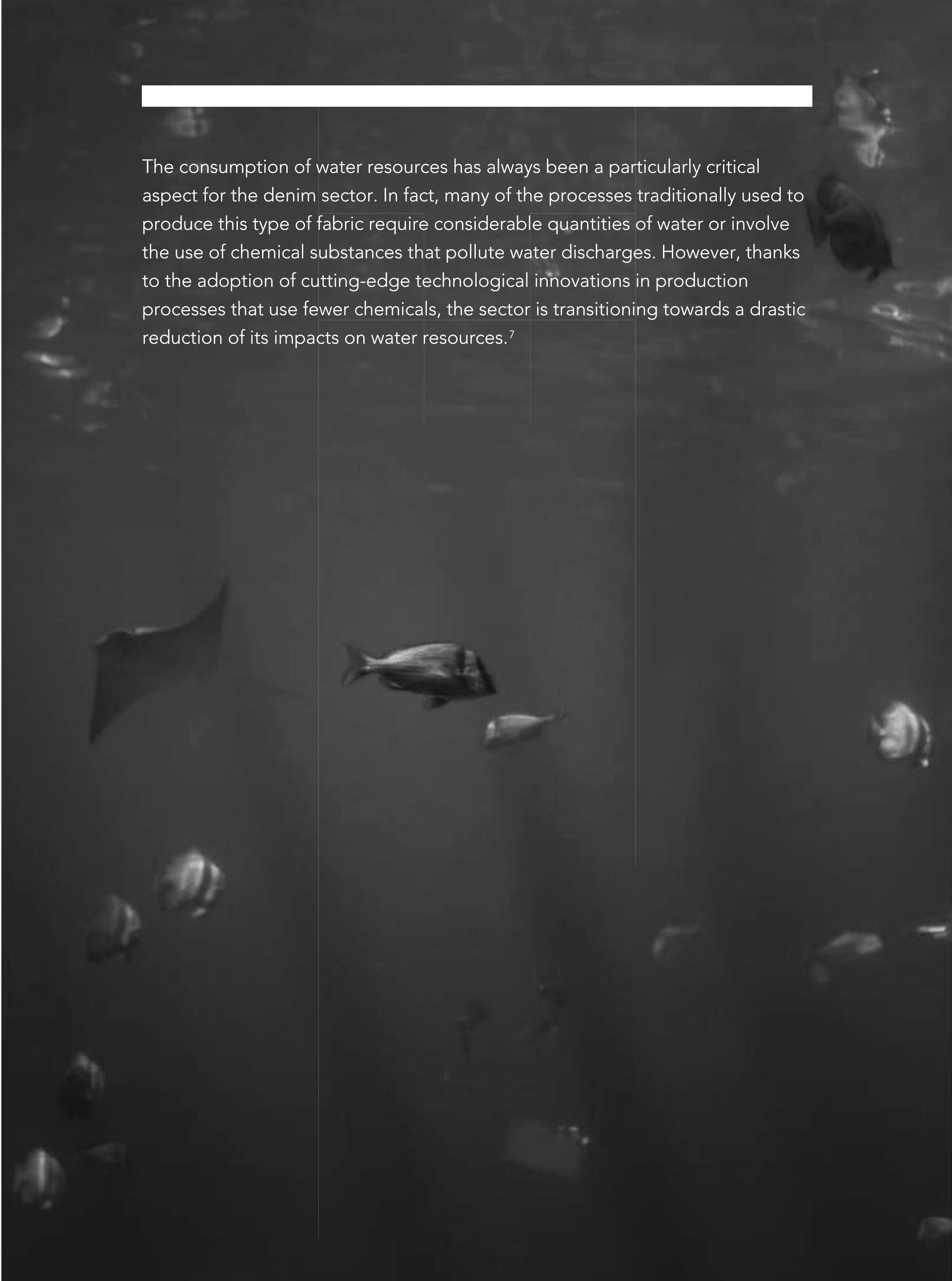
INTENSITY OF ARCADIA GROUP EMISSIONS

| | UoM | 2021 | 2022 | 2023 |
|----------------------------|--------------|--------|--------|--------|
| Total GHG emissions | tCO2eq | 646,51 | 707,83 | 721,09 |
| Turnover | €'000 | 49.620 | 57.636 | 64.399 |
| Intensity of GHG emissions | tCO2eq/€'000 | 0,013 | 0,012 | 0,011 |

Lastly, the following table shows the evolution of Arcadia’s emissions over the last three financial years in relation to its turnover.

MANAGEMENT OF WATER RESOURCES

¹ Jeans Redesign Guidelines, 2021, Ellen MacArthur Foundation

A dark, monochromatic underwater photograph featuring a stingray and several fish swimming in the water. The scene is dimly lit, creating a serene and somewhat mysterious atmosphere.

The consumption of water resources has always been a particularly critical aspect for the denim sector. In fact, many of the processes traditionally used to produce this type of fabric require considerable quantities of water or involve the use of chemical substances that pollute water discharges. However, thanks to the adoption of cutting-edge technological innovations in production processes that use fewer chemicals, the sector is transitioning towards a drastic reduction of its impacts on water resources.⁷



Arcadia is at the forefront of this transition through its collaboration with suppliers who adopt, and in some cases develop, best-practice denim processing techniques. Indeed, water consumption linked to the production of Dondup products derives almost exclusively from activities that do not fall under the direct control of our organisation. We entrust all water-intensive processes to specialised suppliers operating in Italy, in full compliance with current national regulations on water consumption and control over water discharges.

Water consumption that can be directly attributed to Group activities are mainly connected to the use of sanitary services, air conditioning using water drawn from aqueducts and cleaning activities. Over the years Arcadia has also continued to invest in making its use of water resources for these activities more efficient, reducing waste as much as possible.

The greatest impact risks associated with these aspects therefore arise from some of our suppliers who carry out specific processes such as dyeing and washing on behalf of Arcadia.

Lastly, water consumption is an area that Arcadia also needs to take into consideration in selecting the materials used to create Dondup products. Some of the resources we procure require significant amounts of water during extraction or cultivation. For this reason, Arcadia's style office and purchasing office, wherever possible, select materials with a reduced impact on water resources.

As of the FW22 collection, Arcadia has been collecting quantitative data from the laundries it works with in order to monitor processes with high water consumption on the basis of environmental criteria. For this purpose, we have adopted Environmental Impact Measurement (EIM) software developed by Jenealogia. The software requires suppliers to state the conditions under which processing is carried out and returns scores that classify it as low, medium or high impact based on four criteria:

- Water consumption
- Energy consumption
- Amount of chemicals used
- Health and safety of workers involved in the process

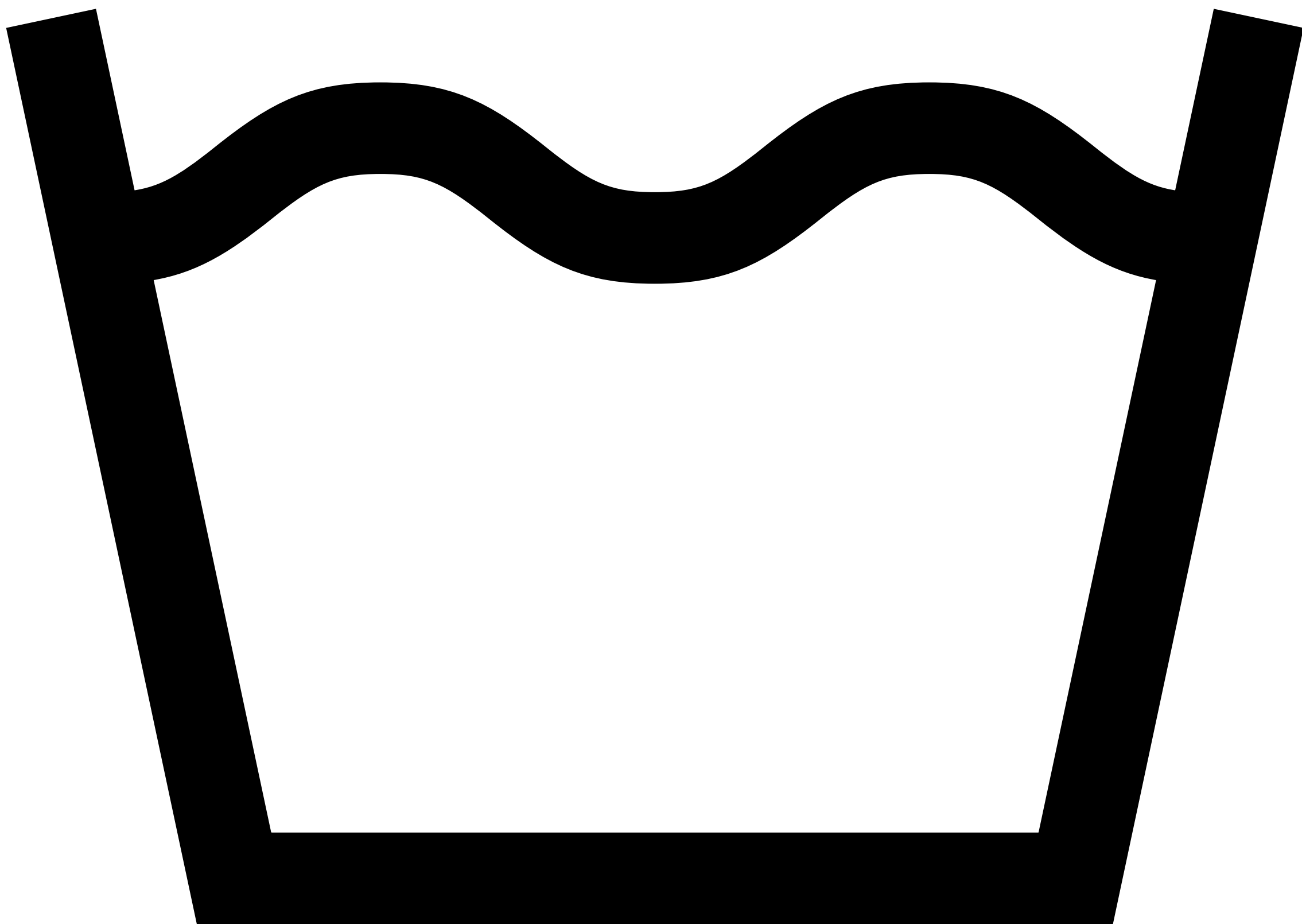
WATER CONSUMPTION OF LAUNDRIES

The scores returned by the software are based on benchmarked data collected from suppliers carrying out similar processing activities. This information allows us to evaluate which suppliers and which processing methods reflect the highest standards in the sector for each of our products, thereby guiding our purchasing office staff and production towards building a more conscious framework for our supply chain. Based on its consumption, each process will then be assigned a rating that can be displayed on our website to provide consumers with information about the purchased garment’s environmental impact. Below are the results of the first year of measuring water consumption, calculated using the EIM software.

