



BE RESPONSIBLE. BE BRAVE.

SUSTAINABILITY REPORT

2022

BE RESPONSIBLE. BE BRAVE.

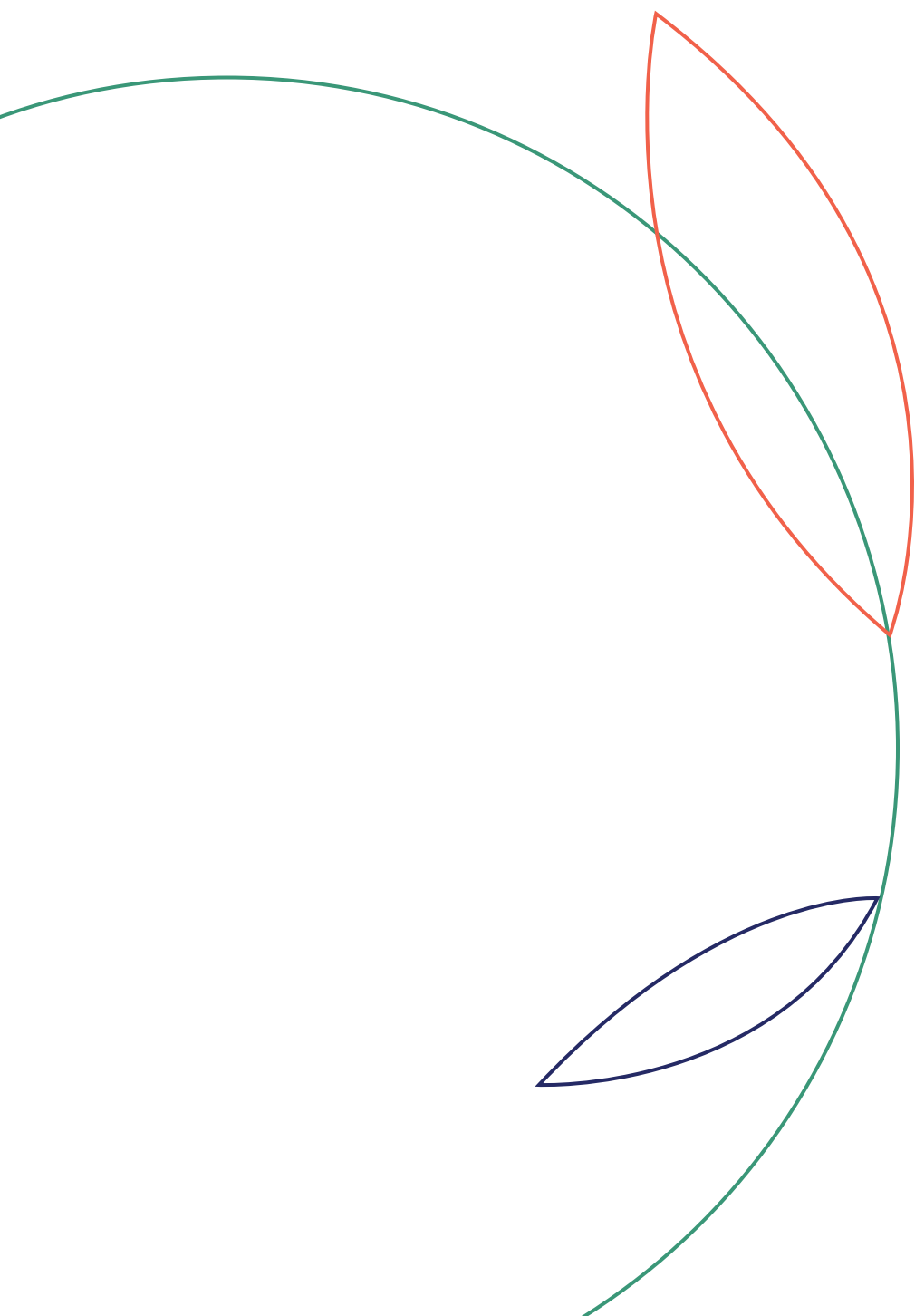


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Sustainability is a way of thinking, deciding and acting that should guide everything we do. I wanted to apply this vision to the OTB approach to sustainability, which originated way back and becomes more concrete and ambitious as each year passes.

The Group 2022 Sustainability Report is a tool for us to talk about everything we do under our Be Responsible. Be Brave. strategy and to ensure that all our brands and companies are moving in the direction we have mapped out.

I am really proud of the path our labels are taking to adopt an increasingly responsible approach right from the initial product design stages, because sustainability is a state of mind. I am very satisfied with the meaningful results we are achieving, and I am certain we shall do even better in the future, as a Group and also as an industry. Sustainability is not a challenge you can win on your own; to be really effective and go the full mile we have to be a team.

This is why, besides making significant progress towards the targets we have set ourselves as OTB, such as achieving carbon neutrality in our operations by 2030, we have joined forces with the leading players in fashion and luxury on strategic initiatives to help reduce the environmental impact of the entire sector. For example, with all our brands we have joined The Fashion Pact and were one of the promoters of Re.Crea, a consortium of Italian excellences in fashion and luxury, coordinated by the Camera Nazionale della Moda Italiana, for joint end-of-life management of textiles and promotion of new recycling solutions. We have also registered more than 300,000 garments on the AURA blockchain platform, another consortium of which we are founder members, which creates digital authenticity certificates for our products to ensure their value over time and provide the end consumer with greater transparency. This is an example of the way technology can be a fundamental tool at the service of sustainability.

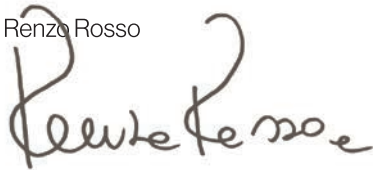
Our ambition to become a reference for Italian luxury also involves a commitment to supporting the supply chain, composed largely of small- and medium-sized companies, whose expertise and traditions have created something magnificent, the essence of Made in Italy. We offer our suppliers financial support – with projects like C.A.S.H. – and strategic support; in return, we ask them to comply with stringent guidelines on environmental and social responsibility.

As an entrepreneur, I believe in a circular business model, where a company produces, sells, creates value and returns it to the community. This was the starting point for the formation in 2006 of the OTB Foundation, which, over the years, has supported more than 350 projects and helped more than 350 thousand people. Of course it's never enough, but I am very proud of what we have managed to do to help women, children, people in need and the populations affected by international emergencies and the war in Ukraine, welcoming more than 440 refugees to Italy and giving them assistance, a home and new hope for the future.

You have to be brave to be sustainable: it takes courage to think outside the box, to change, to improve, to invest resources. And courage is something we have in spades.

Be Responsible. Be Brave!

Renzo Rosso

A handwritten signature in black ink, appearing to read 'Renzo Rosso', written in a cursive style.



THE OTB GROUP



25

countries in which the Group is present¹

7



Group Brands and Production Hubs



1,743

million €
(+14.0% Vs. 2021 operating*)
Total revenues

Approximately
600

(+1.7% Vs. 2021)
mono-brand store network



314

million €
(+22% Vs. 2021 operating*)
EBITDA

81.8

million €
(+75.5% Vs. 2021)
Net investments



**Operating: amount net of non-recurring items*

ENHANCING LOCAL SUPPLIERS AND ITALIAN CRAFTSMANSHIP

71%

suppliers based in Italy

57%

local suppliers²

65

suppliers active in the C.A.S.H.
Project to support our supply chain

80%

of credit assigned by suppliers
who joined the C.A.S.H Project

1. This number refers to countries where the Group is present with its legal entities or local branches, mono-brand retail stores, outlets or logistics hubs. The countries where the Group's legal entities are under liquidation have not been considered.

2. "Local suppliers" refers to those suppliers located near the main OTB Brand sites.

52%

(+11.0% Vs. 2021)

electricity from renewable sources
in internal operations



Membership of the ZDHC Foundation's Roadmap to Zero Programme for the elimination of harmful chemicals from the global supply chain also consolidated for 2022.

-11.9%

reduction of direct emissions
(Scope 1 and 2) compared with 2021



Membership of the Leather Working Group (LWG) to contribute to positive change within the global leather industry also consolidated for 2022.

PROTECTING OUR PLANET



Diesel Rehab Denim

Each garment is made from fully recycled cotton and elastane, Denim Diesel cutting waste, mixed with TENCEL™ x REFIBRA™ technology. Fabric dyeing does not use water and hugely reduces the quantity of chemicals and energy used in the process.

JIL SANDER

Jil Sander+

Jil Sander+, a collection based on research into products that combine aesthetics and comfort, refinement and resistance to atmospheric elements

Maison Margiela PARIS

Recicla

Recicla is Maison Margiela's term for upcycled garments and accessories re-purposed through a cutting process that liberates the energy of the item and reinvigorates the cloth.

THE NEW FASHION SYSTEM

VIKTOR® ROLF

Viktor&Rolf x Melissa

Two new Viktor&Rolf x Melissa collections were launched in 2022 – *Buckle Up* and *Knot*: all the bags and footwear are made from Meflex, the vegan material patented by Melissa, which is 100% recyclable and easy to separate.

M A R N I

VEJA x Marni

The collaboration combines MARNI's creative approach with VEJA's focus on sustainable practices.

Approximately
6,200
(+3.7% Vs. 2021)
employees

53%

(+1.9% Vs. 2021)

women in managerial positions

+350

(+16.7% Vs. 2021)

social projects supported by
the OTB Foundation

350,000

(+16.7% Vs. 2021)

people helped
by OTB Foundation support

BRAVE TOGETHER



THE OTB GROUP



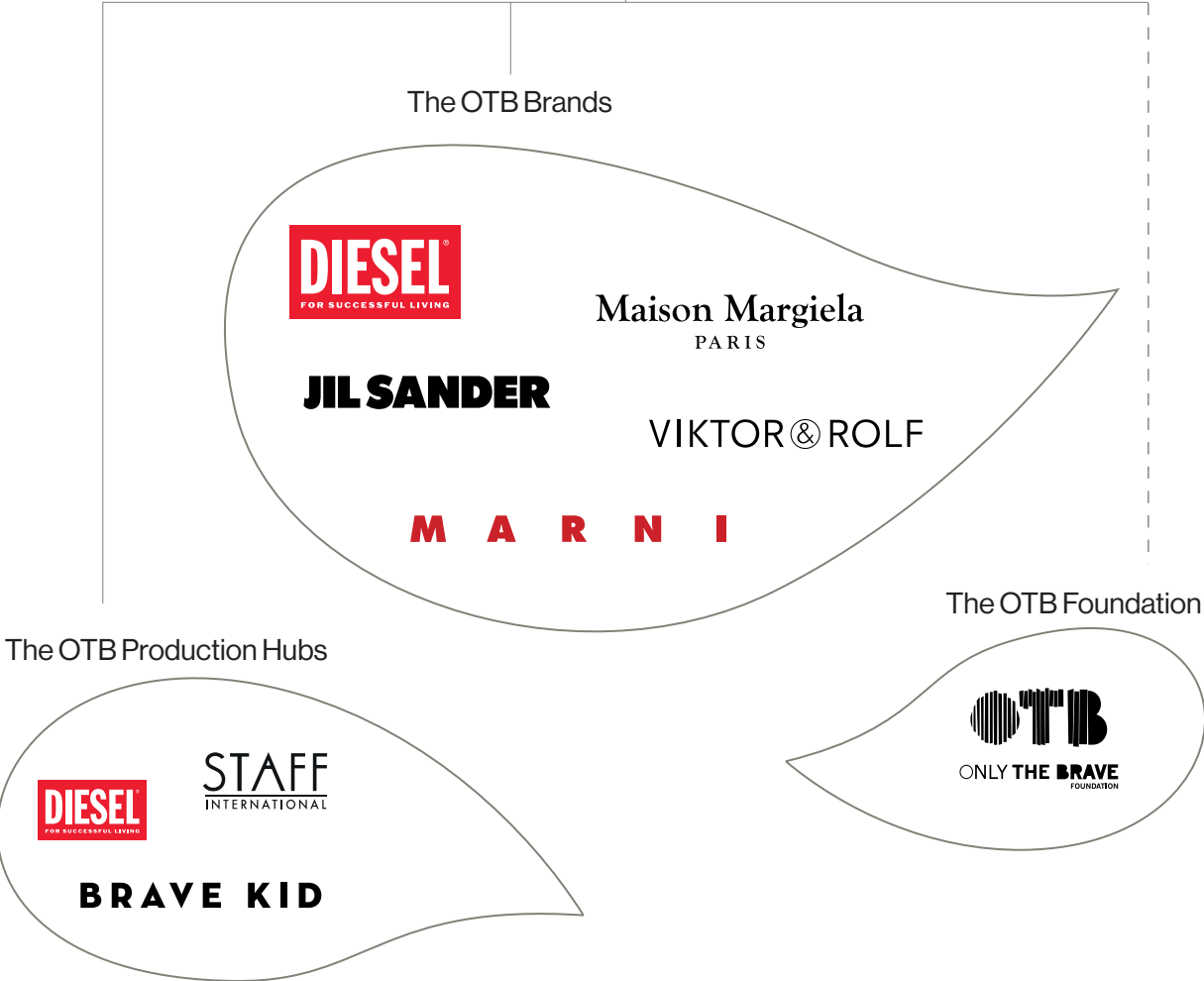
OTB is an international fashion Group comprising the iconic, unconventional brands Diesel, Jil Sander, Maison Margiela, Marni and Viktor&Rolf. It also controls the Staff International and Brave Kid companies and holds a stake in American brand Amiri. In addition, the Group has a non-profit organisation: OTB Foundation.

As its name suggests - OTB stands for “Only The Brave” - the Group challenges established rules to re-define the world of fashion and lifestyle by fostering the creativity of international talents, while expressing the innovative spirit and uncompromising bravery of its founder and chair Renzo Rosso. With more than 6,200 employees worldwide, the Group is founded on a digital approach centred on the consumer, a concrete long-term commitment to the creation of a sustainable, technologically driven business, and close attention to social issues through its Foundation.

OTB offers a portfolio of globally recognised Brands intended for a new breed of consumers who challenge traditional perceptions and believe in individuality and authenticity. OTB’s goal is to constantly expand its Brands’ global reach while maintaining their distinctive, unique and unconventional identity. The Group is present in 25³ countries with over 600 stores worldwide.

3. This number refers to countries where the Group is present with its legal entities or local branches, mono-brand retail stores, outlets or logistics hubs. The countries where the Group’s legal entities are under liquidation have not been considered.

OTB





Established by Renzo Rosso in 1978, **DIESEL** is an international lifestyle company that has made its name by revolutionising the world of denim. The Brand has developed to become the leader of the premium fashion sector, a real alternative to traditional luxury.

Diesel's collections cover clothing, accessories and a broad range of collaborations: fragrances, wristwatches and jewellery, as well as interior design and luxury furniture with Diesel Living. Innovative denim and communication strategies are critical to Diesel, in addition to a sustainable and respectful vision of people and the environment. Diesel is the creative engine of new generations, translating the world's social cultures into unique products and experiences: *For Successful Living*. Discovering, supporting and promoting creativity is part of the DNA of Diesel and the OTB Group.

BRAVE KID



BRAVE KID is a company that researches, develops, produces and distributes ready-to-wear collections and accessories for children. Its portfolio of licensed Brands includes Diesel, Marni, Dsquared2, N°21, MM6 - Maison Margiela and MYAR.

Since 2021, bravekid.com has been the go-to website for luxury clothing with a truly unique style for kids, children and babies.

STAFF
INTERNATIONAL



STAFF INTERNATIONAL is a cutting-edge company specialising in research, development, production and global distribution of ready-to-wear collections, bags, footwear and accessories. Its products bear the Made in Italy logo, the symbol of quality and excellence.

Currently, Staff International acts as an industrial platform for some of the OTB Brands, including Maison Margiela and its MM6 advanced contemporary line, and the Marni and Jil Sander ready-to-wear and shoes, bags and accessories collections. At the same time, the company works on an exclusive worldwide basis with Dsquared2 and Koché for research, product development, production and omni-channel distribution of the collections. Its footwear, bags and small leather goods division also handles product development for the Diesel Brand.



OTB FOUNDATION was established in 2006 as the OTB Group's non-profit organisation. Its mission is to take swift and constructive action in emergency situations and improve people's lives in a sustainable way by guaranteeing equal opportunities.

The Foundation's projects are selected according to specific criteria: innovation, direct social impact and long-term sustainability.

To date, it has invested in more than 350 social development projects in Italy and around the world, which have had a direct impact on the lives of around 350,000 people. The Foundation guarantees that all the funds it raises go directly to the beneficiaries, without being side-tracked.

Maison Margiela
PARIS



MAISON MARGIELA is a Parisian haute couture house founded on the principles of non-conformity and subversion of norms. Under the creative direction of John Galiano, traditional dress codes are inverted and redefined in an analytical wardrobe for the digital age. Driven by instinct, Maison Margiela is devoted to uncompromising creativity invigorated by values of authenticity, radicality and self-expression. Revolutionary and cutting-edge, the Maison's *raison d'être* is the philosophy of Belgian designer Martin Margiela, who founded the fashion house in 1988. Maison Margiela's distinguishing elements, notably its blank, white label with four stitches, its numerical code and the use of brush-stroked white paint, continue to represent the Maison's signature today.

M A R N I



MARNI is a luxury fashion Brand founded in Milan in 1994. Innovative and multi-faceted, Marni celebrates individuality through an unpredictable visual language of graphic rigour. Marni's is an artistic, life-embracing, colour-savvy, off-beat world of luxury that expresses a unique flair for mixing prints and shapes.

JIL SANDER



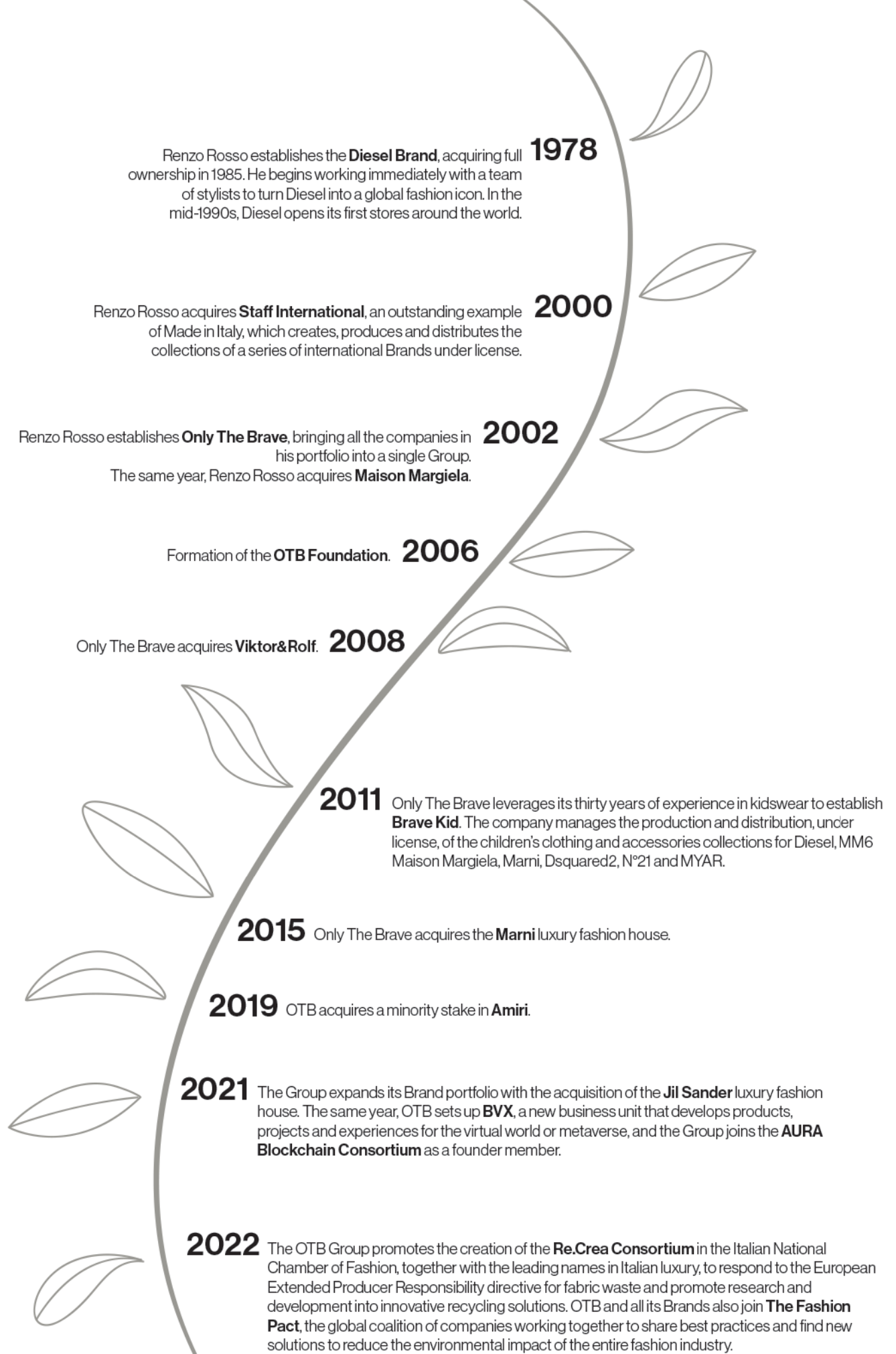
JIL SANDER is a high-end luxury Brand, the epitome of modernity and sophistication. Its unconditional dedication to design combines elegance and purity with innovative materials and exceptional craftsmanship. The refinement of cuts and the perfection in all details give form to an approach towards fashion defined by deliberation, rigour and high quality.

VIKTOR&ROLF



VIKTOR&ROLF is an avant-garde luxury fashion house founded in 1993 by fashion artists Viktor Horsting and Rolf Snoeren. Widely recognised and respected for its provocative haute couture and conceptual glamour, Viktor&Rolf aspires to create spectacular beauty and unexpected elegance through an unconventional approach to fashion.





BE BRAVE: MISSION AND VALUES

OTB's values are based on courage, respect for people, excellence and continuous innovation.

OTB challenges its limits by raising the bar and breaking new ground.

OTB embodies the brave, innovative and uncompromising vision of its founder and Chair, Renzo Rosso, who disrupted the fashion world with his open, highly creative mindset aimed at "building not the biggest, but the most alternative fashion Group".

BOOSTING GROWTH

OTB provides the Brands and companies in its portfolio with expertise, tools and services to facilitate their growth.



BUILDING BRANDS

The Group aims to fully support the Brands and companies in developing successful and responsible businesses with a strong and iconic point of view.

Through its know-how and state-of-the-art facilities, the Group supports its Brands in developing unique, authentic concepts and sustainable successful businesses. OTB embraces consumer-centric digital innovation and advanced technologies to transform ideas into distinctive and responsible creations for unconventional and forward-thinking individuals.

CHALLENGING THE RULES

By encouraging a bold alternative approach to fashion and business, OTB constantly questions established rules to deliver innovative, unconventional, forward-thinking projects and strategies.



FOSTERING CREATIVITY

Creativity is the driving force and the heart of the Group's activities. OTB is firmly committed to discovering and supporting brave, one-of-a-kind talents.

MARKET PRESENCE

The OTB Group organisation is a three-level structure: the Parent Company, which acts as the holding, the headquarters of the Brands and the Production Hubs, and the distribution branches located around the world. The OTB Brands are Diesel, Jil Sander, Maison Margiela, Marni and Viktor&Rolf. The Production Hubs, Staff International and Brave Kid, handle production for all the Group Brands except Diesel, which is directly responsible for production of its ready-to-wear collections. Under license, Staff International and Brave Kid also produce and distribute other iconic fashion brands, such as Dsquared2 and Kochè.

OTB's Brands are present worldwide through direct and indirect channels. The direct channels consist of mono-brand stores, outlets and online sales, while indirect distribution is organised through wholesale channels: multi-brand stores, shops-in-shop in department stores and other multi-brand online retailers. The Group also generates royalty revenues from Brand licensing agreements with third parties for specific merchandise.

In 2022, the number of OTB Group mono-brand stores increased, taking the total number of directly operated retail stores to 607.



25

Countries in which
the Group is present ⁴



7

Number of Group Brands and
Production Hubs

Mono-brand distribution network (no.)

	2020	2021	2022
Italy	48	49	48
Europe (excluding Italy)	226	203	182
Americas	49	54	61
APAC (excluding Japan)	73	76	101
Japan	222	215	215
Total	618	597	607

⁴ This number refers to countries where the Group is present with its legal entities or local branches, mono-brand retail stores, outlets or logistics hubs. The countries where the Group's legal entities are under liquidation have not been considered.

FINANCIAL INFORMATION

Financial highlights (in millions of Euro)

1,743

Total revenues

314

EBITDA

134

EBIT

1,674

Revenues from sales of goods
and services

81.8

Net investments

293

Net financial position

In 2022, net sales amounted to Euro 1,630 million, an increase of 12% from the previous year driven chiefly by the luxury segment (Jil Sander, Maison Margiela and Marni). Of total net sales, Euro 870 million arose in the retail channel and Euro 760 million in the wholesale channel. Sales in the retail channel, including outlets and online sales, accounted for 46.6% of the total, a slight increase from the previous year. Online sales consolidated their importance for the Group, with a 5.4% improvement from 2021. Royalty revenues also increased, to Euro 43.9 million from Euro 31.6 million in 2021. Total revenues amounted to Euro 1,743 million, rising 14% from 2021 (Euro 1,530 million net of income from non-recurring operations).

At geographical level, while Japan retained its place as the key Group market, the most significant performance was reported in North America and in the Asia-Pacific region, largely thanks to the expansion of the retail sector.

Group EBITDA was Euro 314 million.

EBIT was Euro 134 million, with an EBIT margin on total revenues of 7.7%, compared with 11.2% in 2021. 2021 EBIT of Euro 186.6 million included net income of Euro 92.9 million from non-recurring operations.

Profit for the year was Euro 105 million. This compared with Euro 142 million in 2021, although, once again, the prior-year figure included net income of approximately Euro 81 million from non-recurring operations.

Investments in non-current assets related largely to costs incurred for the development of the retail network, with the opening of 73 new sales outlets in markets of strategic importance for the Group's international expansion, such as China, Korea and the USA. Other important investments focused on the development of digital innovation processes and enhancements to the logistics network.