As mentioned, this is the first year of data, so a comparison with the previous year is not available. In addition, note that the comparison between the autumn-winter and summer seasons is not meaningful as summer washes generally consume more water than winter washes, due to the fact that the lighter colours require more treatment.

| | UoM | F/W 2022 | S/S 2023 |
|-----------------------------------|-----|-----------|-----------|
| Qta produced | n | 98.094 | 95.156 |
| Total liters consumed per garment | L | 1.330.731 | 1.424.012 |
| Liters consumed per garment | L | 13,57 | 14,97 |





In addition, our Supplier Code of Conduct asks all our collaborators to commit to developing information collection systems to measure their consumption and promote initiatives aimed at minimising it.

As regards the management of water pollution, the Arcadia Restricted Substances List sets out maximum thresholds for the use of chemicals in creating our products, thereby promoting improvements in the quality of the wastewater discharged by our suppliers. Procedures have been adopted to monitor suppliers with regard to the treatment and management of chemical agents and compliance with effluent parameters, as required by the certification process undertaken. Our collaboration with suppliers who employ good practices, such as Candiani, means we can utilise denim fabrics that have consumed much less water and used fewer chemical substances than the fabrics typically employed by other companies. Specifically, by adopting both Kitotex® and Indigo Juice® technologies in the dyeing phase we can reduce water consumption and the use of chemicals by 50% and 70% respectively, when compared to the processes normally used in this phase . Arcadia purchases certified denim cloth from various suppliers; in the future it aims to further expand its purchasing of certified cloth by introducing the use of BLUESIGN certified material. In addition, once the garment created from certified cloths is assembled, water-saving washes can be used, as well as chemical agents that are not hazardous to humans or the environment.

Finally, during the development of each collection, the style office carefully assesses our suppliers' proposals to identify other materials that could help Arcadia significantly reduce the use of water in Dondup products. As mentioned previously, examples of materials that Arcadia has managed to add to its collections on a permanent basis include recycled wool, hemp cotton and regenerated cashmere.

⁷ Data from Candiani Denim

PEOPLE

CUSTOMER
SATISFACTION

OUR PEOPLE'S
WELFARE

GENDER EQUALITY,
DIVERSITY AND INCLUSION

OUR RELATIONSHIP WITH
LOCAL COMMUNITIES



Arcadia’s ultimate goal is customer satisfaction, and all activities carried out by the organisation and the people it employs are geared towards achieving this. The continuous quest for contemporary style and the care that goes into our garments derive from Arcadia’s customer-centric approach. Indeed, customers who purchase a Dondup garment become co-protagonists in the brand's history and adopt the same values that guide the Group's daily operations. The customer relationship therefore assumes a significant role – one that is linked not only to financial growth, but bound closely to Arcadia’s identity as an organisation. For this reason, validating that customers are satisfied with their relationship with the Dondup brand is key to Arcadia. This ensures that we continue to generate value for stakeholders over time and remain consistent and faithful to the values described in the first section. Arcadia's customers can be divided into two categories

CUSTOMER SATISFACTION

WHOLESALE CUSTOMERS

these are wholesale customers, with whom Arcadia maintains B2B relationships. This category mainly includes multi-brand stores who resell our products to end buyers

END CUSTOMERS

physical people to whom Arcadia sells its products directly through managed retail channels, in both physical form (shops and outlets) and digital form (ecommerce).

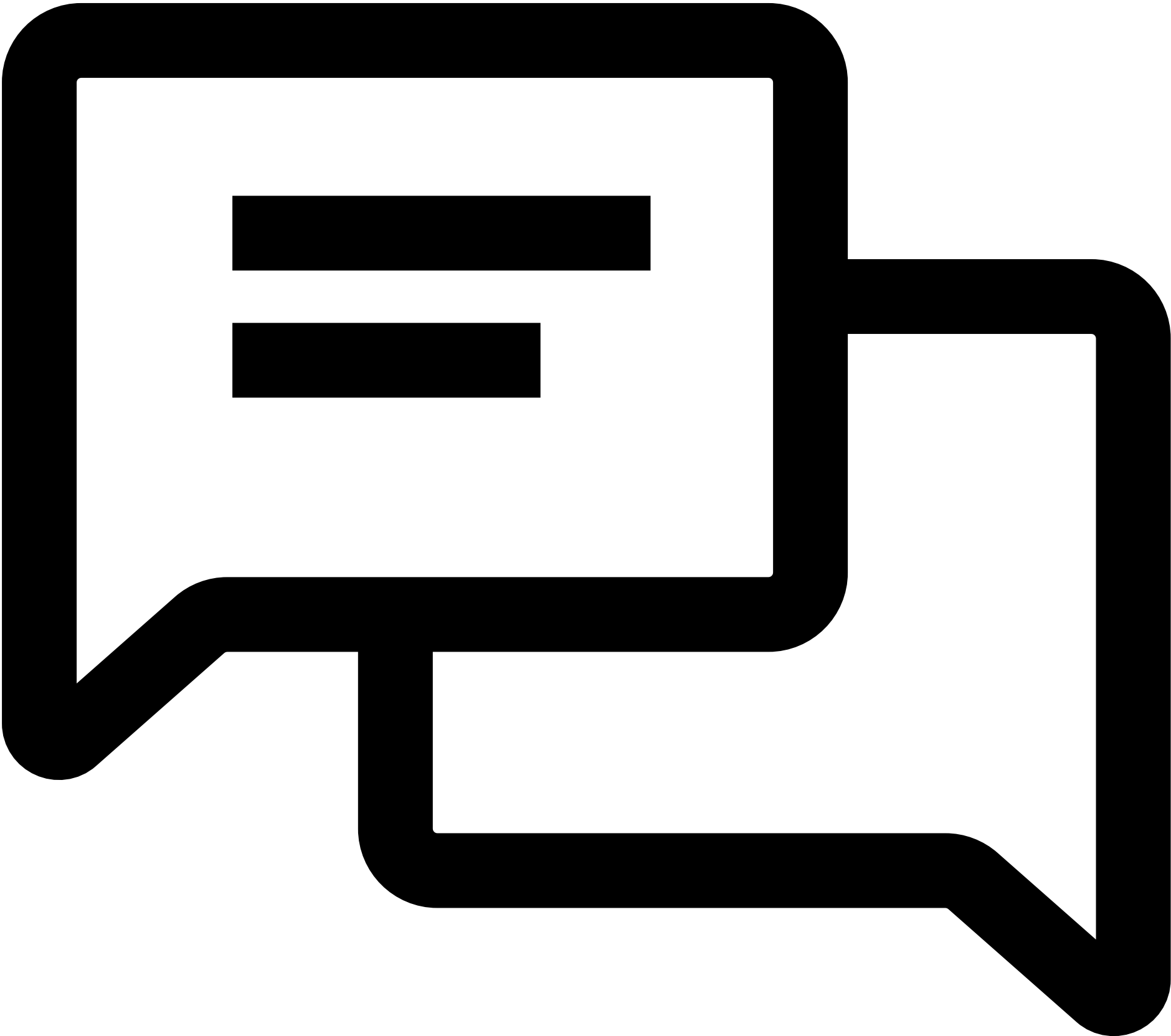


In recent years, we have extended our customer-centric approach, developed initially for wholesale customers, to end customers. Our constant quest for customer satisfaction is based on strong one-to-one customer care carried out by people with in-depth product knowledge who are proactive in responding to requests. Our customer interaction uses rules of engagement based on certain situations so we can better adapt to specific needs. Customer care activity focuses on both types of customers, employing different, albeit integrated, organisational structures.

The wholesale-focused customer care team mainly manages business information requests, such as restocking, exchange of goods, sale-or-return goods, returns for defective returns and shipping management. These customers’ requests are managed directly through telephone contact or through e-mail.

Customer care for end customers (currently limited to ecommerce) manages two types of support requests: the first concerns more varied requests related to product features such as advice on fit, sizes, fabrics, etc.; the second concerns administrative or logistical issues related to fulfilling orders. Currently, enquiries related to product, administrative and logistical issues are handled by an internal Arcadia department. Both types of claims can be raised by end customers through our ecommerce site and are assigned and managed through a ticketing tool operated by our external partner. End customers can also contact our customer care team directly via a dedicated email and Dondup profiles on the main social networks.

After completed a scouting phase to identify the partner with the most suitable solution for our needs, the implementation of a customer relationship management (CRM) platform for the integrated management of the aspects above got underway in early 2023. Specifically, a ticketing and reporting tool for customer care activities has been introduced, with the aim of creating a CRM ecosystem managed by a dedicated resource. We also plan to send out periodic surveys to both customer types, with a view to developing customer satisfaction indicators such as the Net Promoter Score (NPS) and Customer Satisfaction (CSAT).



CUSTOMER SATISFACTION INDICATORS

The data shown in the table opposite only concerns retail customers via the ecommerce channel. These indicators are not monitored for customers in our physical retail channel as sales are anonymous. The customer retention rate was calculated by considering how many customers who bought at least one item during the base financial year also made an ecommerce purchase in the following year. For example, in FY 2021 we achieved a retention rate of 29.91%.

This equates to the share of customers who made a purchase during FY 2020 and then also repurchased at least one item in FY 2021

For the churn rate the calculation is reversed, to reflect the share of customers who did not repurchase in the following financial year. The customer is identified through the e-mail address provided when ordering.

To calculate the percentage of claims, we considered returns from sales, excluding those due to defects, administrative problems and logistical problems. Instead, all claims due to size problems and discrepancies in the product in regard to customer expectations were considered (not defects, but fabrics or colours not in line with expectations).

| | UoM | 2021 | 2022 | 2023 |
|--------------------------------------|-----|--------------------------------|--------|--------|
| Net promoter score | | Scheduled for upcoming reports | | |
| CSAT – Customer satisfaction Score | | | | |
| Customer retention rate | % | 29,91% | 31,64% | 30,78% |
| Churn rate | % | 60,09% | 68,36% | 69,22% |
| Claim percentage on products sold | % | 7,48% | 8,82% | 6,37% |
| Percentage of returns due to defects | % | 1,10% | 1,72% | 5,48% |

Satisfaction levels on the part of the wholesale market are monitored through overall and like-for-like analyses of sales campaigns, or subjective comments on collections from customers. Market satisfaction with the ecommerce portion of the retail business is monitored through tailored sales analysis.