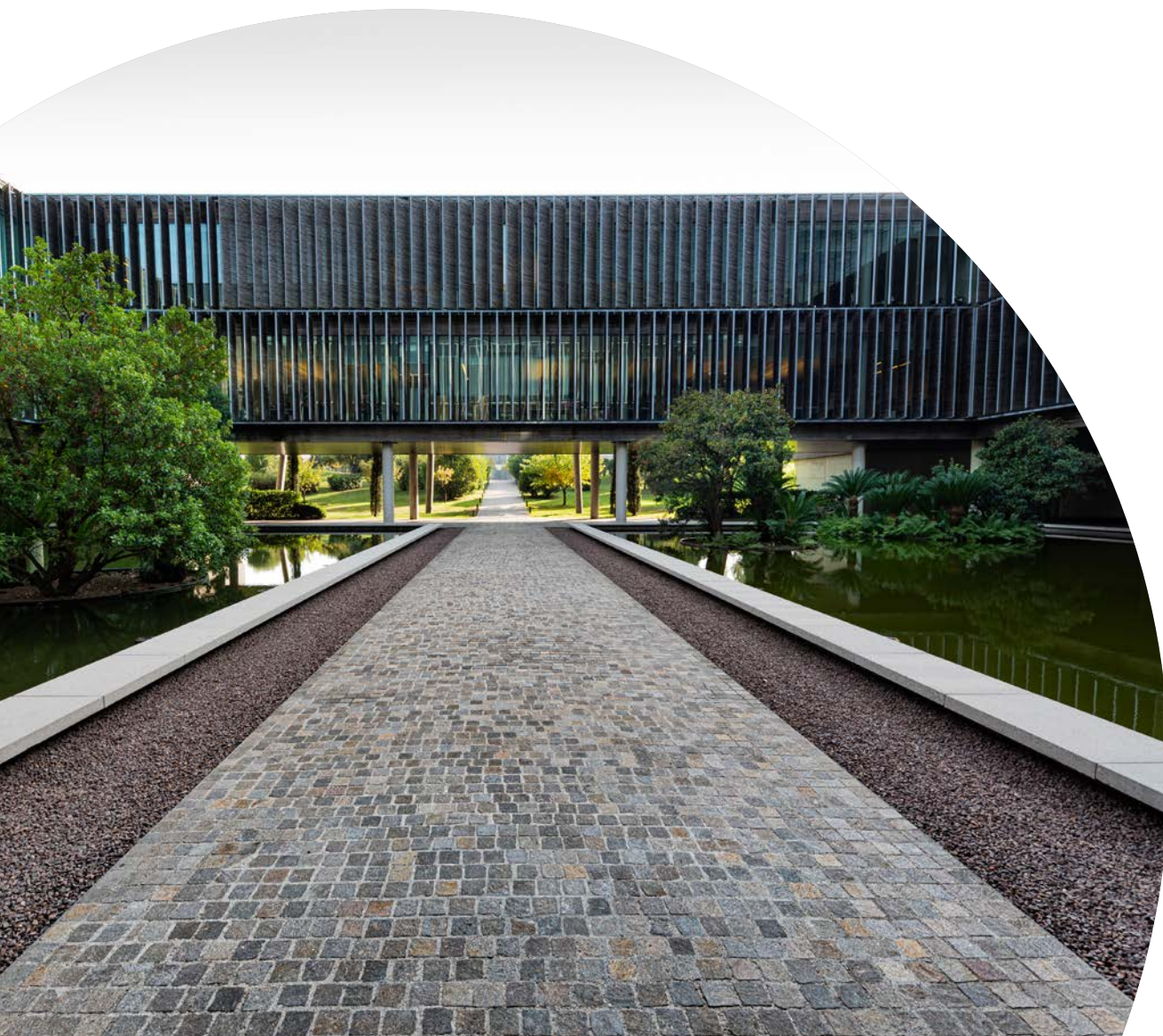
The Group's net financial position was positive, at Euro 293 million.



Revenues from sales of goods and services

	2021	2022	%
Italy	276.5	323.1	19.3%
European Union	354.0	348.0	20.8%
Rest of Europe	142.5	147.5	8.8%
Americas	161.4	217.8	13.0%
Rest of the world	553.2	637.6	38.1%
Total	1,487.6	1,674.0	100%

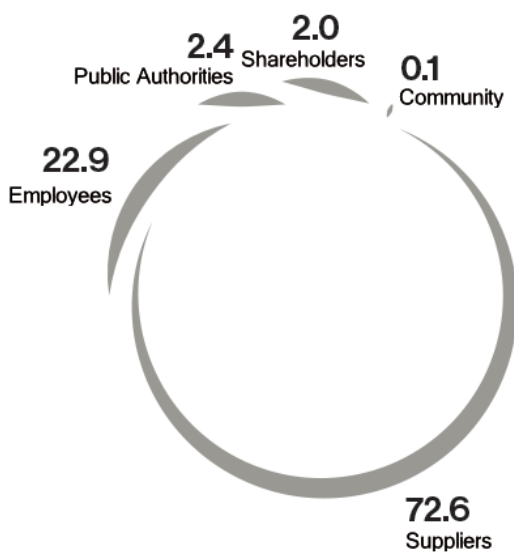
The Group's attention to responsible conduct is also reflected in its ability to allocate resources efficiently, so generating and distributing wealth among its stakeholders. Economic value generated by the OTB Group in 2022 amounted to Euro 1,746 million, an increase of 4.4% from the previous year. Economic value distributed by OTB also rose, by approximately 8%, to Euro 1,480 million. Specifically, 84.7% of economic value generated by OTB was distributed to internal and external stakeholders; the remaining 15.3% stayed within the Group.



Economic value generated and distributed (in thousands of Euro)*

(IN THOUSANDS OF EURO)	2020	2021	2022
Economic value generated by the Group	1,322,306	1,673,072	1,746,696
Revenues from sales of goods and services	1,232,069	1,449,110	1,621,224
Revenues from other sales	5,534	6,871	8,843
Other revenues	48,437	42,155	69,075
Royalties	30,531	31,591	43,937
Financial income	2,824	1,418	626
Equity investments	2,330	9,645	5,054
Exchange-rate gains (losses)	581	2,050	-2,063
Business combination	0	130,232	0
Economic value distributed by the Group	1,170,986	1,376,626	1,480,210
Economic value distributed to suppliers	842,357	997,856	1,076,024
Economic value distributed to employees	276,026	300,300	338,855
Economic value distributed to shareholders	22,307	37,227	34,785
Economic value distributed to public authorities	29,739	41,087	29,760
Economic value distributed to the community	557	156	786
Economic value retained by the Group	151,320	296,446	266,486
Provisions and impairment losses	22,141	7,229	6,103
Total deferred	-28,698	-51	-11,950
Depreciation and amortisation	161,955	167,810	187,313
Gains	-4,078	121,458	85,020

* For further details, see the 2022 consolidated financial statements.

Economic value distributed (in %)

About 96% of economic value distributed went to employees and suppliers, underlining the importance OTB attaches to these two stakeholder categories for its success. Specifically, 73% of total value added was distributed to suppliers, who continue to play a key role in OTB's success.

Value distributed to the community rose more than four-fold from 2021, thanks to the work of the OTB Foundation, which receives financial support from Group companies and external stakeholders.

C.A.S.H. Project

In 2022, OTB continued its commitment to the C.A.S.H. Project (Credit Facilitated Suppliers' Help), a programme developed in partnership with the BNP Paribas Group, which provides the Group's Italian suppliers with easier and faster access to credit, at favourable terms.

Since Staff International signed the first agreement in 2013, the number of suppliers involved with the project has risen constantly. To provide greater support for the supply chain of the entire Group, in 2020 the programme was extended to the other Production Hubs, Diesel and Brave Kid.

Supplier selection is selected based on the quality and reliability of the services offered. The programme is designed to help the entire supply chain and contribute to the growth of the sector, by supporting **Made in Italy**. It also enables suppliers to improve their financial position, raise their credit rating and reduce net invested capital. Essentially, C.A.S.H. provides competitive factoring interest rates without recourse terms. For even greater support across the OTB value chain, the conditions applied to the suppliers on the C.A.S.H. project were revised in 2022, with a reduction of approximately 33% in commission fees.

As in 2021, the programme involved 65 active suppliers, who account for 32% of the total cost of sales of Italian core suppliers. Through the programme, suppliers covered 86% of their invoices. Demonstrating the OTB Group's support for local businesses and Made in Italy, 42% of suppliers on the C.A.S.H. Project were micro-sized companies, 38% were small companies and 18% were medium-sized companies. In 2022 a large company also joined the project (2%).⁵

Since the C.A.S.H. project was set up, a total of more than Euro 450 million has been discounted, demonstrating the level of use and the increasing support offered to the supply chain.

Given the purchasing volumes of the three companies that take part in the project, Staff International, Diesel and Brave Kid, and the OTB Group's commitment to offering suppliers ever better conditions, uptake of the C.A.S.H. project could potentially rise in the coming years, with an exponential increase in its positive impact on Italian craftsmanship. Thanks to the C.A.S.H. project, OTB is able to build closer, more transparent and stronger ties with its supply chain.



⁵ The companies are classified as micro, small, medium and large, based on the revenue criterion established by the European Union.

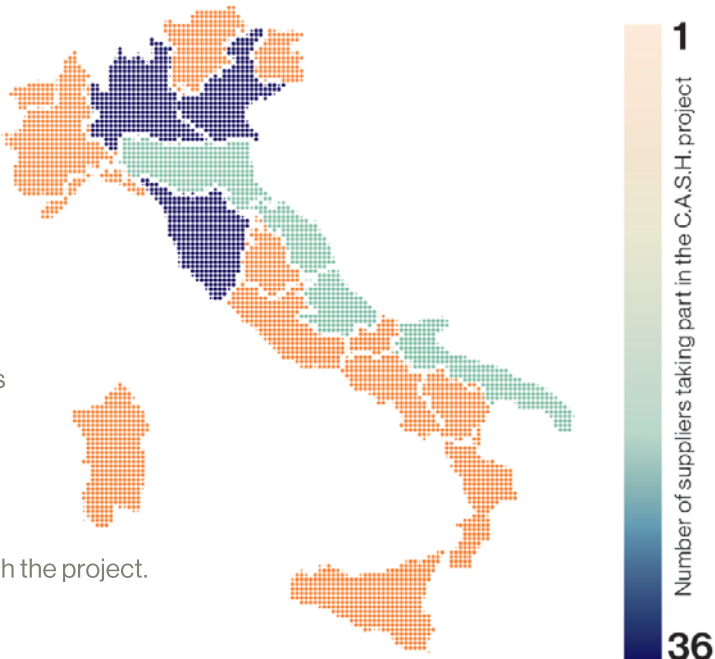
Impact generated by the OTB C.A.S.H. project

65 active suppliers
(4% of total suppliers), who account for

32% of the total cost of sales
made in Italy by strategic suppliers.

These suppliers transferred

86% of their invoices through the project.



FISCAL RESPONSIBILITY

The Group's fiscal operations guarantee full conformity to national and national laws and with the top industry compliance standards. Management of taxes and fiscal risk is aligned with the Group's strategic and commercial objectives and with the principles of honesty, integrity and fairness set out in the Code of Ethics. The Group also works to build transparent collaborative relations with tax authorities and with third parties to minimise fiscal and reputational risks.

Transparency in accounting is based on truth, accuracy, completeness and reliability in documents, management operations and the related accounting records. The information in the Group's accounts must be correctly reflected in its tax returns to create a proactive relationship with the State Administration and the tax authorities.

Consistently with the requirements of the fashion business, OTB has a direct local presence in all the countries where it conducts the operations in its value chain. A direct presence in countries whose taxation systems differ from that of the Group head office is always motivated by operational requirements and business objectives. Given the complexity of the Group's activities, risks may arise in the interpretation of tax regulations; these risks are mitigated through proactive contacts with stakeholders and the support of qualified tax advisors in each country of operation.

Management of Group tax matters involves a number of individuals and functions: the parent company Tax Department, which is responsible for the development of the fiscal strategy for the entire Group, the financial division and the departments of the subsidiaries in each country where the Group is present. OTB also makes continuous use of the support of tax advisors to ensure that regulations are correctly interpreted and applied.

More specifically, the parent company Tax Department, headed by the Group Tax Director, is responsible for the areas below.

- Risk management: in collaboration with the Corporate Governance & Internal Audit Department, the Tax Department is organising the implementation of the Tax Control Framework (TCF). The OTB Group is taking steps to strengthen its tax risk control system by providing consistent, uniform guidance on risk management, identifying risk on a timely basis and ensuring effective measurement in different countries.
- Compliance management: the Statutory & Tax Reporting A&F Shared Service Centre Department is responsible for compliance with Italian direct and indirect tax regulations, including computation of taxation and preparation of tax returns.
- National taxes: the Department manages and coordinates tax benefits and audits by the tax authorities.
- International taxes: the Department supports the branch CFOs and financial managers on fiscal matters and provides central management and coordination of transfer pricing and other tax issues relating to cross-border transactions, extraordinary transactions and related audits by local tax authorities.



All intragroup transactions are based on a transfer pricing policy aligned with the Arm's Length Principle, the international standard set out by the Model Tax Convention and referenced by the OECD Guidelines on transfer pricing for multinationals and tax authorities. For correct assessment of tax risks, if necessary the Group draws up Advance Pricing Agreements (APAs) with local tax authorities to establish the criteria to be used to determine transfer prices.

OTB has direct operations in 25⁶ countries with 56 subsidiaries and 9 permanent organisations (excluding the OTB Foundation and the minority interests in the MIP Graduate School of Business and the Atelier Luxury Group LLC). Each country has its own tax laws and tax assessment procedures. This means that tax rules and/or tax rates could differ for each company in the Group. Taxation is subject to amendments as a result of changes in the regulations in the countries where the Group operates and in the earnings of the individual companies in their respective countries.

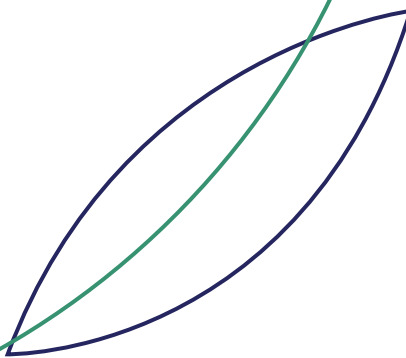
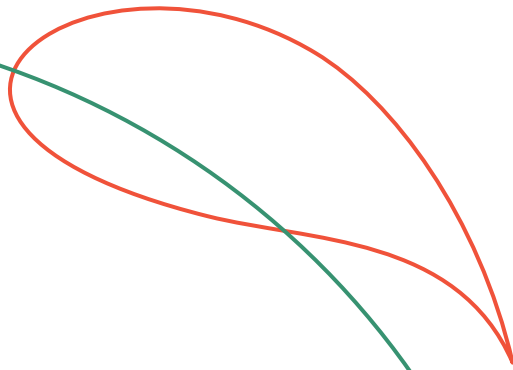
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BE RESPONSIBLE. BE BRAVE.