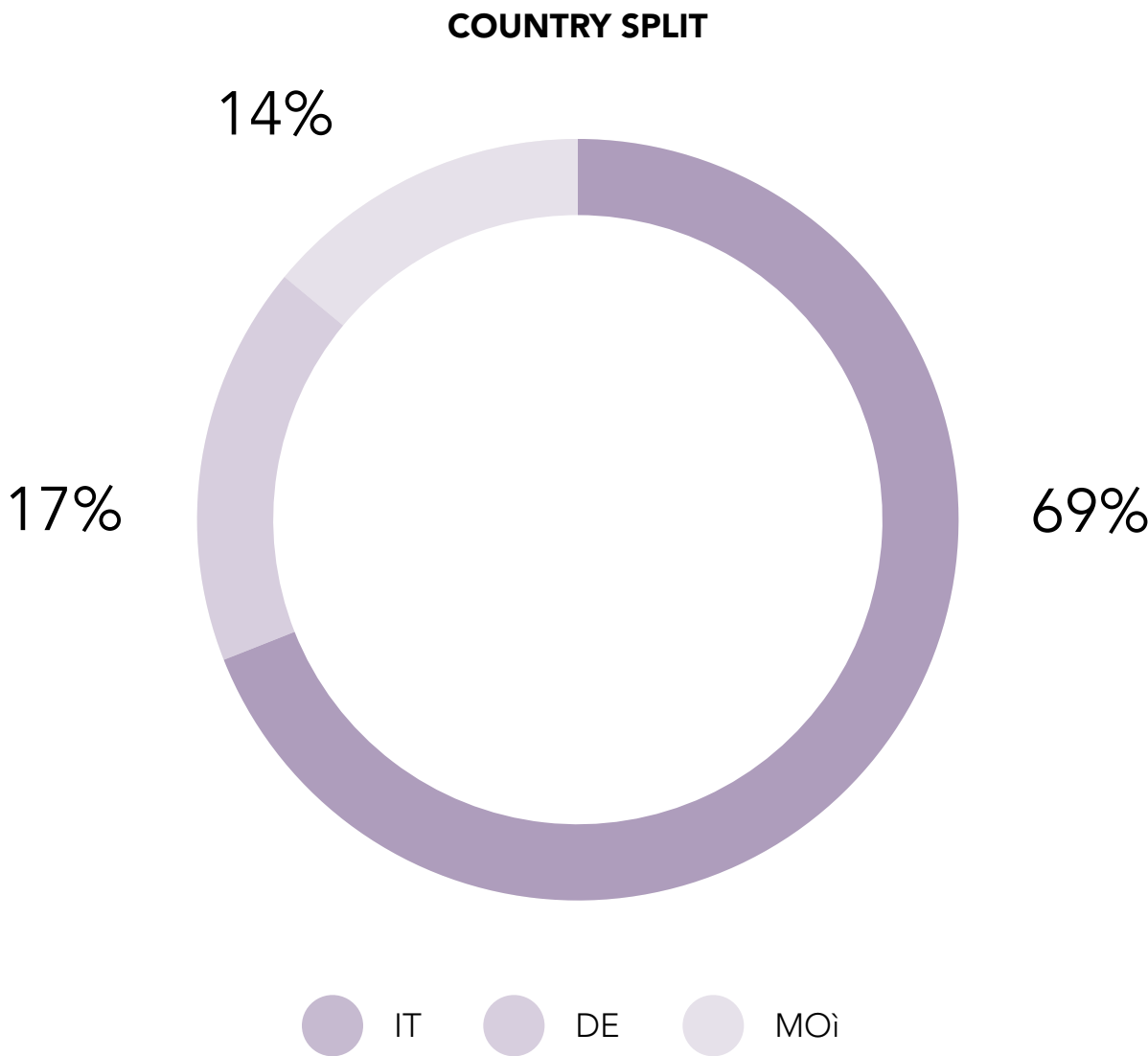
TOTAL NPS® RESPONSES AND COMMENTS

The NPS (Net Promoter Score ®), a measure of the ecommerce experience, was also introduced in February 2023. A survey on the “Thank You” page (that is, at the conclusion of the purchasing process) asks customers to not only give a rating from 0 to 10 on the digital customer experience they have just experienced but to also leave us with an optional qualitative comment.

In the period from February to April 2023 we collected a total of 706 scores and 209 comments. This means we can state that 39% of the customers who responded to the NPS® question were at that point engaged enough to also leave a qualitative comment.

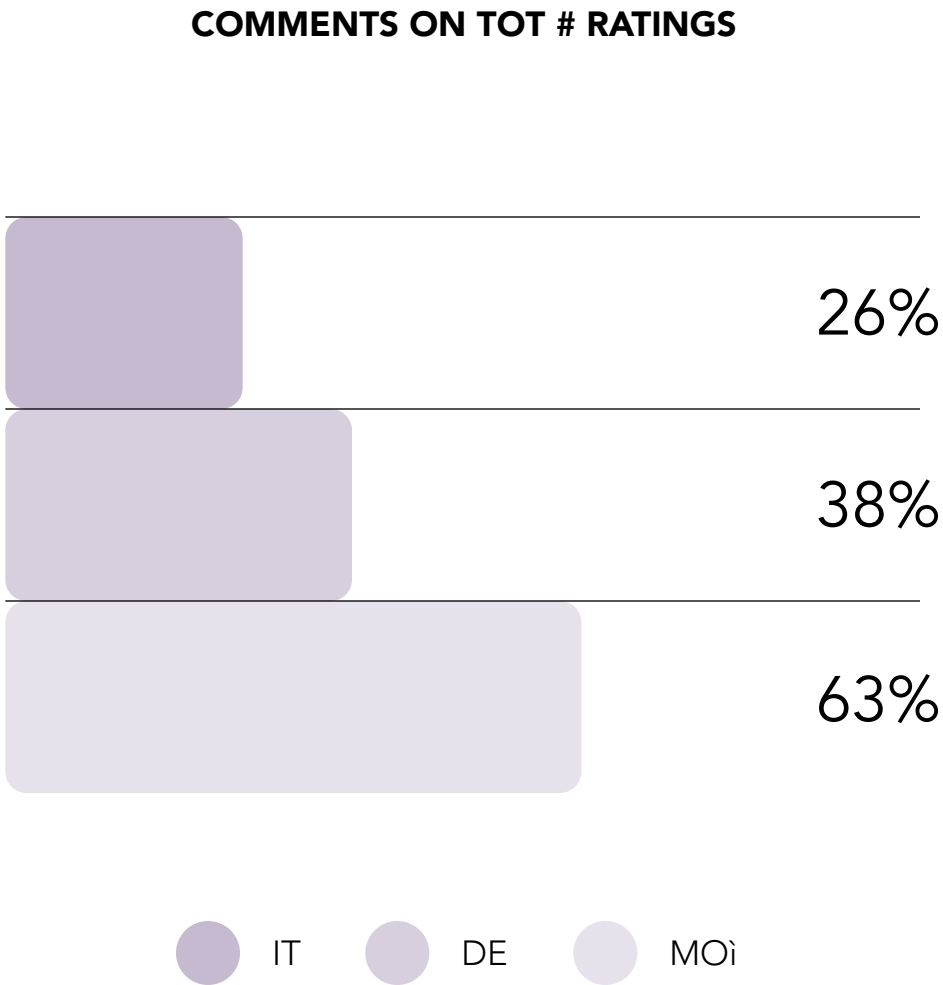
706

RATINGS



39%

ON TOT # RATINGS



NPS® RESULTS

The table shows how, across the three market clusters under consideration, the percentage of “promoters” is always well over 75%, while “detractors” account for less than 7% in each case. Our NPS ® therefore remains consistently above 70, varying between 71 and 75 depending on the market. Considering that NPS® is measured across a range from -100 to +100 and that, typically, a good NPS® result is considered to be around +50, we can view this first score as a positive outcome.

74

IT NET PROMOTER SCORE ®

75

DE NET PROMOTER SCORE ®

71

ROW NET PROMOTER SCORE ®

78.9 %

IT PROMOTERS

80 %

DE PROMOTERS

77.5 %

ROW PROMOTERS

15.9 %

IT PASSIVES

15 %

DE PASSIVES

15.7 %

ROW PASSIVES

5.2 %

IT DETRACTORS

5 %

DE DETRACTORS

6.9 %

ROW DETRACTORS

CSAT RESULTS

Similarly, we submitted a customer satisfaction questionnaire to Italian wholesale customers at the end of the SS24 sales campaign. Its aim was to measure the level of satisfaction across four main pillars that we identified as strategic within the customer relationship:

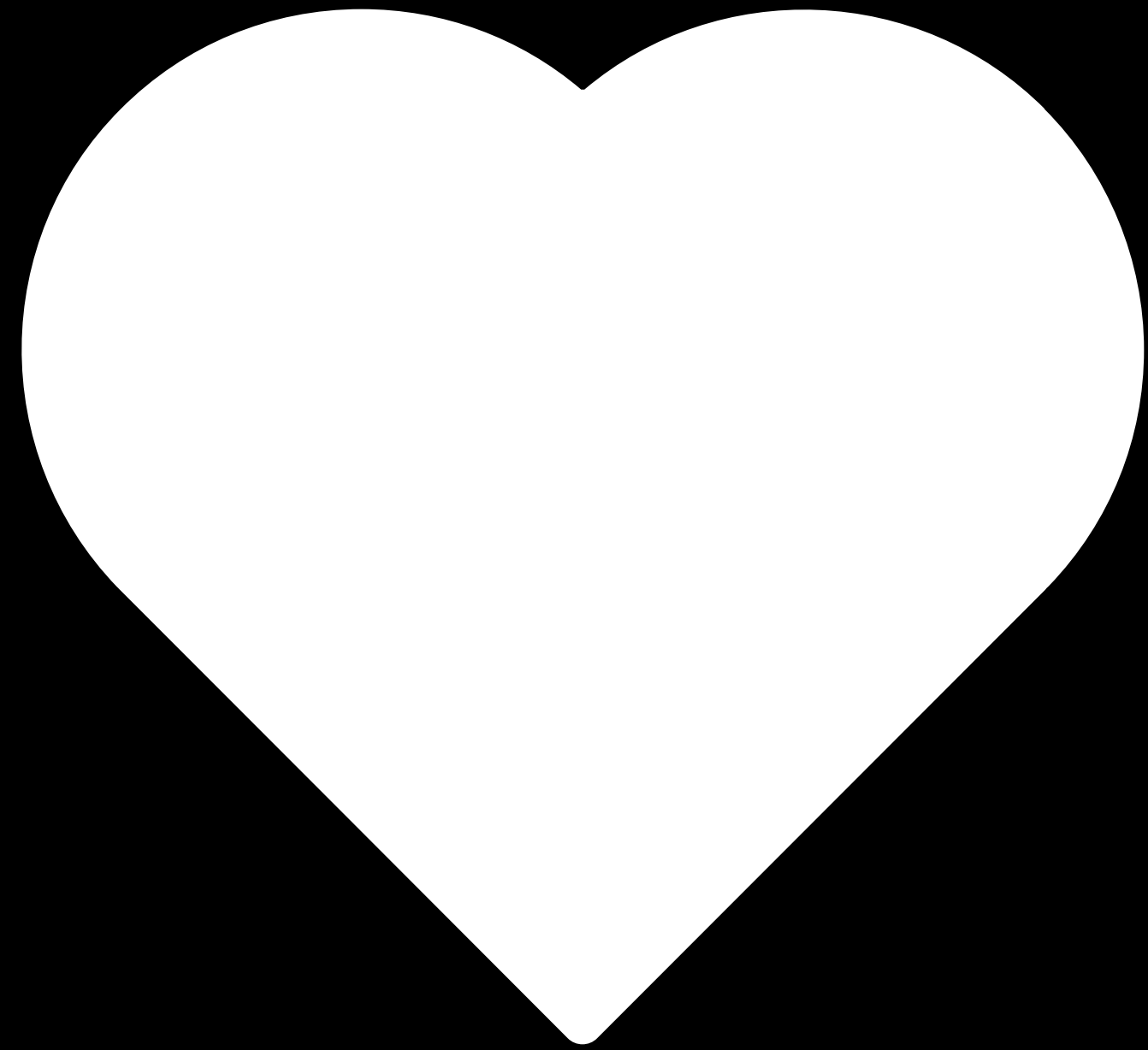
- 1. Collection and product range
- 2. Marketing and communication activities
- 3. Pricing and discounting
- 4. Delivery times

These topics provided the foundation for a survey consisting of 10 questions where respondents were asked to give a score from 1 to 5, and 3 open-ended questions asking for qualitative comments. A total of 92 responses were collected, with an average overall satisfaction score with the sales campaign of 3.9/5.

As the table shows, all scores are well above 3.5/5, with satisfaction peaking at 4.0 for pricing and discounting. The lowest score (3.7) was for the flexibility of payment terms. The three open-ended questions underlined good order management during the campaign and the excellent quality of the products. Finally, more than 90% of our customers say they would be willing to recommend our company. This was mainly due to the quality of the products and good relationships with the people representing the brand.

| | QUESTIONS | AVG RATING |
|-----|--|-------------|
| 1. | What is your overall satisfaction with the sales campaign? | 3.9 |
| 2. | How do you evaluate the effectiveness of the promotional and marketing activities carried out during the sales campaign? | 3.8 |
| 3. | Were you satisfied with the range of products offered during the sales campaign? | 3.8 |
| 4. | Did you encounter any problems or difficulties in handling orders during the campaign sale? | Open answer |
| 5. | How do you rate the helpfulness and competence of our customer service team during the sales campaign? | 3.9 |
| 6. | How satisfied are you with the delivery time of orders placed during the sales campaign? | 3.9 |
| 7. | Did you experience any problems or discrepancies in the quality of products received? | Open answer |
| 8. | How do you rate the pricing and discount policy offered during the sales campaign? | 4.0 |
| 9. | How satisfied are you with the payment terms and flexibility offered during the sales campaign? | 3.7 |
| 10. | Would you recommend our company to other wholesale customers? Why? | Open answer |

OUR PEOPLE



WELFARE

Arcadia's goal is to constantly improve the corporate environment and our employees' wellbeing by offering programmes and initiatives that promote a positive and collaborative atmosphere. The welfare of employees has always been a priority for Arcadia, as we believe it is a key driver of company success in every area – from product development to administration.

The directors manage this by seeking to create an informal atmosphere and paying great care to individuals' needs, including by scheduling individual discussions with the chief executive officer. By undertaking a path towards certification, Arcadia is focusing even more on the social. Indeed, the two certificate standards set out basic rules regarding the health and safety of employees. For example, a noticeboard will be created where all company communications will be posted, and a box will be made available where employees can flag concerns anonymously.

In order to support its employees as our industry evolves, Arcadia has set up general and specific training courses on sustainability. We guarantee health and disability cover for all our employees, as required by national regulations.

In previous years, insurance was taken out to cover professional and non-professional accidents solely for staff whose work involved travel. In 2021, we decided to extend this insurance to all employees, in addition to the cover required under current legislation. We also provide employees with discounts on Dondup clothing.

There were no differences in terms of the benefits granted to employees with full-time contracts compared to those with part-time contracts.

In order to create a working environment with a healthy work-life balance, in addition to developing their skills, we also offer our staff a series of initiatives aimed at increasing wellbeing for them and their families. In particular, we are proud to have introduced a summer schedule to allow employees to devote more time to family and hobbies: Indeed, for those functions where it is possible, weekly working hours during school closures (June to September) are from 8.30 am. to 5 pm. On Fridays, on the other hand, working hours are from 8.30 am to 1 pm. As noted previously, in winter 2022/2023, the winter timetable also underwent changes that improved the work-life balance, allowing staff to begin and end their working day earlier. In addition, the organisation is committed to making its employees feel they belong. This is accomplished through events and get-togethers that allow our people to enjoy moments of meeting and sharing experiences with others. We believe that these efforts on the part of the company show our care for all workers, with the goal of boosting wellbeing both in and out of the workplace.



WORKING CONDITIONS POLICY

Furthermore, it has developed and shared internally and externally strict policies that concern all areas of company operations

WASTE POLICY

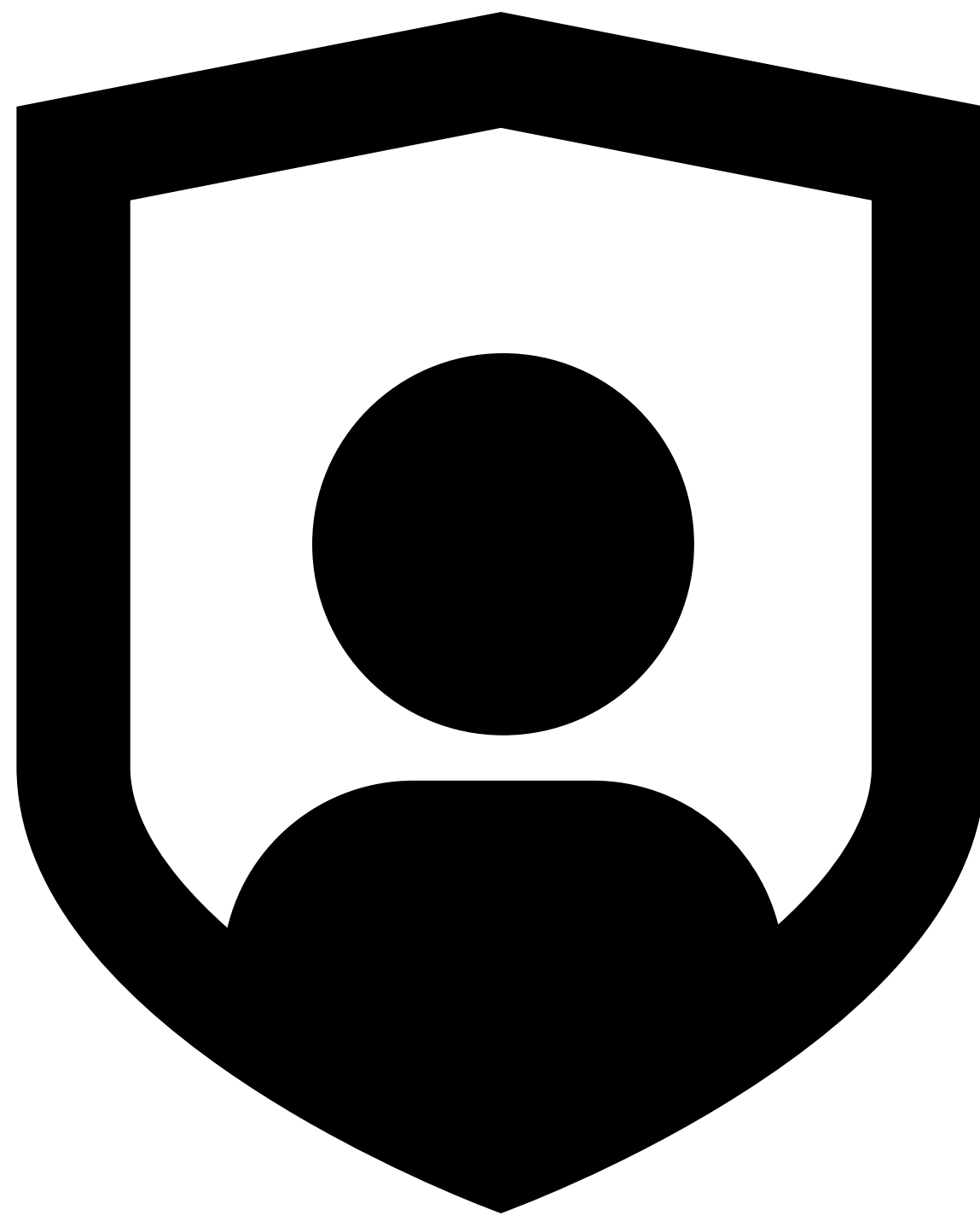
CLIMATE POLICY

CHEMICAL POLICY

NUMBER OF EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL AREA

All employees are covered by collective labour bargaining; specifically the company applies CCNL commercial services contracts and CCNL textile industry contracts (table 5.2 in the appendix). Employees of Arcadia GmbH are not associated or connected to any sector, as this is not mandatory in Germany (table 5.2). Currently, CCNL commercial services contracts are applied to new employees, while CCNL textile industry contracts are applied to production workers.