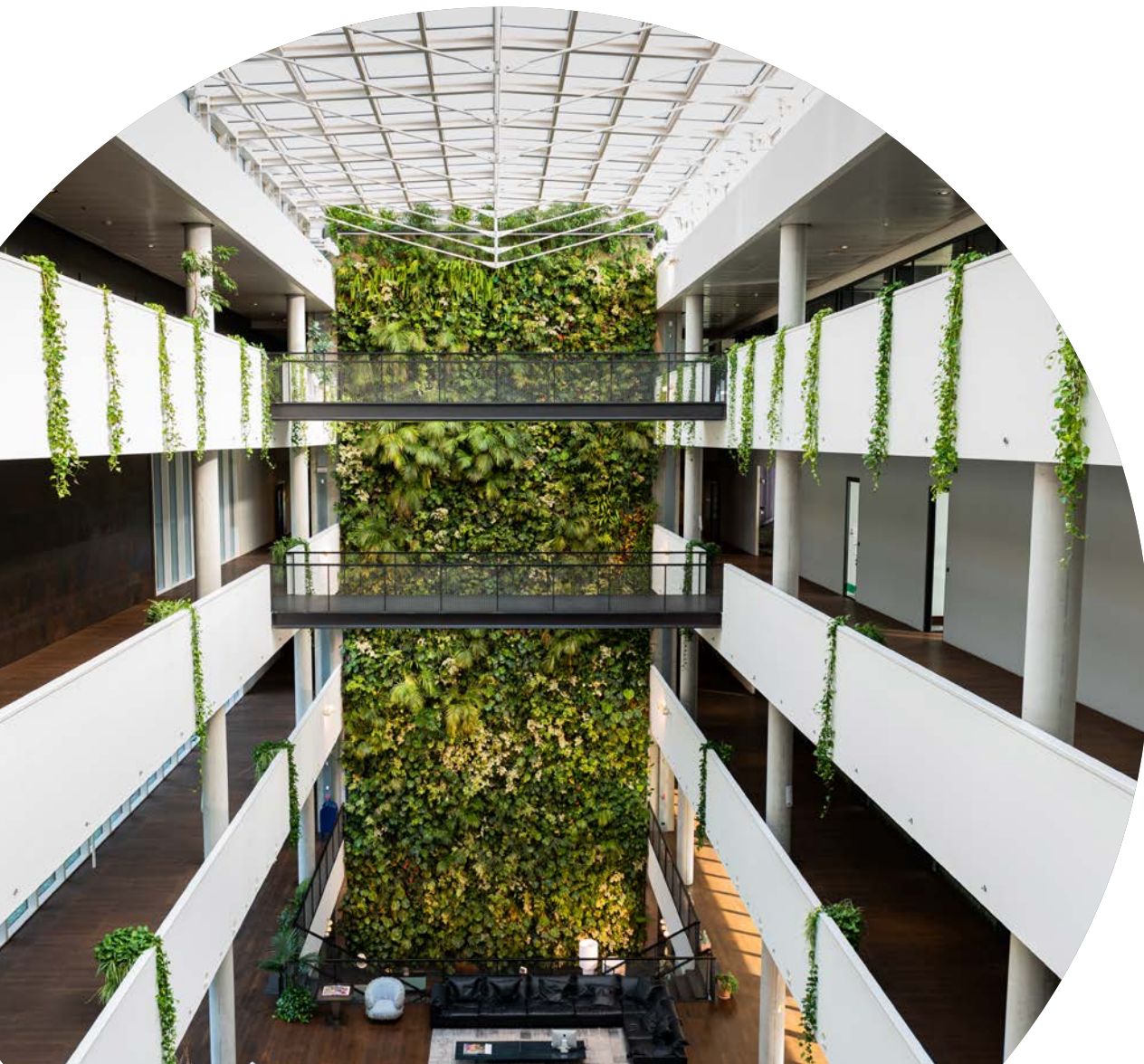
SUSTAINABILITY VISION

Sustainability is the innovative and evolutionary approach underpinning all OTB business activities and a cornerstone of the Group's growth strategy. To maintain a responsible commitment to the Environmental, Social and Governance (ESG) issues relevant to its business, the Group has gradually integrated sustainability into its corporate strategy and processes.

OTB has always been deeply committed to its employees, the community and all its stakeholders, ever since it was founded. The DNA of this approach led to the formulation of the *Be Responsible. Be Brave.* Sustainability Strategy, launched in July 2021.

The OTB Sustainability Strategy targets three objectives. First, the safeguarding of the planet through intensive action to fight climate change, protect biodiversity, promote informed management of water and chemicals, and protect people and eco-systems. Second, OTB aims to create a fashion system based on the key principles of durability, traceability and circularity. Third, it is taking meaningful steps to promote inclusion and equality and undertake projects with a positive social impact on communities and regions across the world.

The three macro-areas of the Group Sustainability Strategy are subdivided in turn into ten specific quantifiable objectives.



The OTB Sustainability Strategy



Biodiversity • Climate Strategy • Protecting Oceans • Water Stewardship & Chemical Management



Sustainable Product Design • Responsible Sourcing & Traceability • Circularity



Fair Wages & Well-being along the Value Chain • Diversity, Equity & Inclusion • Social Impact





Protecting Our Planet sets out the OTB Group's commitment to protecting the environment and the planet. This includes preservation of biodiversity, protection of the oceans from plastic waste, development of a more sustainable water management system, and more responsible use of chemicals. As part of its fight against climate change, the OTB Group has set itself a Net Zero target for its internal operations by 2030 and for its entire value chain by 2050. The Sustainability, Safety & Facility, Procurement, Logistics, Product Development, Production and Supply Chain Departments of the Brands and the Group are working together to draw up a Group decarbonisation strategy based on the purchase of alternative raw materials with a lower environmental impact, greater transport efficiency in logistics and energy procurement from renewable sources.

The New Fashion System states the OTB Group's commitment to the development of more sustainable design that helps reduce environmental impact throughout the product life cycle. Along with innovative design, OTB aims to play an active role in transforming its production cycle into a circular fashion system focused on research into cutting-edge materials and use of an increasing proportion of recycled and recyclable textiles. This the background for the project launched in 2021 to improve traceability along the supply chain through simultaneous collection and management of data on raw materials, products and suppliers.





Brave Together stands for the OTB Group's commitment to building trust-based relationships and caring for the well-being of employees and suppliers. This is achieved by projects and partnerships to guarantee respect for human rights, monitor health and safety, and improve working conditions and wages throughout the supply chain. The Group guarantees open and inclusive working environments based on respect for diversity and gender equality. Also, it supports local and international communities through the OTB Foundation, helping to create a long-term, positive social impact.

This framework provides the starting point for correct identification of action, processes and initiatives. The strategy is also integrated with decision-making and communication management processes: as tools to foster collaboration with OTB stakeholders and reach the Group's sustainability objectives, they are vital factors in ensuring its implementation.

Starting from the end of 2021, and throughout 2022, the Group took action to implement its strategy and achieve its objectives. Given the breadth of its commitment, OTB focused its attention first on a series of priority issues, such as climate strategy, circularity and traceability. In addition, in 2022 the Corporate Department – together with the members of the Group Professional Family – drafted the OTB Group's first Sustainability Report. The preparation of the Report was an important opportunity for the Group to illustrate its activities and the results achieved during the year. The Sustainability Strategy will be further consolidated in 2023 through action to raise the engagement of OTB's internal and external stakeholders, who are fundamental to the attainment of its ambitious sustainability objectives.





CESSFU

FOR RESPONSIBLE LIVING: THE DIESEL SUSTAINABILITY STRATEGY

Diesel was born to be the alternative to luxury and classic five-pocket jeans. The Brand has always used its marketing campaigns to raise public awareness of environmental and social questions. In 2019, it decided to apply its non-conformist spirit and passion for change to offer alternative solutions to the conventional practices of the fashion industry. Diesel believes the most radical approach is use of innovative tools to develop a more circular business model and create low-impact products, delivering a brand and products intended not only *For Successful Living*, but also *For Responsible Living*, an invitation that has become the name of the Diesel Sustainability Strategy.

The goal is to integrate sustainability into Diesel's strategic decisions and daily activities and draw up a plan of initiatives it intends to carry out in the interest of current and future generations. As part of its *For Responsible Living* Strategy, Diesel has set targets and planned action to improve its sustainability performance and contribute to a planet-friendly fashion industry.

The Strategy was officially launched in January 2020 and is structured around four pillars:

- **BE THE ALTERNATIVE:** Diesel is committed to creating alternative products and packaging, using low-impact materials and investing in innovation and collaboration at every step in the value chain.
- **STAND FOR THE PLANET:** Diesel is committed to protecting the environment and climate by minimising its greenhouse gas emissions, reducing its water footprint, and improving re-use and recycling rates in all its operations.
- **CELEBRATE INDIVIDUALITY:** Diesel is committed to developing a sustainability culture inside the company and among its external stakeholders that

respects employees' rights and enhances their diversities by treating everyone equally and nurturing them to fulfil their potential and by promoting a safe and inclusive work environment.

- **PROMOTE INTEGRITY:** Diesel is committed to maintaining the highest social and environmental standards throughout the value chain by improving product traceability and promoting positive supplier practices, while guaranteeing transparency.

In the first two years after the launch of the Strategy, the Brand achieved important results for each one of the four strategic pillars (as detailed in the OTB 2021 Sustainability Report), and paved the way for the developments and innovations introduced during 2022.

In order to take account of business and market changes, developments in the application of the Strategy and the viewpoint of internal and external stakeholders, Diesel recently began a review of the *For Responsible Living* materiality matrix. Specifically, it decided to introduce the double materiality concept, which enables it to assess the Brand's external impact and analyse the possible impact of sustainability risks and opportunities on its financial performance and results. This involved qualitative interviews with a variety of external and internal stakeholders – customers, suppliers, distributors, trade associations, employees – and collection of feedback on a materiality questionnaire. The results and the new matrix will be approved in the first half of 2023.

Meanwhile, the Diesel Sustainability Department continued working with all the company teams to achieve the Brand's sustainability objectives, in line with the Diesel *For Responsible Living* Sustainability Strategy and the OTB *Be Responsible. Be Brave.* Sustainability Strategy.

DIESEL

REHABDENIM

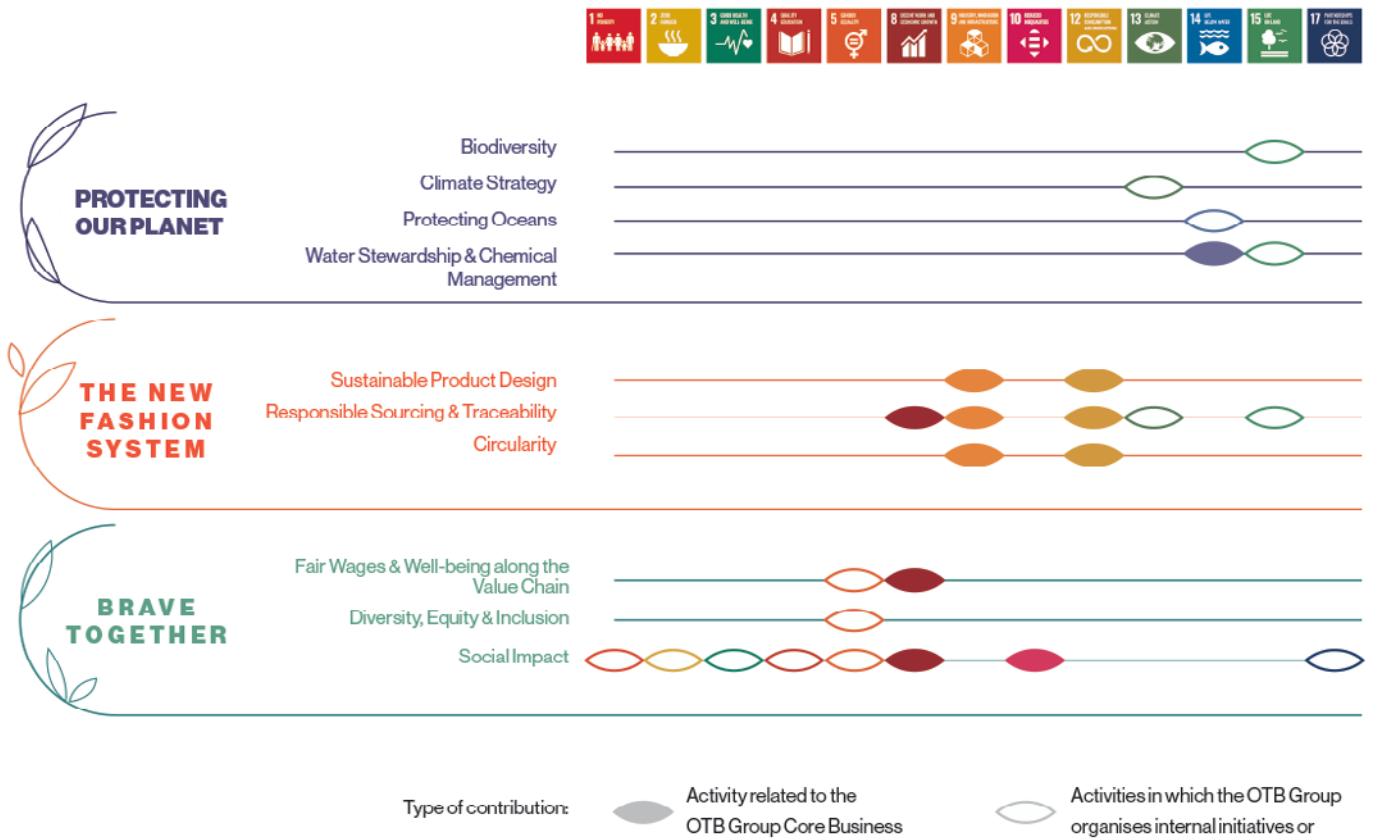
FOR SUCCESSFUL LIVING



Supporting the SDGs

OTB has incorporated the United Nations 2030 Agenda into its *Be Responsible. Be Brave.* Sustainability Strategy, identifying responsibilities and implementing the necessary measures for the SDGs to be achieved. The process took account of the areas where, given the nature of its business and the specific features of the fashion industry, OTB can make the greatest contribution. Specifically, the OTB Group has undertaken to work for the achievement of 13 of the United Nations' 17 Sustainable Development Goals through its role as an economic player and through its social and environmental commitment.

The SDGs the Group supports through its Sustainability Strategy are shown below, together with the activities correlated with OTB's core business and the initiatives and projects set up for the specific purpose of making a positive contribution to achievement of the Strategy objectives.



Through the *Be Responsible. Be Brave.* Sustainability Strategy, OTB is implementing important initiatives and projects to help achieve a number of SDGs. Regarding the *Protecting Our Planet* pillar, it has drawn up policies and strategies for the protection and stewardship of biodiversity, the terrestrial eco-system, the oceans and marine resources (SDGs 13, 14 and 15). Achieving these goals involves the selection and use of alternative materials to virgin plastic, as well as certified or lower-impact options for leather and cellulosic materials, in order to guarantee adequate water quality for the health of the community and watersheds. OTB is also committed to safeguarding the environment and fighting climate change through initiatives to reduce greenhouse gas emissions by 2050.