| | UoM | 2021 | | | 2022 | | | 2023 | | |
|-----------|-----|-------|---------|-------|-------|---------|-------|-------|---------|-------|
| | | ITALY | GERMANY | TOTAL | ITALY | GERMANY | TOTAL | ITALY | GERMANY | TOTAL |
| Permanent | n | 102 | 3 | 10/ | 102 | 3 | 10/ | 100 | 3 | 103 |
| Temporary | n | 1/ | 0 | 1/ | 16 | 0 | 16 | 27 | 2 | 29 |
| Total | n | 117 | 3 | 120 | 119 | 3 | 122 | 124 | 5 | 129 |



We seek to create a safe working environment for our employees, where they can work in complete security without running the risk of compromising their physical or mental health. Although our activities do not pose a high risk to the health and safety of our people, we are nevertheless committed to embedding a corporate culture that guarantees a healthy work environment, developing awareness of risks and promoting responsible behaviour. We therefore consider protecting and promoting people's health, safety and wellbeing to be a key part of our operating values in order to protect employees, customers, suppliers and anyone who comes under Arcadia's sphere of influence. This is why we manage this effectively across our offices, shops (with the exception of shop-in-shops, which we do not control directly) and logistics and production sites. To ensure we safeguard and promote health and safety in company offices, we apply standard management rules and carry out periodic checks across all workplaces where there are Arcadia personnel. The management system, in conjunction with key training and awareness-building activities, plays a central role in reducing the risk of accidents in the workplace. Our approach is based on continuous improvement. We do this by drawing up training plans on the risks identified in the company and implementing preventive actions and periodic checks on the safety of our processes. Specifically, in Italy we apply the provisions of Legislative Decree 81/2008 (Consolidated Law on health and safety in the workplace), and subsequent amendments and additions. Concerning the path towards certification that Arcadia has undertaken, all stringent regulations imposed by the relevant standards are complied with.

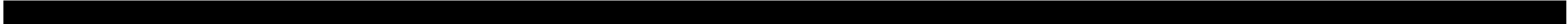
To ensure we provide a safe working environment that is compliant with current regulations, we have enlisted the support of a specialist external consultant, SEA Gruppo S.r.l. In collaboration with company management, SEA is responsible for establishing health and safety guidelines, coordinating monitoring activities and, where necessary, improving safety by coordinating with the internal company representatives who have responsibility for specific process. We also opted to work with an external consultant – who is supporting us on our sustainability journey – on our product certifications. However, each employee also plays a key role in ensuring that the working environment is safe. Embedding a culture of safety and individual responsibility, as well building awareness of risk, are crucial factors in continuing to offer a safe working environment. To this end, we have put in place specific dedicated training, tailored to various professional roles and risk levels, in order to transfer knowledge, skills and values that promote "working in safety" (for managers and production workers, as well as courses for forklift drivers). All employees receive general training on safety in the workplace, in accordance with legal provisions. Ongoing accident-prevention training, communication and awareness-building, as well as monitoring the correct application of improvement initiatives, have contributed to limiting the number of accidents in the workplace, of which there were none in the period from May 2022 to April 2023 (table 5.4). We have also assigned an occupational doctor to each company site, office or shop, whose responsibilities include visits to employees at company premises, in accordance with the timeframes established by law.

INJURIES TO ARCADIA GROUP EMPLOYEES

During the three-year period, the company maintained its “zero injuries” record, thanks in part to regular analyses, and safety training and prevention. The number of hours worked in the various years, (leading to an adjustment of the figures for 2021 and 2022 that were set out in the 2022 Sustainability Report) was carefully calculated using data from the attendance reporting system, which is used for processing pay slips. This differed from the assumption made to calculate the figures in last year's sustainability report, which considered the individual employee and used the following formula to determine the number of hours worked in the period in question:
(no. of weekly hours per contract X no. of weeks in a year) - (no. of hours of holidays/leave accrued up to month X no. months in a year)

The injury rate was calculated by multiplying the ratio of the number of injuries to hours worked annually by 200,000, in line with the GRI guidelines on calculating the injury index rate: a rate based on 200,000 hours worked indicates the number of work-related injuries per 100 full-time workers over a year, based on the assumption that a full-time worker works around 2,000 hours in a year. For example, a rate of 1.0 means that, on average, there is one work-related injury for every 100 full-time workers over a year. For this reason, we believe that a rate based on 200,000 hours worked to be more suitable for an organisation of our size.

| | 2021 | | 2022 | | 2023 | |
|--|---------|------|---------|------|---------|------|
| | n | Rate | n | Rate | n | Rate |
| No. hours worked | 167.873 | | 184.909 | | 212.494 | |
| Number and rate of deaths as a result of occupational injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| Number and rate of occupational accidents with serious consequences (excluding fatalities) | 0 | 0 | 0 | 0 | 0 | 0 |
| Number and rate of occupational injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| The main types of occupational injuries | - | | - - | | | |



As required by Italian legislation, a periodic risk assessment analysis is carried out. This is related to Arcadia's activities and the prevention and/or protection measures implemented. As part of this process, the Risk Assessment Document (DVR), which describes the risks and prevention measures in place for occupational health and safety, is periodically reviewed and updated in conjunction with the workers' safety representative (RLS). Any safety concerns can be raised during scheduled meetings with emergency management teams (SGEs) and affected personnel.

More specifically, in the DVR, risks are identified using a risk matrix balancing probability and potential damage. Of the work-related hazards that pose a risk of high-consequence injuries, the assessment of the risk of fire at the headquarters (carried out according to the criteria set out in annex I of the Ministerial Decree of 10/03/1998) showed that Arcadia has a medium risk. In order to protect our employees, therefore, we entered into a contract with a specialised and qualified company to perform the relevant periodic checks.

As already mentioned, due to the nature of its business, Arcadia does not carry out high-risk activities. Nevertheless, we have decided to take a preventive approach by carrying out a thorough assessment of health and safety risks prior to the opening of any new workplace (offices, production sites or shops) through inspections carried out in conjunction with specialist consultants.

In addition to the above, the existing offices and shops are subjected to various periodic compliance checks through document analysis and inspections to verify work environments and equipment, which result in a report being issued. At the operational headquarters in Fossombrone, periodic safety meetings are organised each year and are attended by internal safety contacts and SEA Group consultants. The meetings provide updates on risk assessment analyses and results, accident trends, continuous improvement, training, and personal protective equipment for employees. Finally, in line with the requirements of the Italian Consolidated Law on safety, interference risks are analysed, assessed and shared with business partners to promote the prevention and mitigation of the impacts to occupational health and safety directly linked to business relationships. The occupational health and safety management system is subject to the internal controls described in this chapter. To date, the management system has not been audited by independent third parties. Table 5.5 in the appendix shows the number and percentage of employees covered by the system.

As part of the new Sustainability Plan, over the next few years we also intend to undertake improvement activities and projects with a view to obtaining ISO 45001 certification for our sites and stores around the world.



GENDER EQUALITY, DIVERSITY & INCLUSION



Another key issue for the Arcadia Group is promoting diversity, equity and inclusion. We are aware of the threat discrimination poses to the community and how important it is to ensure diversity is accepted and appreciated. At Arcadia, diversity is seen as adding value – a driver of the organisation's ability to evolve and grow with an inclusive and receptive approach to a changing world. As our Code of Ethics sets out, Arcadia does not tolerate any form of discrimination based on ethnic origin, skin colour, gender, sexual orientation, religion, nationality, age, political opinion, trade union affiliation, marital status, physical or mental disability, or any other status or personal characteristic. Respect for diversity and equal opportunities and the prevention of any type of discrimination are principles that Arcadia commits to guaranteeing at each stage of the employment relationship – from the recruitment process, salary setting and professional growth opportunities through to managing the termination of an employment relationship. Training courses for employees on gender equality are due to take place over the coming years. Furthermore, we are committed to promoting diversity not only in the management of our workforce, but in relations with our suppliers and collaborators. Indeed, our Code of Conduct for Suppliers expressly prohibits discriminatory practices within our supply chain. In relation to the path towards certification that Arcadia has undertaken, both the company itself and its suppliers must comply with the strict regulations set out in the two standards concerning the issues above. In terms of gender representation, the majority of Arcadia's total workforce is made up of women: females account for 63%, in line with previous years. There is also a high percentage of women at a managerial level, with the only two directors women. Arcadia's workforce also consists of employees from minorities and vulnerable categories – the Group undertakes to promote integration and inclusion by leveraging their contribution towards its corporate goals.

WORKFORCE COMPOSITION BY GENDER, AGE AND POSITION 2023

As stated in Arcadia's Sustainability Plan, assessment has begun regarding the creation of a Diversity, Equity & Inclusion (DE&I) committee to oversee gender equality, diversity and inclusion topics. The data shown in the following tables and in the tables in the appendix have been extracted from our management information system, which monitors information on human resource management and compensation for employees.

As the table shows, male and female employees at Arcadia make up 63% and 37% respectively of the total. Both Group directors are female and are the most senior employees. The employees of Arcadia International GmbH are included in the data shown in the table.