Under the *The New Fashion System* pillar, OTB pledges to create responsible collections with a lower impact on the environment and communities. The Group encourages sustainability in product design through responsible procurement. It works tirelessly to explore the link between product durability and circularity and prevent the destruction of unsold goods, so contributing to attainment of SDGs 8, 9 and 12.

For the *Brave Together* pillar, the Group focuses on setting and upholding high health and safety standards for direct and indirect workers throughout the supply chain (SDGs 8 and 17). It also promotes a solid DEI approach in its marketing campaigns in line with SDGs 5 and 10, for example with the OTB Foundation's Brave Women Awards. Through the Foundation, OTB also promotes collaboration with local communities and other associations and organisations engaged in emergency relief, to support SDGs 1, 2, 3 and 4.







June **2020**

Creation of the **Corporate Sustainability** Department and appointment of the Group's first **Chief Sustainability**

July **2021**

Launch of the Group **Be Responsible. Be Brave. Sustainability Strategy**

August **2021**

Membership of the **ZDHC Foundation's Roadmap to Zero Programme** for the elimination of hazardous chemicals from the fashion industry

December **2021**

The Group joins the **Leather Working Group (LWG)**

February **2022**

Launch of the Group-wide **supply chain traceability project**

April **2022**

Launch by Staff International and Brave Kid of the sustainable **One Life, One Planet** line with **DSquared**

May **2022**

Formulation of the first Group **materiality matrix**

June **2022**

Launch of the **Health & Sports Week** initiative

August **2022**

Submission of emissions targets to the **Science Based Targets initiative (SBTi)**
Negotiation of a **line of credit tied to ESG objectives** with Banca Intesa

September **2022**

Publication of the first Group **Sustainability Report**, including the Carbon Footprint for 2019, 2020 and 2021.
Second Team Building event for the Group's Sustainability Professional Family

October **2022**

Creation of the **Re.Crea Consortium**, of which OTB is a founder member and holds the vice presidency

November **2022**

Membership of **The Fashion Pact** as the OTB Group

THE SUSTAINABILITY PLEDGE

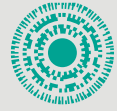
OTB believes multi-sector collaboration is vital to make the fashion industry sufficiently sustainable to reduce its impact on the planet and slow down climate change. In recent years, the leading industry players have begun working together to promote a more responsible business approach and offer customers and partners more sustainable alternatives. Fashion brands are setting up foundations, agreements, associations and other initiatives to achieve common sustainability and ESG performance goals.

For its part, the OTB Group welcomes the opportunity to join external initiatives and organisations and confirm its commitment to making the fashion industry more sustainable and achieving the goals of its *Be Responsible. Be Brave. Strategy*.

The external programmes joined by OTB are a voluntary and binding commitment for all the Group Brands.



AURA BLOCKCHAIN CONSORTIUM



AURA
BLOCKCHAIN
CONSORTIUM

The OTB Group joined the Aura Blockchain Consortium in 2021 as a founding member alongside LVMH, the Prada Group, Cartier (part of Richemont) and Mercedes-Benz.

The Aura Blockchain Consortium is a not-for-profit association set up to promote socially responsible, sustainable, and customer-centric business practices throughout the life cycle of luxury products by leveraging blockchain and other technologies. The platform promotes a global blockchain-based solution open to luxury Brands in any sector and region. Its aim is to accelerate the transition to circular business models, provide consumers with additional information and services, and improve transparency and the customer experience.

The Aura Blockchain Consortium is a universal initiative for the whole luxury industry, open to all market players. Its structure is based on an inclusive, fair model that caters for the interests of the Aura Blockchain Consortium and its members, whether they are big or small, members of a Group or independent operators.

As a founding member, OTB takes an active part in planning AURA strategy initiatives and promotes its projects among all the Group Brands. The OTB Group has representatives on the Consortium Board, one of whom is Stefano Rosso.

In 2022, OTB encrypted more than 300,000 Marni, Maison Margiela e Jil Sander products on the platform developed by the Aura Blockchain Consortium. The project enables customers to access product authenticity certification in a secure, unchanging and incorruptible environment.



Leather Working Group (LWG)

In 2021 the OTB Group entered a partnership with the **Leather Working Group (LWG)**, a not-for-profit organisation and leading environmental certification body in the leather manufacturing industry. The LWG's goal is to promote a protocol that assesses leather manufacturers' environmental compliance and performance and foster sustainable environmental practices. Since 2005, it identifies environmental best practices in the industry and provides guidelines for continuous improvement.

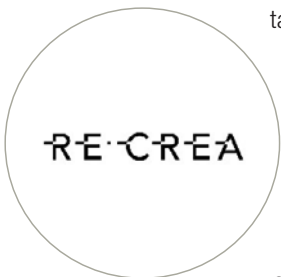
Its activities and tools focus on the improvement of a sustainable supply chain by promoting traceability, auditing, the fight against deforestation and social responsibility.

Diesel follows a procurement policy for its production supply chain for sourcing from tanneries with a LWG Gold, Silver or Bronze rating. Thanks to the policy, it was able to launch the first Diesel 1DR iconic bags associated with the LWG in its 2023 Spring/Summer collection, and will extend the offer with the 2023 Autumn/Winter collection.



Re.Crea Consortium

August 2022 saw the formation, on a voluntary basis, of the **Re.Crea Consortium** by OTB together with the Dolce&Gabbana, MaxMara, Moncler, Prada and Ermenegildo Zegna Groups, coordinated by the Camera Nazionale della Moda Italiana (CNMI). The Consortium is active in the management of end-of-life textile and fashion products and promotion of research and development of innovative recycling solutions. As the fashion industry's leading players, the consortium members aim to establish a timely response to the European directive on "**Extended Producer Responsibility for Textile Waste (EPR)**" and to Italian enacting legislation, now being drawn up and coordinated by the Ministry for Ecological Transition.



The six founding companies have worked together to create a common, concrete project, each one contributing their own expertise. Re.Crea is headed by CNMI president Carlo Capasa, who is assisted by OTB Chief Sustainability Officer Sara Mariani as vice-president. The Re.Crea Consortium is open to other leading players in the fashion industry. Since it was formed, many other Italian fashion names have joined the Consortium, enhancing its credibility and scope.

The Fashion Pact

After Diesel's entry in 2020, OTB further consolidated its presence in the coalition and its commitment to achieving the objectives of its *Be Responsible. Be Brave.* Sustainability Strategy by joining The Fashion Pact as a Group in October 2022.



The mission of The Fashion Pact, which was launched in 2019 by French President Emmanuel Macron and entrusted to Kering Chair and CEO François-Henri Pinault, is to bring together leading players in fashion and textiles in order to reduce the environmental impact of the whole industry. The Fashion Pact is an unprecedented **global coalition of companies from the fashion and textiles industry** (ready-to-wear, sport, lifestyle and luxury), together with suppliers, producers, distributors and marketplaces,

who recognise that collective action is the only way to change the environmental impact of the fashion industry. Its members share the conviction that the changes they are fighting for are essential for the future of the planet and for the fashion industry itself. In a world of runaway climate change and ecological collapse, no single business, organisation or individual can enact change on the scale or at the speed needed to protect the planet.

Today, The Fashion Pact has more than 70 corporate members united in sharing best practices and finding innovative solutions to respond to three common challenges: **mitigating global warming, restoring biodiversity** and **protecting the oceans**. Its members are working on a series of initiatives targeting common goals in important areas such as use of renewable energy, the transition towards organic, regenerative raw materials, and the promotion of biodiversity standards for the industry.

During 2022, Diesel took an active part in the online meetings organised by The Fashion Pact to discuss the coalition's pillars.

The Brand also joined the "Unlock Project" organised by The Fashion Pact and its technical partner "2050", to develop a system enabling fashion labels to provide incentives for cotton growers to adopt regenerative agricultural practices with a low climate impact. OTB's entry will lead to greater involvement and commitment on a variety of fronts among all the other Group Brands.

Also in 2022, OTB set emission reduction targets in line with the **Science Based Targets initiative (SBTi)** and joined the **ZDHC Foundation's Roadmap to Zero Programme**.



From 2015 to 2022, OTB was part of **Business For Social Responsibility (BSR)**, which promotes the **Responsible Luxury Initiative (ReLI)**

to guarantee respect for animal welfare principles. Additional information is provided in the sections *Act on Climate Change* and *Water Stewardship and Chemical Management*.







DIESEL MEMBERSHIPS

Sustainability requires collaboration among many different parties and Diesel has been extending its network of partnerships for some years to help the Brand achieve its sustainability goals. Besides the associations of which the OTB Group is a member, Diesel is a participant of the Forest Stewardship Council.

The **Forest Stewardship Council**[®] is an international non-profit, multi-stakeholder organisation established in 1993 to promote responsible management of the world's forests through timber certification. By partnering with this organisation, Diesel (FSC[®]-N003456) has committed to using FSC[®]-certified paper or cellulose materials for almost all of its B2B and B2C packaging.



SUSTAINABILITY GOVERNANCE

Reflecting its determination to be a responsible player that fully integrates sustainability into its business, the OTB Group has developed a governance system that manages and coordinates sustainability initiatives in all areas of the organisation, at both Group and Brand levels.

The first Sustainability functions were set up in 2015 in Staff International and in 2019 at Diesel. They were followed in June 2020 by the appointment of the first Chief Sustainability Officer and the creation of the Group Corporate Sustainability Department. The OTB Group Sustainability function is structured as a "Professional Family", headed by a Chief Sustainability Officer (CSO). Each member of the Professional Family⁷ reports to the CSO, whether they are part of the parent company or belong to one of the Group Brands.

The OTB Group **Corporate Sustainability Department** is responsible for drawing up the Group Sustainability Strategy and objectives and for identifying ESG-related risks. It plans projects and activities at Group level to contribute to achieving its objectives by promoting economies of scale and specialisation. The **Sustainability function** coordinates the Brands and Production Hubs to ensure consistent, organic implementation of the Sustainability Strategy throughout the Group, and assists them in managing social and environmental issues at local level.

7. A set of specialised roles operating from different locations and organisational levels (Parent Company, Brand Headquarters, Production Hub, individual legal entity, etc.), who share the same mission, know-how, business processes and the Group's professional rules of conduct and values.

At the beginning of 2020, together with the launch of the *For Responsible Living* Strategy, Diesel appointed a Sustainability Ambassador, Andrea Rosso, and set up a Sustainability department. Diesel has also formed a *Sustainability Committee*, a permanent body that takes strategic decisions on critical sustainability management issues. In 2022, Diesel launched the *For Responsible Living Ambassadors* programme. Its purpose is to create a global network of employees who foster the spread of a sustainability culture that takes account of local situations and facilitate communication and cooperation between Diesel headquarters and its offices and stores around the world.

During 2022, Staff International continued the action begun in 2021 to strengthen the structure of its Sustainability team. New professional figures were introduced to provide greater support for the Ready-To-Wear and Shoes & Leather Goods divisions, so that sustainability issues could be better integrated with close attention to product conformity and supply management. At Brave Kid, an ESG coordinator was introduced at the beginning of 2022.

For the Designer Brands – Jil Sander, Marni, Maison Margiela and Viktor&Rolf – the Group has appointed Sustainability Champions to act as the main points of contact for sustainability issues in their respective organisations. The Sustainability Champion's role is to support implementation of the Group Sustainability Strategy in each Brand and to work closely with the other Group Sustainability Professionals. Mirroring the organisation of the Professional Family members, the Sustainability Champions report functionally to the CSO and hierarchically to their respective Business Partners. The Corporate Sustainability Department also organises monthly meetings with the whole Professional Family, to share activity updates and progress reports. In 2022, as in 2021, the Department organised a team-building event for all Function members to share best practices and build a sense of belonging to the Professional Family and the Group as a whole.

8. A Jil Sander Sustainability Champion will be appointed in the upcoming months during the Brand integration process.



STAKEHOLDER ENGAGEMENT

For the OTB Group, building solid relationships with stakeholders is essential to ensure long-term value creation and achieve its sustainability objectives. OTB recognises the influence stakeholders can have on its economic performance and, vice versa, the impact on stakeholders of the image of its Brands. For these reasons, the Group adopts an active stakeholder engagement approach based on transparent and timely communications through open, continuous dialogue.

At the same time, receiving feedback and understanding the needs and priorities of its stakeholders helps the Group improve its strategy, set new goals and challenges, and provide valuable support in achieving OTB's ambitions, while creating a positive impact throughout the supply chain. Relations with stakeholders – from suppliers to media and end customers – are managed directly by each function, both locally and globally. Some stakeholders are engaged and followed at Group level, while in other cases, relations are managed by the individual Brands and departments.

The table below shows the main stakeholders, communication channels and engagement tools:

STAKEHOLDERS	COMMUNICATION TOOLS AND CHANNELS	STAKEHOLDER EXPECTATIONS
Customers	<ul style="list-style-type: none"> • Direct relationship with sales staff • E-mails and newsletters • Online chat and phone • Social media • Online questionnaire • Customer satisfaction through the after-sales service 	<ul style="list-style-type: none"> • Product health and safety • Product quality and durability • Product traceability • Diversity, inclusion and respect for all sizes • High-level services
Employees	<ul style="list-style-type: none"> • Internal channels • Meetings and events • Corporate TV • Newsletters and e-mails • Continuous feedback • Training sessions and digital courses • Whistleblowing channels • Activities of the OTB Foundation 	<ul style="list-style-type: none"> • Training and career development • Diversity, equality and inclusion • Well-being and work-life balance • Benefits and welfare initiatives • Compliance with policies and codes • Safe working environment • Reduction of environmental footprint
Suppliers	<ul style="list-style-type: none"> • Supplier code of conduct • One-to-one meetings • Daily activities • On-site and institutional visits • Surveys 	<ul style="list-style-type: none"> • Quality and safety • Fair payment terms • Long-term relationship • Fair wages and working conditions • Responsible purchasing practices

STAKEHOLDERS	COMMUNICATION TOOLS AND CHANNELS	STAKEHOLDER EXPECTATIONS
Local community	<ul style="list-style-type: none"> • Activities of the OTB Foundation • Press releases • Dialogue with local associations and NGOs • Meetings and round tables with public authorities • Social media, press releases, articles in local publications • Newsletters 	<ul style="list-style-type: none"> • Support for local communities • Diversity, equality and inclusion • Biodiversity and environmental impact • Ethical, social and environmental practices
NGOs and organisations	<ul style="list-style-type: none"> • Institutional events • Meetings • Activities of the OTB Foundation • Participation in conferences and round tables 	<ul style="list-style-type: none"> • Community partnerships • Climate impact • Biodiversity • Responsible procurement • Fair wages and working conditions
Financial institutions and shareholders	<ul style="list-style-type: none"> • Institutional meeting • Annual general meeting • Daily dialogue 	<ul style="list-style-type: none"> • Financial performance and long-term profitability • Ethical business and governance • Management of risks and opportunities
Public authorities	<ul style="list-style-type: none"> • Institutional events • Round tables and initiatives with institutions • Meetings with institutions and public authorities • Interaction with industry associations • Institutional visits to Group premises • Activities of the OTB Foundation 	<ul style="list-style-type: none"> • Full compliance with legislation • Participation in projects of public utility • Membership of leading national and international bodies, organisations and associations in the sustainability arena and in innovation in the fashion and luxury industry • Public debates and contributions to key industry issues • Italian excellence and promotion of Made in Italy
Media	<ul style="list-style-type: none"> • Press releases and conferences • Social media and official website • Media requests and interviews • Interviews with senior management • Corporate and Brand events, fashion shows 	<ul style="list-style-type: none"> • Responsible advertising and trust-based relationships • Business news about the OTB Group, the Brands and the OTB Foundation • Sustainability and innovation news relating to the OTB Group strategy • Senior management's views on the industry, the economic situation or related topics • Transparent communication flows: timely and precise information disclosed on a regular basis





THE MATERIALITY ANALYSIS PROCESS

Materiality analysis is a useful tool to help OTB identify key economic, social and environmental issues for the Group and its stakeholders, take strategic decisions and establish objectives.

At the beginning of 2022, the OTB Group developed its first materiality index to identify ESG issues of greatest importance for its business and stakeholders. The analysis was carried out by the Corporate Sustainability Department with support from external specialists. The construction of the materiality matrix was a **four-stage process** involving top management and all the Group Brands:

1. The OTB materiality analysis process started in 2020 when the Group began working on its Sustainability Strategy, which launched in 2021. The 10 priority issues were identified through structured internal stakeholder engagement, described in the “Sustainability Vision” section of the Report.
2. In addition to the 10 priority issues, a list of potentially material topics was drawn up through extensive research into international standards, such as the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the World Economic Forum (WEF), as well as through comparison with peers in the fashion and luxury industry. This stage led to the identification of 5 issues in addition to the 10 strategic priorities: Responsible Governance and Ethical Business; Financial Performance; Customer Experience, Brand Awareness and Reputation; Employee Well-being, Health and Safety; Talent Attraction and Retention. Considered prerequisites of the Sustainability Strategy, these additional issues have been integrated into the materiality matrix and are illustrated in this Sustainability Report.
3. Top management was involved in voting and prioritising the Group’s material issues, with reference to OTB’s corporate vision and stakeholder expectations⁹.
4. In May 2022, the materiality matrix was approved by the OTB Board of Directors.



⁹ Top management expressed two votes. On the one hand, they voted as representatives of the business vision; on the other, they were asked to assign a score based on the requirements and needs of their stakeholders.

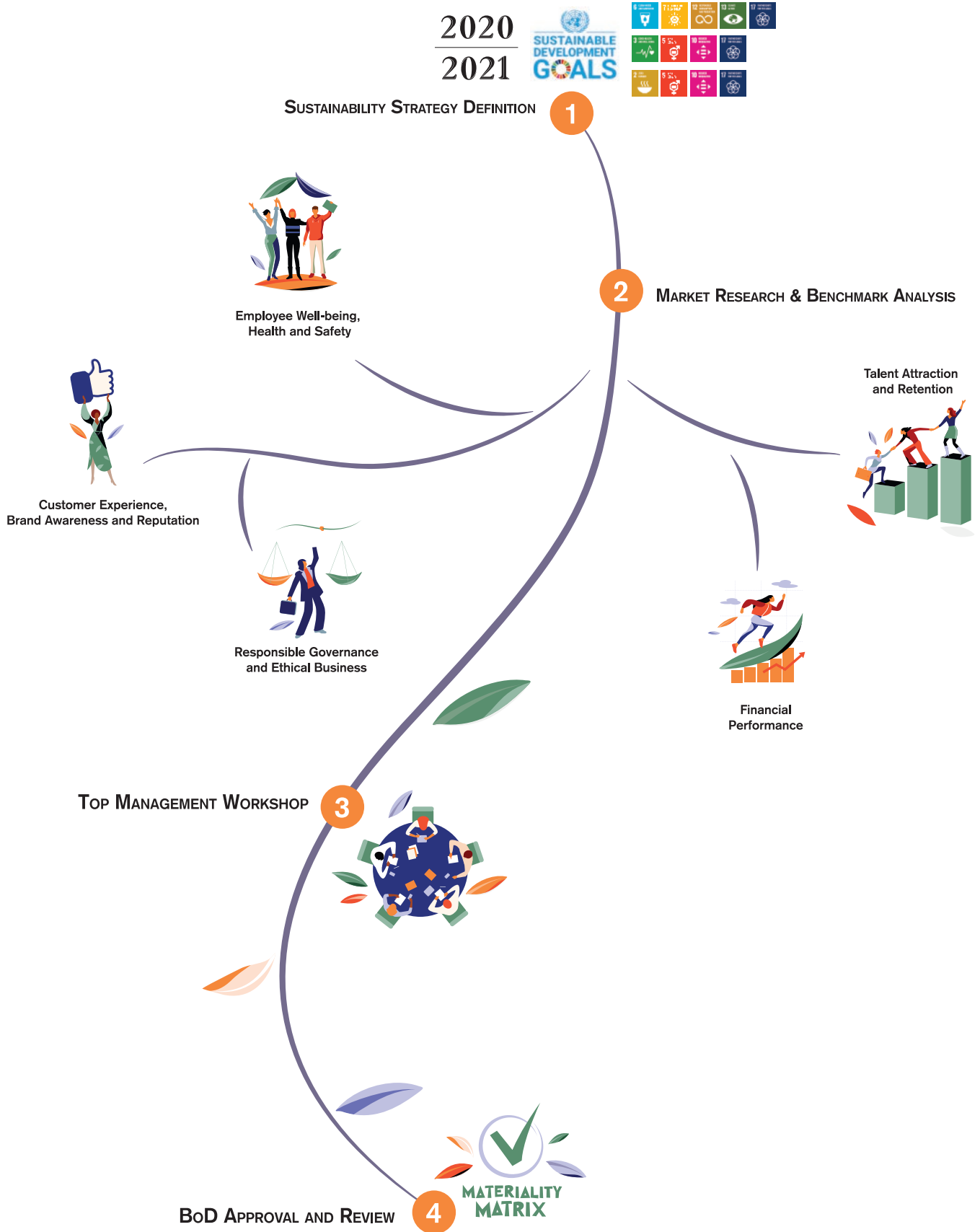
To ensure alignment with the new GRI Universal Standards published in 2021, in 2022 the Group updated the analysis by including the concept of impact materiality. In view of the recent edition of the materiality matrix, it was decided to retain the issues that had already been identified, as they were still topical, and to link each one of them with the positive or negative, current or potential impacts of OTB operations on the economy, the environment and people.

In order to understand the context in which the Group operates and identify its impacts, the first step was an analysis of the Group structure, business model and operations, relations with partners in the supply chain, and action in sustainability. During this stage, the analysis examined the Sustainability Strategy, policies, procedures, codes, press releases and internal documents. In order to analyse the sector of operation and identify specific sustainability questions, reference was made to external sources such as surveys, publications, accounting standards (e.g., SASB), ratings agencies and trade associations.

The context analysis enabled OTB to identify the current and potential positive and negative impacts of the operations of the Group and its Brands on the economy, people, the environment and human rights, including indirect impacts throughout the value chain. Following the methodological adjustment to the materiality analysis and in light of the positive impacts of the activities of the OTB Foundation, the Group believes its priority issue is "Social Impact".







The combination of all the impact assessments is shown in the materiality matrix, which is the basis for sustainability reporting and the drafting of this report.

OTB materiality matrix



The materiality analysis shows that one of the most critical issues for the OTB Group is the fight against climate change: Climate Strategy. This is not only an integral element of Group strategy, but is also of increasing importance to stakeholders. The impacts of climate change such as the alteration of whole eco-systems and loss of biodiversity, the acidification of the oceans and the melting of glaciers, have made everyone aware of the consequences of atmospheric pollution caused by greenhouse gas emissions from production operations.

The OTB Group and its stakeholders pay particular attention to Customer Experience, Brand Awareness and Reputation. The Group looks closely at the impacts generated in terms of customer trust and satisfaction, which have a direct influence on the reputation of its Brands. This commitment translates into responsible complaint management, reduction of delivery delays and promotion of ethical marketing and transparent communication. Customer-centricity in the purchasing experience is a cornerstone of the Group strategy.

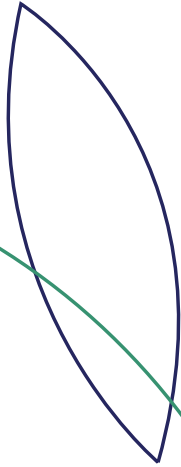
The need to improve the traceability of production operations and procurement transparency means that Responsible Sourcing & Traceability have a critical role for the Group. Only by reducing the environmental and social impacts of raw material sourcing will it be possible to make a positive contribution to the sustainability of the supply chain.

The issues of Employee Well-Being, Health and Safety highlight the importance attached by the Group and its employees to promoting a robust safety and well-being culture for the people working in the organisation on a daily basis. Greater awareness about these questions helps to ensure a healthy work-life balance on one hand, and to reduce the possibility of workplace accidents on the other. Unquestionably, these issues affect employee satisfaction: a work environment that invests in people and promotes professional updating and personal development helps establish a long-term relationship between employee and employer.

In line with the values and initiatives organised as part of the *Brave Together* pillar of the Sustainability Strategy, the positive impacts of the Social Impact issue have acquired greater significance, in part through the activities of the Foundation. Over the years, the OTB Foundation has invested in many social development projects to combat social inequalities and champion the sustainable development of disadvantaged people and regions. The work of the Foundation has helped improve quality of life for more than 350,000 people.

The Appendix includes a table illustrating the key issues of the *Be Responsible. Be Brave.* Strategy identified by the materiality analysis, and their respective impacts. The Appendix also provides a table linking the material issues with the GRI indicators.





AWARENESS, TRANSPARENCY,
AUTHENTICITY

OTB GOVERNANCE

Of the ESG dimensions, Governance is an essential element for every organisation. It could be defined as the Group's internal system, a set of tools, functions, rules and processes that contribute to proper management of the entire organisation. This is why Governance comprises many other key elements, such as business management, integrated risk management, dialogue with stakeholders, supply-chain management, and the company's ability to adapt to change.

Although the OTB Group has a strong international profile, it also retains a family-based approach, passing its know-how on from generation to generation. Working alongside the Rosso family is a team of highly qualified professionals, each an expert in their own field.

The OTB Group has adopted a "traditional" corporate governance model, in compliance with Italian regulations, consisting of:

- The OTB **Board of Directors (BoD)** consists of the Chair, the Chief Executive Officer and four Directors. Their main role is to manage the company and oversee strategy, including questions concerning sustainability. The Board's duties are divided among the members who are directly or indirectly responsible for planning, leading and controlling the company's business and those authorised to carry out company transactions with third parties. The BoD is responsible for planning Group strategy and for its operational and financial performance. It may delegate its powers to the Chair for ordinary and extraordinary decisions and to the CEO for day-to-day business administration. The Chair and the CEO are both legal representatives of the company. They preside over the activities of the Board of Directors and supervise the proper application of corporate governance procedures.

The members of the BoD are appointed every three years on the basis of objective meritocratic criteria and come from diverse professional and personal backgrounds, giving the company a broad range of competences. As a result, the company benefits from a diversified approach to the management and oversight of strategy and sustainability.

The Board of Directors may delegate its powers to one or more directors for the efficient management of economic, social and environmental questions, with the support of specific Group functions. Empowered directors are monitored on a continuous basis through regular reports.

Composition of the Board of Directors - 2022

OFFICE HELD	NAME AND SURNAME	AGE RANGE	IN OFFICE UNTIL	EXECUTIVE	INDEPENDENT
Chair	Renzo Rosso	≥50	Approval of 2023 Financial Statement	●	
Chief Executive Officer	Ubaldo Minelli	≥50	Approval of 2023 Financial Statement	●	
Director	Stefano Rosso	30-50	Approval of 2023 Financial Statement	●	
Director	Carlo Purassanta	≥50	Approval of 2023 Financial Statement		●
Director	Cristina Bombassei	≥50	Approval of 2023 Financial Statement		●
Director	Arabella Ferrari	≥50	Approval of 2023 Financial Statement		●



- the **Board of Statutory Auditors**, consisting of the Chair, two standing statutory auditors and two alternative auditors. The Board's main task is to monitor compliance with the law and the By-laws, the effectiveness of the organisation structure, the administrative-accounting system and any other procedures or programmes set up to implement the rules established by the Group and the auditing of the accounts.
- the independent **auditing firm**, an independent organisation that does not represent any majority or minority shareholders; its primary duty is to oversee the statutory audit of the accounts. The firm is proposed by the Board of Statutory Auditors and appointed by the Shareholders' Meeting in accordance with the By-laws.

The OTB organisation chart is based on the principles of prudent management and risk containment. To this end, the company has established a system of delegation of powers to ensure the separation of duties and regulatory compliance.