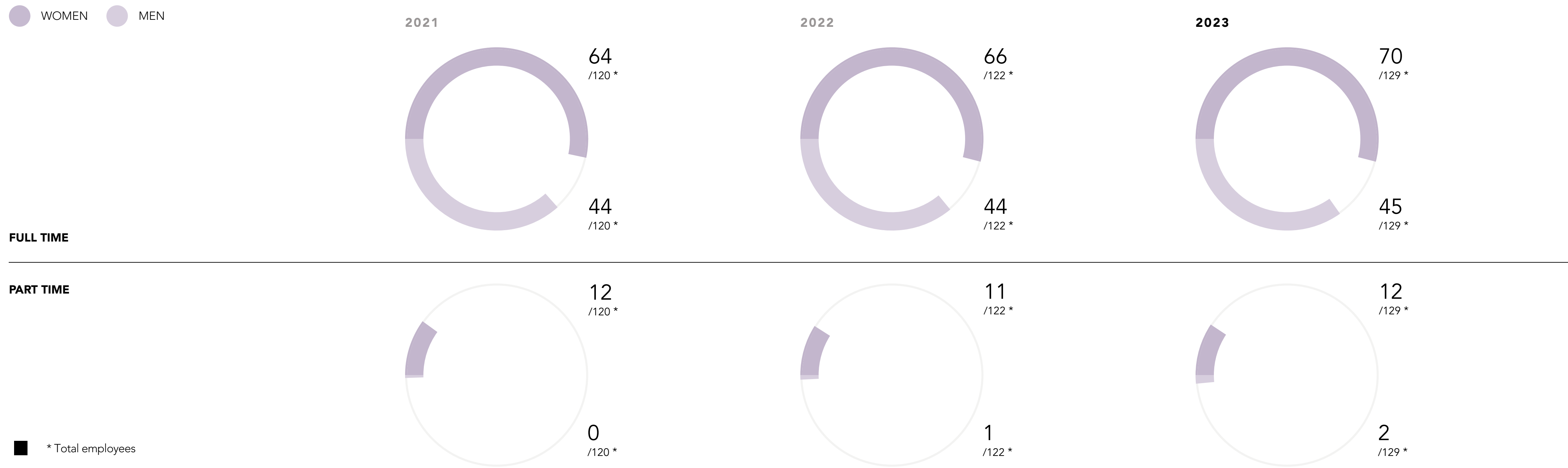
| | UoM | <30 | | 30–50 | | >50 | | TOTAL |
|--------------------|-----|-------|--------|--------|--------|-------|--------|-------|
| | | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | |
| Directors | no. | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Managers | no. | 0 | 0 | 2 | 2 | 0 | 0 | 4 |
| Office workers | no. | 8 | 14 | 14 | 43 | 6 | 11 | 96 |
| Production workers | no. | 2 | 1 | 12 | 3 | 3 | 6 | 27 |
| Tomuge | no. | 10 | 15 | 28 | 48 | 9 | 19 | 129 |
| Perhenmduge | % | 7,75% | 11,63% | 21,71% | 37,21% | 6,98% | 14,73% | 100% |

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE 2023

| | UoM | <30 | | | 30 - 50 | | | >50 | | |
|--------------------|-----|-----|-------|-------|---------|-------|-------|-----|-------|-------|
| | | MEN | WOMEN | TOTAL | MEN | Women | TOTAL | MEN | WOMEN | TOTAL |
| Membres of the BoD | n | 0 | 0 | 0 | 2 | 1 | 3 | 3 | 0 | 3 |
| Percentage | % | 0% | 0% | 0% | 33% | 17% | 50% | 50% | 0% | 50% |



NUMBER OF EMPLOYEES BY GENDER & TYPE OF EMPLOYMENT

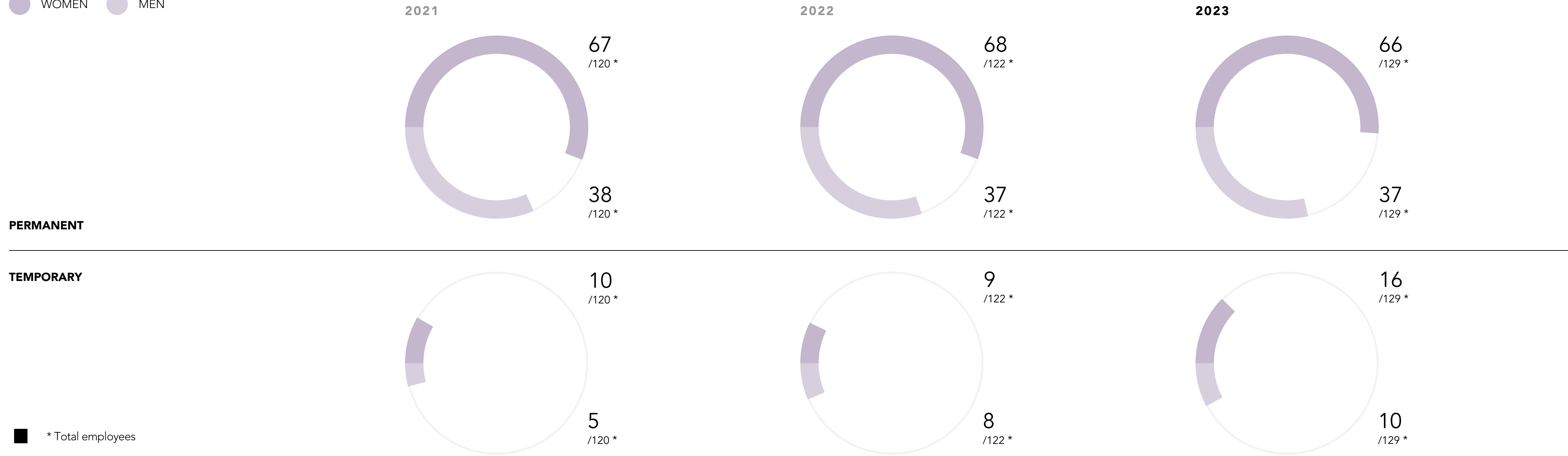




NUMBER OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT



● WOMEN ● MEN



■ * Total employees

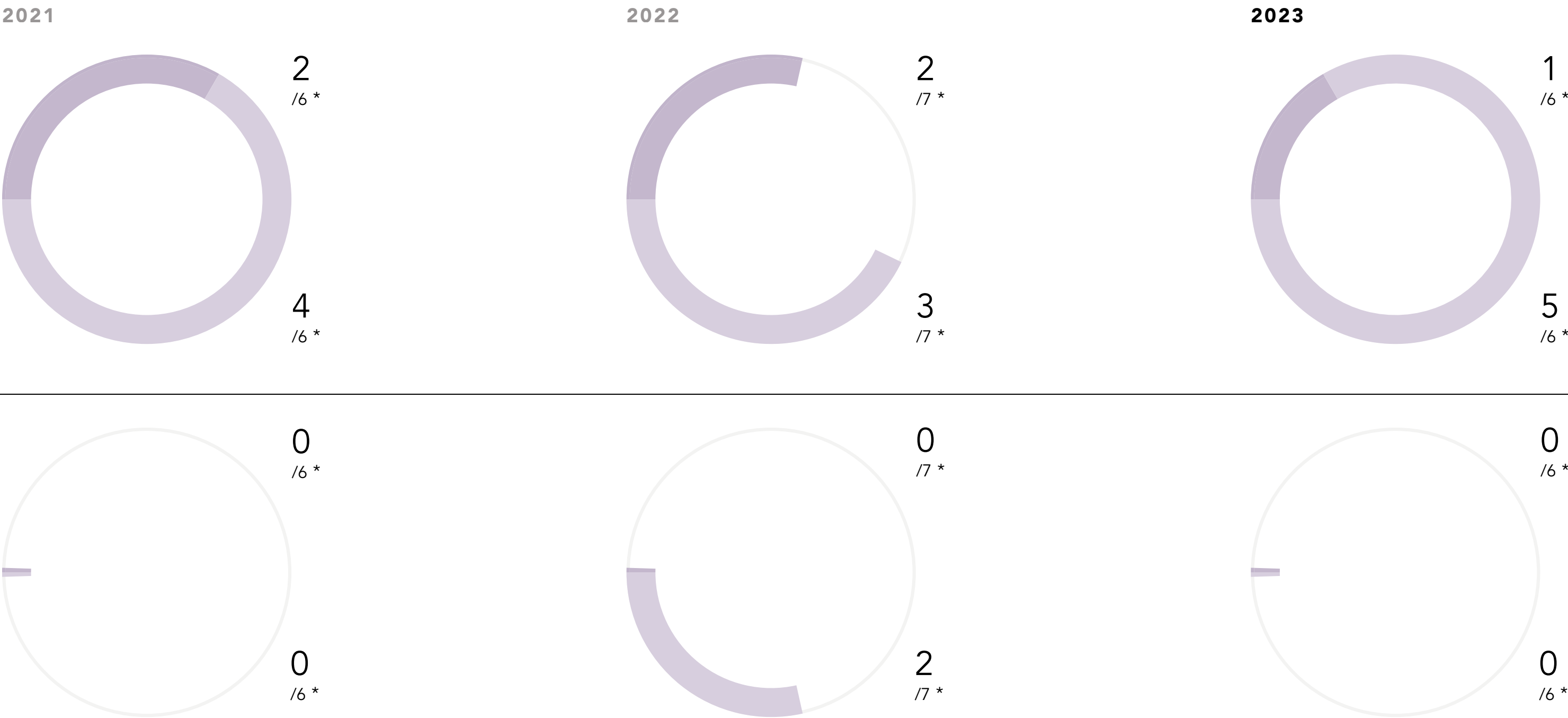
NUMBER OF WORKERS WHO ARE NOT EMPLOYEES BY GENDER

● WOMEN ● MEN

COLLABORATORS

SUBMITTED

During the three years subject to disclosure, a number of people were working under internship contracts, but no internship was in progress on 30/04 of the years in question (the end of the financial year used to record the number of employees for the purposes of the GRI indicators in the report).



NUMBER OF NEW EMPLOYEES BY GENDER AND AGE

As stated in Arcadia's Sustainability Plan, assessment has begun regarding the creation of a Diversity, Equity & Inclusion (DE&I) committee to oversee gender equality, diversity and inclusion topics. The data shown in the following tables and in the tables in the appendix have been extracted from our management information system, which monitors information on human resource management and compensation for employees.

As the table shows, male and female employees at Arcadia make up 63% and 37% respectively of the total. Both Group directors are female and are the most senior employees. The employees of Arcadia International GmbH are included in the data shown in the table.

The calculation of the new employee rate considers the number of employees hired in relation to the total number of employees at the end of the reporting year.

| | UDM | 2021 | | | 2022 | | | 2023 | | |
|-------|-----|------|-------|-------|------|-------|-------|------|----------|-------|
| | | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| <30 | n | 2 | 3 | / | 7 | 6 | 13 | 5 | 8 | 13 |
| 30–50 | n | 0 | 5 | 5 | 4 | 3 | 7 | 3 | 9 | 12 |
| >50 | n | 0 | 0 | 0 | 1 | 2 | 3 | 2 | 3 | 5 |
| Total | n | 2 | 8 | 10 | 12 | 11 | 23 | 10 | 20 | 30 |
| <30 | % | 1,7 | 2,5 | 4,2 | 5,7 | 4,9 | 10,7 | 3,9 | 6,2 | 10,1 |
| 30–50 | % | 0 | 4,2 | 4,2 | 3,3 | 2,4 | 5,7 | 2,3 | 7,0 | 9,3 |
| >50 | % | 0 | 0 | 0 | 0,8 | 1,6 | 2,4 | 1,6 | 2,3 | 3,9 |
| Total | 5 | 1,7 | 6,7 | 8,3% | 9,8 | 9 | 18,9% | 7,8 | 1/15,5/4 | 23,3% |

NUMBER OF NEW EMPLOYEES BY GENDER AND AGE

The higher number of employees leaving during 2023 was due to voluntary resignations across different areas. In 2021 and 2022, a higher percentage of expiring temporary contracts were either extended or the employees awarded permanent contracts. As for the difference between 2021 and 2022, the increase in employees leaving is mainly attributable to a higher number of resignations in two specific departments: the cutting centre and the digital/communication department. We report below the detailed reasons for employees leaving in the years in question.