The system assigns roles, tasks and responsibilities in a clear and precise manner, in order to prevent abuses of power and optimise decision-making procedures and accountability. The separation of duties is also guaranteed by IT systems that enable only authorised persons to perform specific transactions.

To ensure the absence of grounds for incompatibility with appointments, the Board of Directors uses an internal procedure to manage relations with related parties.



ETHICAL COMMITMENT AND TRANSPARENCY

OTB has adopted global regulations and programmes, including a Code of Ethics and a Global Compliance Program, to guarantee observance of the company guidelines and procedures by the subsidiaries and Brands. These regulations and programmes comply with the most stringent standards and are adapted to meet the requirements of local laws. In 2022, as in the previous three years, there were no cases of unethical behaviour or breaches of anti-trust and anti-competition laws nor episodes of discrimination by OTB and its subsidiaries. Should problems arise, the Chair and the BoD are promptly informed by the internal audit function and the Supervisory Body (SB), and the matter is illustrated in the annual report.



CODE OF ETHICS

The OTB Group **Code of Ethics** sets out the values, principles and rules of conduct adopted by the Group to direct its business operations and manage relations with its internal and external stakeholders. It was updated on 17 March 2022. The Code is uniformly applied in every country where the Group operates.

The OTB Group is committed to ensuring safe conditions in the workplace, respecting employee rights, avoiding any form of child and/or forced labour, harassment or discrimination, protecting the environment and animal welfare, and complying with laws governing working conditions, environmental management, and ethical business practices.

The Code of Ethics consists of three main sections:

- **general principles**, which illustrate the fundamental values and regulations of the OTB Group corporate culture;
- **standards of conduct**, which highlight the rules of conduct to be followed to conform to the Group's values and principles and the ethics to be applied in its business activities;
- **rules for implementing and monitoring the Code of Ethics**, which describe the control system for compliance with and continuous improvement of the Code.

The Code of Ethics is illustrated to Group employees at the time of recruitment and is available on the Group website. The Code of Ethics is also shared with and applied to the Group's suppliers.

SUPPLIER CODE OF CONDUCT

OTB strives to enhance its social and environmental performance by respecting human rights, ensuring safe conditions in the workplace and protecting the environment and animal welfare. To do this, it requires suppliers and subcontractors to comply with the **supplier Code of Conduct**.

OTB's Code of Conduct is based on internationally recognised social and environmental standards such as the eight fundamental ILO conventions and the Universal Declaration of Human Rights. It illustrates in detail the conditions that each supplier is required to observe and the company's expectations with regard to the main areas of responsible supply chain management.

The Code covers the basic principles addressed by the Group, including regular employment, freedom of association, health and safety, respect for working hours, protection of the environment and animal welfare, and prohibits child labour, forced labour, coercion and harassment, discrimination, bribery and corruption. The Code also requires suppliers to implement a process to guarantee compliance at their own facilities by raising awareness about its provisions among their employees and suppliers.



THE GLOBAL COMPLIANCE PROGRAMME

In 2022, OTB approved the **Global Compliance Programme (GCP)** to harmonise the Group companies' efforts to prevent corporate criminal liability and unlawful behaviour and establish a consistent and global compliance culture.

The GCP is inspired by the most important international regulations, including but not limited to Italian Legislative Decree 8 June 2001, no. 231, under which legal entities are liable for crimes committed in their interest or to their advantage by their managers, employees or parties under their direction or supervision. The GCP also references the Anti-Corruption Ethics and Compliance Programme for Business and the UK 2010 Bribery Act, and includes the recommendations of the Financial Action Task Force (FATF) on money laundering and the financing of terrorism.

It combines the rules of the Code of Ethics, Group policies, corporate governance standards, applicable legislation and international best practices. In addition, it takes into account the regulations established at local level, including related internal guidelines, policies and organisational documents, to comply with local legislation on corporate liability¹⁰.

In 2022, OTB identified a compliance officer in each region to align the GCP with local regulations. The Group is also rolling out an internal control system to ensure compliance with local and international regulations,

Anti-bribery and corruption

The Group is committed to conducting its business operations with integrity and in an ethical manner. It requires all parties to observe the highest ethical standards and to operate in strict compliance with national and international legislation, regulations, standards and guidelines.

In the assessment of risk, the Group has established clear criteria to ensure proper control of the threat of corruption. These criteria cover the separation of duties, powers of authorisation and signature, process transparency and traceability, and due diligence on third parties. Transparency in the management of financial resources is supported by a comprehensive information system and hard-copy documents. Relations with third parties involve due diligence to ascertain integrity, proportionate to the actual or perceived risk, and, if necessary, regular monitoring to guarantee that requirements are met and take appropriate corrective action.

To ensure full compliance with policy and the Anti-Corruption Programme and enforce the principles of the Code of Ethics, the Group organises mandatory training sessions for all employees, where topics include the Global Compliance Programme and related policies. With the support of the OTB central function, the Group companies may organise specific training for employees working in high-risk areas. The OTB HR Department is responsible for planning and organising training sessions and ensuring regular attendance by all recipients.

In 2022, as in previous years, there were no cases of corruption in the OTB Group.

¹⁰ such as the 231 Model adopted under Italian Legislative Decree 8 June 2001, no. 231.

Whistleblowing

Whistleblowing is a direct electronic communication channel for reporting potentially inappropriate or unlawful behaviour or conduct in breach of the Organisation, Management and Control Model and the Group Code of Ethics. Under the whistleblowing procedure, any breaches, behaviour or practices that fail to meet requirements must be reported, using one of the channels made available by the procedure. The whistleblowing channel may also be used to report possible problems associated with incorrect application of sustainability regulations and procedures. The anonymity of the person reporting the matter is guaranteed at every stage. When a report is received, an investigation is made to assess its veracity and significance and ensure that appropriate measures and disciplinary action are taken, if necessary. All stakeholders may report breaches and irregularities to the dedicated email address codeofethics@OTB.net or directly to the registered mail address. The Group has established a specific mail address for each Brand and Production Hub to reach any subsidiary. The whistleblowing procedure¹¹ is published in the 231 Model, the Code of Ethics and the Global Compliance Programme, and is accessible to everyone.



Anti-counterfeiting

For OTB, combating counterfeiting is vitally important, not only to protect the image of its Brands and the reputation of the Group and its official partners, but also to safeguard consumers against counterfeit products that might damage their health or be used to finance illegal activities. It invests significant resources into specific procedures and tools to fight counterfeiting.

The Group's approach is based on protection of its Intellectual Property (IP) rights, through the registration and management of its trademarks and designs, and corporate strategies to optimise resources and costs associated with IP protection activities. Personalised prevention strategies are adopted for each Brand, which protect their innovative styles by registering their projects and models and collaborating with national authorities in cases of suspect goods. All the Group Brands have a trademark watch service to monitor trademark applications by third parties and take action against them when the filed trademark is identical or similar to theirs.

The OTB Group is aware that the counterfeiting risk may be heightened by outsourcing production, so it monitors finished product suppliers by directly supplying them with logoed materials and anti-counterfeiting labels. It checks the quantities of ordered products against the number of labels supplied and also conducts on-site inspections. In addition to labels with counterfeit recognition systems, the Group promotes use of technology to track products on the market. Many of the Brands' top products are equipped with Near Field Communication technology (NFC) to enable customers to check authenticity. Together with RFID technology, this protects the Brands and enables products to be tracked. Starting in 2022, authenticity certificates are registered on the blockchain platform certified by the Aura Blockchain Consortium, of which OTB is a founder member. The system allows the consumer to follow the entire product life cycle. Authentication is also assisted by coupling serialised UHF labels with QR-codes that guarantee product originality.

¹¹ The whistleblowing procedure is updated as required by Lgs. Decree 165/2001 as subsequently amended.



The work of logistics personnel at OTB and 3PL sites is facilitated by the use of tunnels, pivoting readers and packaging stations. Handling of samples in the showrooms and HQ offices is tracked too, using RFID technology. These initiatives have also been implemented to improve customer relations and increase the efficiency of store personnel.

The engagement of Group employees continues to be an essential part of the fight against counterfeiting, both to strengthen existing procedures and identify new tools. The Group provides training for the Style Office and the Product, Production and Marketing departments, to protect and prevent breaches of third-party IP rights. Each company's Legal Department receives training on management of IP protection and works with the Production departments and the Style Office to improve strategy and communication of instructions to external vendors. The Group companies' legal offices also collaborate with trade associations and take part in national and international projects for deployment of more targeted action in collaboration with public authorities. The OTB Group is active on various fronts. It takes part in the initiatives organised by INDICAM, the Italian IP protection association, including training, round tables and mobilisation to safeguard trademarks in Italy and abroad. It is also involved in training activities on recognition of counterfeit goods for the Italian customs authority, the Guardia di Finanza law enforcement agency and municipal police forces. Similar activities are regularly organised with the Legal Affairs Committee of Confindustria Moda, the Chamber of Fashion and the Italian Minister for the Economy. Together, these preventive and reactive initiatives have enabled the Group to establish a zero-tolerance approach to counterfeiting.

All the Group companies have invested in monitoring online counterfeiting to intercept and block offline distribution channels. Each Brand has implemented a programme to check and remove online content in order to identify abuses and close pirate websites, including cloned websites and social media accounts, and remove advertising from various online platforms. In 2022, the companies monitored 55 online channels, blocked over 12,099 online auctions of counterfeit products, and shut down approximately 1,129 sites selling counterfeit goods. More than 20,412 pages of 81 domains were delisted from search engines, and about 6,484 posts, accounts or sponsored ads were taken down from social networks.

DIESEL AND SMART LABELS FOR GARMENT AUTHENTICITY

Starting with the 2016 Autumn/Winter collection, Diesel began to apply a smart label with a unique QR-code and RFID antenna to its 5-pocket denim line. This enables customers to check product authenticity by scanning the QR-code. The verification system was then extended to the entire Diesel 2021 Autumn/Winter adult collection, and to the 2022 Spring/Summer kid collections. During 2022, thanks to reports from customers who interrogated the smart label, Diesel was able to identify resellers of counterfeit garments and sequester the products.

Data privacy and security

OTB puts absolute priority on personal data protection for customers, employees and all possible interested parties who come into contact with its companies. After a period of adjustment to the GDPR, it established a series of privacy protection procedures covering a range of areas and activities, such as protection of employee, partner and client data stored in each Brand's CRM and sales channels. The Group also has several internal procedures, such as the Data Breach Procedure, the Data Subject Requests Procedures and specific data storage guidelines.

Regular data protection impact assessments (DPIA) are performed when new systems or processes with potential impacts on personal data confidentiality are introduced. The duties of the Data Protection Officer (DPO) include conducting audits to check that regulations and corporate procedures are correctly applied, and working with the Legal Office and the Compliance Office to provide training and information for the corporate functions most closely involved in personal data processing.

The Group applies a stringent privacy assessment protocol for all suppliers processing personal data, who are required to sign a Data Processing Agreement after assessment of the fitness for purpose of their security measures for safeguarding personal and corporate information.

OTB appoints managers and conducts regular Export Impact Assessments (TIA) for companies based outside the EU or with subsidiaries, sub-processors or parents outside the EU. Agreements have been signed between Group companies to guarantee the same level of standards among subsidiaries or companies that are not based in the EU and the European parent. Privacy appointments in the Group companies are updated in the event of turnover, with written authorisation of each processing manager at the time of their appointment.

As part of its policy, the Group continued to implement security measures to protect its technology infrastructure and prevent cyber attacks, using advanced technological solutions based on artificial intelligence. To pay greater attention to the end user, steps were taken to protect digital identity and provide cyber security training for employees. This was the context for the introduction of a Security Operating Center (SOC) for constant monitoring and identification of anomalies and for an anti-phishing campaign to raise employee awareness of the risks associated with e-mail.

In 2022, the theft of two encrypted laptops outside the workplace was reported as well as the accidental transmission of an e-mail containing confidential information. These events were managed in accordance with the privacy management model and were deemed to be of no significance.

Thanks to its security measures, the Group was able to meet requirements to maintain and renew active de-risking policies to mitigate any financial impact from a potential cyber attack.



RISK MANAGEMENT SYSTEM

OTB continuously monitors the risks that could affect the Group's economic performance. The Corporate Governance and Internal Audit function provides central risk management and regularly updates the Global Compliance Programme to prevent threats.

Mapping and detection of risks are based on an assessment of their possible impact on business performance and operational processes. Risk monitoring encompasses financial and non-financial risks such as compliance, legal, social, environmental, reputational, corruption and counterfeit risks. Risks may be internal or external to the Group, for example risks related to the industry and the market or linked to the countries where OTB and its partners operate. Once risks have been identified, the Corporate Governance and Internal Audit function conducts assessments and audits to correct and reframe its controls, based on the level of urgency and starting with intrinsic company risks.

Should possible negative impacts on the environment or people be identified, the matter is promptly reported to senior management so that mitigating and corrective action can be planned and implemented. The most serious questions are analysed with the CEO in order to draw up corrective plans and action timetables.

Given the Group's dimensions and worldwide presence, OTB is particularly exposed to environmental, social and compliance risks. Set out below are the main risks identified by the OTB Group and the approach and mitigation measures it has implemented.

Environmental risks

OTB pays particular attention to compliance with the environmental laws applicable to its activities. Additionally, the Group identifies as a risk-sensitive area the selection of third parties to perform activities that may impact the environment, such as waste management and disposal.

To mitigate these risks, all functions work to guarantee compliance with the standards and indications detailed in the **Global Compliance Programme**, and circulate information about environmental protection within the organisation to raise awareness and ensure that all activities comply with applicable legislation. Specific contractual penalties have been introduced in connection with the Group's exposure to the risk of breaches of international or local environmental laws by contractors and subcontractors.



Recent years have seen an increase in the significance of both the physical and the transition risks associated with climate change, which can have a direct and indirect influence on OTB operations and negative effects throughout the value chain. Consequently, the Group is committed to conducting environmental assessments and is drawing up a decarbonisation strategy to identify ways to reduce its carbon footprint.

Social risks

As a worldwide employer with a global network of suppliers, the Group is exposed to social risks relating to human resources, protection of human rights, management of customers and the supply chain.