The calculation of the new employee rate considers the number of employees hired in relation to the total number of employees at the end of the reporting year.

| | UoM | 2021 | | | 2022 | | | 2023 | | |
|-------|-----|------|-------|-------|-------|-------|-------|------|-------|-------|
| | | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | TOTAL |
| <30 | n | 3 | 4 | 7 | 4 | 5 | 9 | 4 | 3 | 7 |
| 30–50 | n | 1 | 3 | 4 | 5 | 6 | 11 | 2 | 9 | 11 |
| >50 | n | 0 | 2 | 2 | 0 | 2 | 2 | 1 | 1 | 2 |
| Total | n | 4 | 9 | 13 | 9 | 13 | 22 | 7 | 13 | 20 |
| <30 | % | 2,5% | 3,3% | 5,8% | 3,3% | 4,1% | 7,4% | 3,1% | 2,3% | 5,4% |
| 30–50 | % | 0,8% | 2,5% | 3,3% | 4,1% | 4,9% | 9,0% | 1,6% | 7,0% | 8,5% |
| >50 | % | 0,0% | 1,7% | 1,7% | 0,0% | 1,6% | 1,6% | 0,8% | 0,8% | 1,6% |
| Total | % | 3,3% | 7,5% | 10,8% | 7,4% | 10,7% | 18% | 5,4% | 10,1% | 15,5% |

REASONS FOR EXIT

Other reasons include exits due to the end of a temporary contract, consensual terminations or failure to pass the probationary period.

| | UoM | 2021 | | | 2022 | | | 2023 | | |
|-------------------------|-----|------|-------|-------|------|-------|-------|------|-------|-------|
| | | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Resignations | n | 2 | 6 | 8 | 6 | 8 | 14 | 2 | 10 | 12 |
| Retirements | n | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| Dismissals/redundancies | n | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reasons | n | 2 | 3 | 5 | 3 | 4 | 7 | 5 | 3 | 8 |
| TOTAL | n | 4 | 9 | 13 | 9 | 13 | 22 | 7 | 13 | 20 |

The calculation of the employee exit rate considers the number of employees leaving in relation to the total number of employees at the end of the reporting year.



TURNOVER RATE

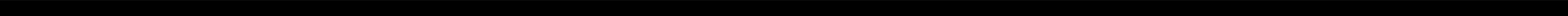


In the past year, the turnover rate was in line with – and slightly down on – the previous year.



| | UoM | 2021 | | | 2022 | | | 2023 | | |
|--------|-----|------|-------|-------|------|-------|-------|------|-------|-------|
| | | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| <30 | % | 30% | 36% | 33% | 36% | 45% | 41% | 40% | 20% | 28% |
| 30-50 | % | 4% | 6% | 5% | 19% | 12% | 14% | 7% | 19% | 14% |
| >50 | % | 0% | 15% | 10% | 0% | 13% | 9% | 11% | 5% | 7% |
| Tomuge | % | 9% | 12% | 11% | 20% | 17% | 18% | 15% | 16% | 16% |

 The turnover index was calculated automatically by dividing the number of employees leaving by the headcount at the end of the reporting year.



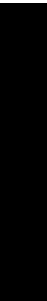
RATIO OF BASIC MONTHLY SALARY OF WOMEN TO MEN



The data regarding salaries in this report refer solely to the employees of the parent company Arcadia S.r.l, which equates to the definition of significant locations of operation required by the GRI indicator. The data shown in the following table were calculated on the basis of average salaries, which were weighted according to the number of employees of the parent company divided by gender and by position over years in the disclosure period. For basic salary, the gross contractual minimum (RAL) applied by the CCNL was considered.



| | 2021 | 2022 | 2023 |
|--------------------|------|------|------|
| Directors | | | |
| Managers | | 1 | 1,00 |
| Office workers | 0,98 | 0,96 | 0,95 |
| Production workers | 1,02 | 1,01 | 0,97 |
| Production workers | 1,04 | 1,01 | 0,99 |



The ratio was calculated by dividing the average basic salary for women by that for men. On that basis, a value of 1.00 indicates equal pay between genders, while values above 1 indicate professional categories where the remuneration for women is on average higher than that for male employees. Conversely, values less than 1 indicate professional categories where remuneration for women is on average lower than that for male employees.



RATIO OF TOTAL MONTHLY SALARY OF WOMEN TO MEN

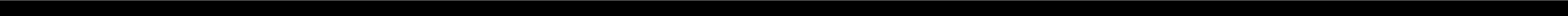


The same ratio is reported in the table but calculated on the basis of total salary. The total salary considers the salary actually paid to employees per single month. For comparative purposes, part-time salaries have been prorated to full-time salaries. Bonuses or one-off payments to employees in the periods in question were not taken into account.

The reduction in the ratio of women's total remuneration to men's total remuneration, which occurred within the manager category, is due to women in this category joining the company on a lower pay scale than existing staff. In general, there were no significant changes to women’s remuneration in the period.



| | 2021 | 2022 | 2023 |
|--------------------|------|------|------|
| Directors | | | |
| Managers | | 0,74 | 0,50 |
| Office workers | 0,92 | 0,92 | 0,91 |
| Production workers | 0,95 | 0,91 | 0,91 |
| Totla | 1,01 | 0,96 | 0,99 |



GENDER PAY GAP

The gender pay gap was calculated by considering the percentage difference between the total average salary for men and the total average salary for women. The table shows that the gender pay gap remains within the 3.5 mark and therefore well above the industry benchmark, which, according to the latest available ISTAT data is 7% (source: UNI PDR 125:2022 reference practice)

| | UDM | 2021 | 2022 | 2023 |
|--------------------|-----|--------|--------|--------|
| Directors | % | | | |
| Managers | % | | 25,67% | 50,15% |
| Office workers | % | 7,58% | 7,79% | 8,50% |
| Production workers | % | 5,15% | 9,22% | 9,27% |
| Total | % | -1,20% | 3,69% | 1,05% |

OUR RELATIONSHIP WITH LOCAL COMMUNITIES

Arcadia is committed to supporting local communities through projects that offer significant value to wider society. In line with our philosophy and our mission, we also want to help the less fortunate and leave a positive mark within our communities. Our active support stems from the awareness that a company's development can only take place in harmony with and in full respect of local communities. Over the past year, Arcadia has been active at a community level, promoting a range of donations and initiatives:

- We have pledged to donate computers to local associations, schools and/or people in need;
- Each year we fund a charity put forward and promoted by one of our employees.
- Specific activities will begin in the near future under the auspices of "Dondup NEXT GEN". This series of activities aims to help and interact with the younger generation, primary schools and partnerships that support the less fortunate in the communities where we operate.

These and future initiatives will continue to coexist as an integral part of our business, helping us to nurture an increasingly respectful and supportive relationship with local communities. As stated in the Sustainability Plan, we will also work on quantifying our social impact, launching a tailored and measurable analysis of our social impact (positive and negative) in the territories and communities where we operate.

APPENDIX

TABLE 3.3

Quantities of secondary production materials (non-fabrics) purchased

| | UDM | 2021 | 2022 | 2023 |
|----------------|-----|-----------|-----------|-----------|
| Bottoni | N. | 2.711.124 | 2.723.342 | 3.160.011 |
| Etichette | Mt | 1.230.319 | 1.244.973 | 1.359.691 |
| Rivetti | N. | 1.829.247 | 2.211.923 | 2.375.338 |
| Nastri | Mt | 1.760.212 | 2.051.547 | 2.179.440 |
| Fodere | Mt | 130.698 | 158.032 | 173.807 |
| Adesivi | Mt | 78.368 | 82.033 | 93.889 |
| Zip | N. | 240.392 | 311.124 | 349.124 |
| Accessori vari | N. | 977.001 | 1.133.934 | 1.457.536 |
| Ganci | N. | 151.355 | 186.385 | 204.264 |
| Applicazioni | N. | 29.435 | 82.033 | 53.661 |
| Spalline | N. | 12.599 | 17.351 | 22.396 |
| Fibbie | N. | 4.622 | 10.917 | 5.820 |
| Costine | Mt | 133 | 363 | 236 |
| Scatole | N. | 3.135 | 5.206 | 2.824 |
| Occhielli | N. | 7.900 | 11.990 | 15.490 |
| Rondelle | N. | 119.300 | 148.000 | 160.000 |
| Modelli | N. | 20 | 17 | – |
| Trapunte | Mt | 865 | – | – |

TABLE 4.5

Conversion factors used

| | CONVERSIONE | UDM | FATTORE DI CONVERSIONE | FONTE |
|----------------------------------|-----------------------|--------|------------------------|-------------|
| Natural gas | Density | Kg/smc | 0.795 | DEFRA, 2022 |
| Natural gas | Gross calorific value | GJ/ton | 50.43 | DEFRA, 2022 |
| Diesel | Gross calorific value | GJ/ton | 45.41 | DEFRA, 2022 |
| Petrol | Gross calorific value | GJ/ton | 45.58 | DEFRA, 2022 |
| Electricity and district heating | Energy | GJ/kWh | 0.0036 | DEFRA, 2022 |

TABLE 4.8

Emission factors used

| | PERIMETRO | UDM | FATTORE DI EMISSIONE | FONTE |
|---|-----------|-------------|----------------------|-----------------------------|
| Natural gas for heating | Group | Kg CO2e/smc | 2.038 | DEFRA, 2022 |
| Diesel for transport | Group | Kg CO2e/l | 2.512 | DEFRA, 2022 |
| Methane gas for transport | Group | Kg CO2e/Kg | – | DEFRA, 2022 |
| Petrol for transport | Group | Kg CO2e/l | 2.097 | DEFRA, 2022 |
| Electricity (location based) | Italy | Kg CO2e/kWh | 268.000 | ISPRA, 2022 |
| Electricity (location based) | Germany | Kg CO2e/kWh | 377.640 | AIB, 2022, Production Mixes |
| Energy purchased for heating (location based) | Germany | Kg CO2e/kWh | 170.730 | DEFRA, 2022 |
| Electricity (market based) | Italy | Kg CO2e/kWh | 457.150 | AIB, 2022, Residual Mixes |
| Electricity (market based) | Germany | Kg CO2e/kWh | 617.840 | AIB, 2022, Residual Mixes |
| Energy purchased for heating (market based) | Germany | Kg CO2e/kWh | 183.870 | DEFRA, 2022 |

È f stato considerato il éattore di emissione del metano poich’ lwimpianto che riéornisce lo shoxroom di Monaco Kenera enerKia per il riscaldamento dalla combustione di Kas metano

TABLE 5.2

Employees covered by collective bargaining agreements

| | UDM | 2021 | 2022 | 2023 |
|---|-----|-------|-------|-------|
| Employees covered by collective bargaining agreements | N. | 117 | 119 | 125 |
| Total employees | N. | 120 | 122 | 128 |
| Percentage of employees covered by collective bargaining agreements | . | 97,5% | 97,5% | 97,7% |

TABLE 5.5

Employees covered by a health and safety management system

| | UDM | 2021 | 2022 | 2023 |
|--|-----|------|------|------|
| Employees and workers who are not employees covered by an occupational health and safety management system based on recognised requirements and/or standards/guidelines: | N. | 126 | 129 | 134 |
| | . | 100% | 100% | 100% |

GRI

SCOPE OF TOPICS AND
TYPE OF IMPACTS

| MATERIAL TOPIC | RECONCILIATION WITH GRI STANDARDS | SCOPE OF IMPACT | ARCADIA'S ROLE ON IMPACTS |
|---|---|--|--|
| Sustainability of raw materials and product circularity | GRI 3: Management of material issues GRI 301: Materials 2016 | Arcadia S.r.l. | Direct – Purchase of recycled raw materials and end-of-life management Indirect – Purchase of raw materials |
| Supply chain traceability and transparency | GRI 3: Management of material issues | Arcadia S.r.l. | Direct – Collecting information and sharing it with customers Indirect – Sharing information on the part of suppliers |
| Responsible supplier management | GRI 3: Management of material issues GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016 | Arcadia S.r.l. | Direct – Supplier assessment |
| Working conditions in Arcadia's local supply chain | GRI 3: Management of material issues GRI 204: Procurement practices 2016 | Arcadia S.r.l. | Direct – Control of suppliers Indirect – Suppliers' human resources management |
| Waste management | GRI 3: Management of material issues GRI 306: Waste 2020 | Arcadia S.r.l. Arcadia International Gmbh | Direct – Waste internal processes Indirect – Supplier Waste |
| Reduction of GHG emissions through energy efficiency and renewables | GRI 3: Management of material issues GRI 302: Energy 2016 GRI 305: Emissions 2016 | Arcadia S.r.l. Arcadia International Gmbh | Direct – Scope 1 and 2 Indirect – Commercial relations with suppliers and product distribution |
| Water consumption in the supply chain | GRI 3: Management of material issues GRI 303: Water and effluents 2018 | Arcadia S.r.l. | Indirect – Processes contracted to suppliers |
| Customer satisfaction | GRI 3: Management of material issues | Arcadia S.r.l. Arcadia International Gmbh | Direct – Customer care activities |

SCOPE OF TOPICS AND
TYPE OF IMPACTS

| MATERIAL TOPIC | RECONCILIATION WITH GRI STANDARDS | SCOPE OF IMPACT | ARCADIA'S ROLE ON IMPACTS |
|----------------------------------|---|--|---|
| Employee wellbeing | GRI 3: Management of material issues GRI 401: Employment 2016 | Arcadia S.r.l. Arcadia International Gmbh | Direct – Human resources management |
| Occupational health and safety | GRI 3: Management of material issues GRI 403: Occupational | Arcadia S.r.l. Arcadia International Gmbh | Direct – Management of health and safety aspects |
| Diversity, equity and inclusion | GRI 3: Management of material issues GRI 401: Employment 2016 GRI 405: Diversity and equal opportunity 2016 | Arcadia S.r.l. Arcadia International Gmbh | Direct – Human resources management and DE&I policies |
| Relations with local communities | GRI 405: Diversità e pari opportunità GRI 3: Management of material issues | Arcadia S.r.l. | Direct – Initiatives for communities |

CONTENT INDEX

| DECLARATION OF USE | GRI 1 |
|---|------------------------|
| Arcadia Srl has reported the information listed in this GRI Content Index for the period from 01/05/2022 to 30/04/2023 in accordance with the “with reference” approach to GRI Standards. | GRI 1: Foundation 2021 |

GENERAL DISCLOSURES

| GRI STANDARD/ OTHER STANDARD | INDICATOR | PAGE | OMISSIONS | | |
|--|---|-------|---------------------------------|----------------------|----------------------|
| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
| ORGANISATIONAL PROFILE | | | | | |
| GRI 2: General disclosures 2021 | GRI 2-1. Organisational details | 3 | | | |
| | GRI 2-2. Entities included in the organisation’s sustainability reporting | 3 | | | |
| | GRI 2-3. Reporting period, frequency and contact point | 3 | | | |
| | GRI 2-4. Restatements of information | 117 | | | No adjustment needed |
| | GRI 2-5. External assurance | 3 | | | |
| | GRI 2-6. Activities, value chain and other business relationships | 9 | | | |
| | GRI 2-7. Employees | 90 | | | |
| | GRI 2-8. Workers who are not employees | 99 | | | |
| | GRI 2-9. Governance structure and composition | 12-15 | | | |
| | GRI 2-10. Nomination and selection of the highest governance body | 12 | | | |

GENERAL DISCLOSURES

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 2: General disclosures 2021 | GRI 2-11. Chair of the highest governing body | 12 | | | |
| | GRI 2-12. Role of the highest governance body in overseeing the management of impacts | 12 | | | |
| | GRI 2-13. Delegation of responsibility for managing impacts | 12 | | | |
| | GRI 2-14. Role of the highest governance body in sustainability reporting | 12 | | | |
| | GRI 2-15. Conflicts of interest | | X | Not applicable | To date, no processes have been formalized t ensure that conflicts of interest are prevented an mitigated |
| | GRI 2-16. Communication of critical concerns | 13 | | | |
| | GRI 2-17. Collective knowledge of the highest governance body | | X | Not applicable | To date, no processes have been formalized toadvance the collective knowledge, skills and experience of the highest governance body regarding sustainable development. |
| | GRI 2-18. Evaluation of the performance of the highest governance body | 14 | | | |
| | GRI 2-19. Remuneration policies | | X | Not applicable | To date, no processes have been formalized to determine the remuneration of the members of the highest governing body and senior executives |

GENERAL DISCLOSURES

| GRI STANDARD/ OTHER STANDARD | INDICATOR | PAGE | OMISSIONS | | |
|--|---|------|---------------------------------|--|--|
| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
| ORGANISATIONAL PROFILE | | | | | |
| GRI 2: General disclosures 2021 | GRI 2-20. Process to determine remuneration | | X | Not applicable | To date, no processes have been formalized perdeterminate the remuneration of members of the highest governing body and senior executives |
| | GRI 2-21. Annual total compensation ratio | | X | Confidentiality constraints | Information not reported for reasons of confidentiality |
| | GRI 2-22. Statement on sustainable development strategy | 2 | | | |
| | GRI 2-23. Policy commitments | 38 | | | |
| | GRI 2-24. Embedding policy commitments | 38 | | | |
| | GRI 2-25. Processes to remediate negative impacts | | X | Not applicable | To date, no processes have been formalizedrimedioad negative impacts |
| | GRI 2-26. Mechanisms for seeking advice and raising concerns | 13 | | | |
| | GRI 2-27. Compliance with laws and regulations | | X | No incidents of non-compliance to report | No incidents of non-compliance to bring |
| | GRI 2-28. Membership associations | | X | No memberships to be reported | No memberships to report |
| | GRI 2-29. Approach to stakeholder engagement | 18 | X | Not applicable | None Stakeholdersengagement activities to report on |
| | GRI 2.30 - Bargaining Agreements collective | 90 | | | |

MATERIAL TOPICS

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 41-42 | | | |

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 69 | | | |
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| | 302-3 – Energy intensity | 72 | | | |
| GRI 305: Emissions 2016 | 305-1 – Direct (Scope 1) GHG emissions | 73 | | | |
| | 305-2 – Energy indirect (Scope 2) GHG emissions | 73 | | | |
| | 305-4 – GHG emissions intensity | 75 | | | |

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
| WATER CONSUMPTION IN THE SUPPLY CHAIN | | | | | |
| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 77 | | | |
| GRI 303: Water and effluents 2018 | 303-1 – Interactions with water as a shared resource | 79 | | | |

MATERIAL TOPICS

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 64 | | | |
| GRI 306: Waste 2020 | 306-1 – Waste generation and significant waste-related impacts | 63 | | | |
| | 306-2 – Management of significant waste-related impacts | 63 | | | |
| | 306-3 – Waste generated | 65 | | | |
| | 306-4 – Waste diverted from disposal | 66 | | | |
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MATERIAL TOPICS

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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 88 | | | |
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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 91 | | | |
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| | 403-3 – Occupational health services | 93 | | | |
| | 403-4 – Worker participation, consultation, and communication on occupational health and safety | 93 | | | |
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| | | | OMISSION OF REQUIRED INDICATORS | REASONS FOR OMISSION | EXPLANATION |
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| GRI 405: Diversity and equal opportunity 2016 | 405-1 – Diversity of governance bodies and employees | 95-96 | | | |
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MATERIAL TOPICS

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| GRI 308: Supplier environmental assessment 2016 | 308-1 – New suppliers that were screened using environmental criteria | | | | |
| GRI 414: Supplier social assessment 2016 | 414-1 – New suppliers that were screened using social criteria | | | | |

MATERIAL TOPICS

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| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 82 | | | |
| SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY | | | | | |
| GRI 3: Management of material issues | GRI3-3 –Management of Material Issues | 52 | | | |

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