OTB manages human resources risks, including employment management and the loss of key resources, through continuous improvement of its organisational model and strategic resource planning.

To attract and retain talents, it organises regular employer branding activities and develops its brand positioning on the international labour market through recruitment drives and technical, professional and managerial training. Its goal is to improve employee engagement by measuring workplace satisfaction and aligning top management initiatives with employee expectations.

Social risks are also related to customer satisfaction and engagement. Consequently, the customer is at the centre of the production process, from beginning to end. OTB uses innovative tools to monitor the customer experience on a continuous basis and guarantee a prompt and efficient response. At the heart of its strategy lies close attention to product quality and safety, including management of customer complaints.

Another significant social risk is supply chain sustainability. The Group mitigates the risk through supplier traceability and control based on continuous updating of risk assessment procedures, identification of key suppliers who do not conform to Group principles, and assessment of supplier ESG performance.

Respect for human rights is vitally important to OTB, as regards both its employees and workers in the supply chain. Every Group company is required to follow the standards and conduct detailed in the Global Compliance Programme and respect all applicable local and international legislation, such as the ILO Conventions. The Group also monitors compliance with local laws against gender-based violence and sexual harassment in the workplace and systematically investigates every reported breach.

To minimise the risk of human rights violations, OTB encourages verification of third-party reliability and applies specific contractual penalties in the event of breaches of international or local laws. In addition to the indications in the OTB supplier Code of Conduct, the Group requires suppliers and subcontractors to comply with legislation on forced labour and workplace hygiene.





PROTECTING OUR PLANET





Fashion is one of the world's most polluting industries. Protecting and preserving natural resources while improving production process efficiency is a decisive contributing factor for the sustainability of our planet.

This is why fashion companies are rolling out strategies to limit their negative impacts on the environment and its eco-systems.

OTB has dedicated the Protecting Our Planet pillar of the Group Be Responsible. Be Brave. Sustainability Strategy to **protection of biodiversity, action on climate change, protection of oceans** and promotion of **water stewardship and management of chemicals**.

In 2022, in line with the internal improvement plan, the OTB Group took steps to assess and reduce its environmental footprint, including an environmental analysis at the main Group locations in Italy in order to identify potential improvements. This led to gradual centralisation and closer management supervision by the Health, Safety & Environment (HSE) Function, enabling OTB to conduct regular environmental compliance checks for the concrete implementation of its Sustainability Strategy.

The OTB Group is concerned not only with its direct internal impacts, but also with those generated by the supply chain. The OTB Code of Conduct sets out a series of indications in this regard. Besides complying with environmental laws and regulations, at the request of the Group suppliers are expected to introduce all the processes and systems needed to limit use of natural resources like water and energy and minimise waste.

THRIVING BIODIVERSITY

One of the most important areas of the Group Sustainability Strategy is safeguarding biodiversity. An ambitious and complex objective of this type requires a scientific approach. Consequently, OTB is drawing up an analysis of its biodiversity impacts so that it can quantify and reduce the impacts generated along the entire supply chain.

Once these impacts have been identified, the Sustainability team will be able to formulate up an internal biodiversity-protection policy to help all the Group's Brands and partners take appropriate action to reduce their impacts over the coming years. This will also raise OTB's procurement quality standards.

Even before the Group joined The Fashion Pact at the end of 2022, OTB had always sought to take specific action in line with the initiatives organised by the coalition, starting with active engagement of employees to raise awareness about protecting biodiversity.

As an active member of The Fashion Pact since 2020, Diesel is committed to reducing its own impact on biodiversity by purchasing recycled, regenerative and organic cotton and using alternative fibres like Lenzing™ Lyocell, Lenzing™ Modal, Lenzing™ EcoVero or FSC® certified viscose, which need smaller amounts of water and chemicals in the production cycle. Diesel also plays an active part in initiatives on The Fashion Pact platform such as training and analysis.

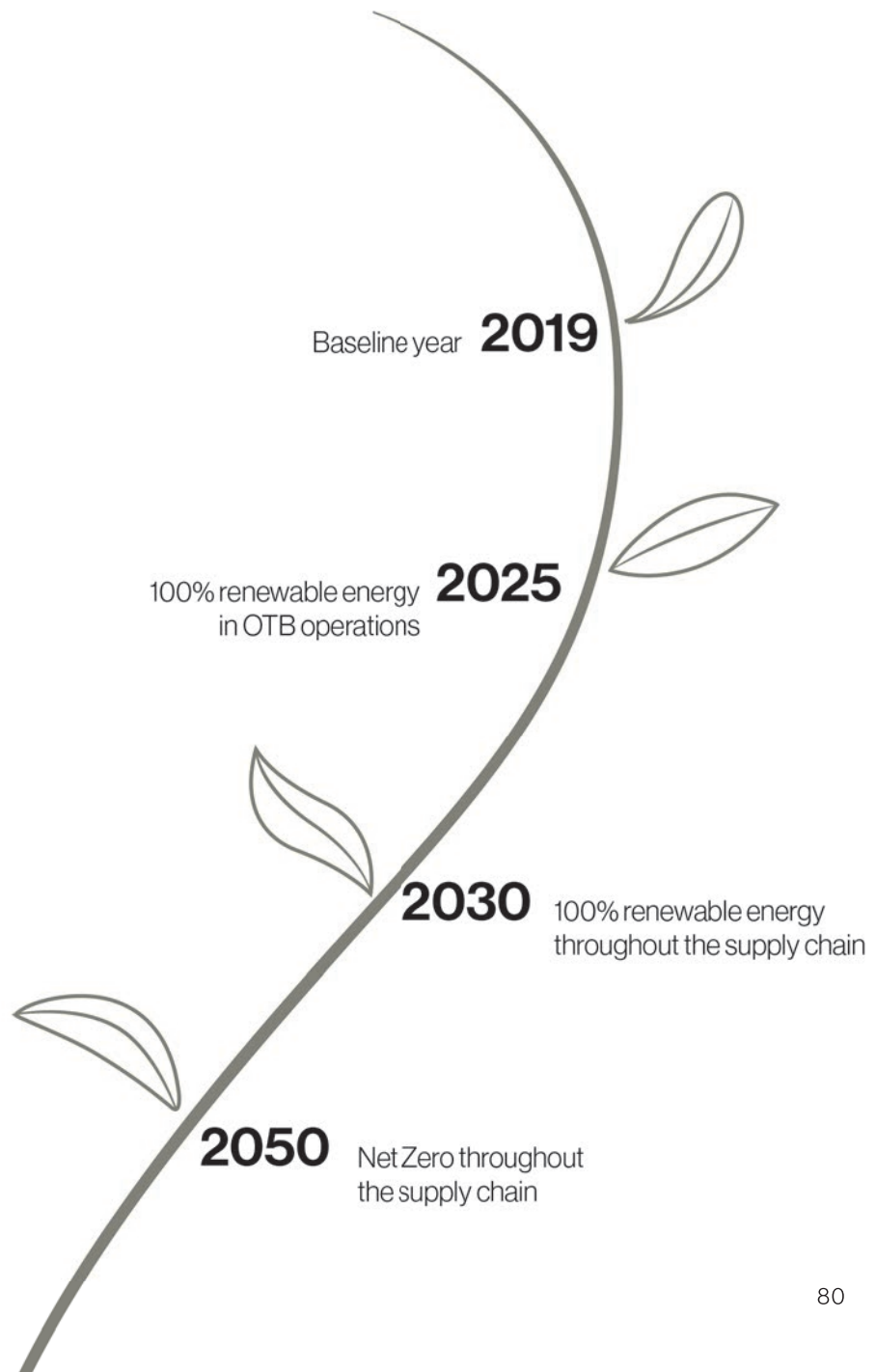


ACT ON CLIMATE CHANGE

Climate change is a global emergency which has been a priority on government and business agendas in the last few years as they work to fight its causes and effects. This is why an entire section of the OTB Group Sustainability Strategy is devoted to its **Climate Strategy**, laying the basis to achieve the Net Zero emissions target by 2030 and help keep global warming at less than 1.5 °C above pre-industrial levels.

Already in 2020, the Group had set Net Zero as its target for OTB operations by 2030 and for the supply chain by 2050. In addition, the Group has committed to using 100% renewable energy in direct operations by 2025, as part of its broader transition to cleaner energy sources.

The OTB Climate Strategy





In 2021, OTB quantified total climate-changing gas emissions generated by the whole Group in 2019-20. Based on this data and with the support of a leading climate management consultant, OTB outlined the main points of its **Climate Plan**, involving all its key departments: Safety & Facility, Indirect Procurement Logistics, Product Development, Sourcing, Production and Supply Chain, as well as the internal and external communication teams.

A range of measures and projects have been introduced. To achieve its ambitious Net Zero targets, the Group has undertaken a coordinated re-organisation in Europe, within which it has strengthened the Energy Management Function in the Safety & Facility Department. As a result, operating guidelines and collaboration with specific local players have been enhanced.

To monitor progress towards targets and map consumption and emissions more closely, a monitoring dashboard was developed in 2021, which collects technical information on usage together with cost and consumption data directly from the utilities by interfacing their information systems or, when this is not possible, from energy bills.

The introduction of this Energy Management System enables OTB to conduct targeted analyses and checks and draw up progress reports.

The data collected through the system has been useful in improving building energy efficiency, with simple practical indications that can be adopted by all Group sites. For example, as indicated in the guidelines, the winter and summer switch-on times and temperature settings of heating/conditioning systems at the sites with highest energy consumption are kept under control. The Group has also planned investments in new LED lighting systems. The OTB Indirect Procurement Department is reviewing all electricity supply contracts, starting in Europe, and asking for supplies with green energy certificates of origins.

Energy consumption and emissions

The Group's energy is supplied from a mix of sources. Its stores, offices and warehouses rely mainly on electricity for lighting, air-conditioning and electrical appliances, while heating is powered in part by natural gas and in part by electric heat pumps. Gas is used for the high-yield co-generation plant at the Group head office, which is run on a cost-effectiveness basis that compares the cost of gas with the cost of electricity from the grid. When cost is not a significant factor, preference is given to green electricity acquired to reduce the impact of gas-generated carbon emissions. Consumption relating to use of the helicopter was monitored in terms of number of flight hours, and so was not considered in the calculation of direct energy consumption.





In 2022 Scope 1 total emissions fell by 21% from 2021, largely as a result of lower natural gas consumption following the introduction of the measures described above (control and rationalisation of heating system set points and a precise strategy for management of the co-generation plant, notably avoiding its use during the summer months).

The Group's car fleet consists of more than 320 vehicles, powered mostly by diesel fuel, gasoline and methane. Compared with 2021, the car fleet grew by 9%, with preference given to hybrid vehicles (a 37% increase in Italy). Despite the focus on solutions with a lower environmental impact, 2022 saw an 8% rise in the OTB car fleet's emissions from the previous year, as a result of the increase in the number of vehicles.

As in 2021, the Scope 1 calculation includes emissions relating to the OTB helicopter, which runs on aviation kerosene.

Scope 2 emissions (direct electricity consumption) rose by 14% according to the location-based method, and fell by 2% according to the market-based method. The difference between the two reporting methods is that the latter does not consider the Group's renewable certified supplies with guarantee of origin (GO). The reduction in emissions calculated with the market-based method was largely due to increased procurement of certified renewable energy with GO (+48% from 2021), highlighting the Group's commitment to achieving its decarbonisation targets. The 15% reduction in market-based Scope 2 emissions by purchased kWh and the 37% reduction by unit of surface area of OTB buildings shows an improvement in purchased electricity emission intensity, due in part to increased procurement of renewable energy.

In 2022, the Group had two active photovoltaic installations, one at the OTB head office in Breganze and the other at the Colceresa site. Energy generated by these installations is used entirely for internal consumption. A dedicated team is working on the implementation of new photovoltaic systems to raise the Group's energy self-sufficiency in the next few years.

Overall, renewable energy in OTB (with GO certification and self-produced with solar panels) accounted for 52% of total energy consumption in 2022, compared with 41% in 2021.

DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ) ¹²	2020	2021	2022
Direct energy consumption¹³	132,310	135,307	112,512
From non-renewable sources:			
Natural gas	116,280	113,912	89,668
Diesel	15,507	19,837	20,792
Gasoline	523	1,457	1,792
Methane	-	101	260
Indirect energy consumption	89,251	101,468	117,248
Electricity from non-renewable sources	56,998	59,530	55,985
Electricity from certified green energy (GO)	30,643	40,323	59,609
Electricity from own solar panels	1,610	1,615	1,654
% Renewable energy	36%	41%	52%
Total	221,561	236,774	229,761

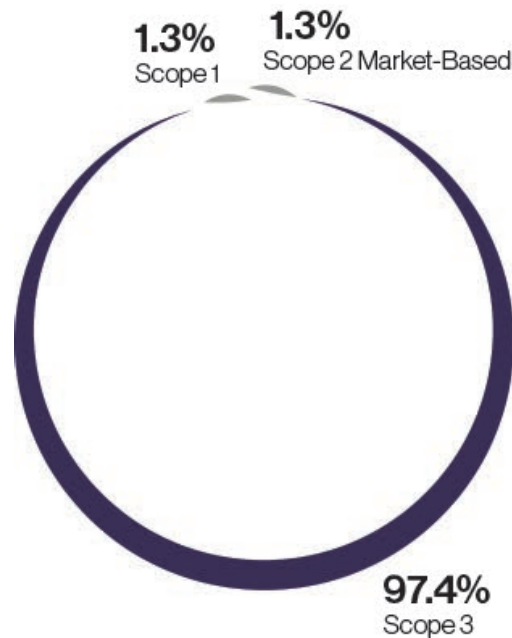
¹² The calculations were based on primary mapped consumption data. When precise figures were not available, consumption was estimated considering the type of factory, the country and the number of months open/closed.

¹³ Not including consumption relating to use of the helicopter.

GREENHOUSE GAS EMISSIONS BY SCOPE (TONNES OF CO ₂ Eq) ¹⁴	2020	2021	2022
Scope 1	7,556	7,678	6,065
Natural gas	6,480	6,257	4,547
Diesel	1,034	1,305	1,393
Gasoline	33	93	113
Methane	-	5	13
Helicopter	9	17	17
Scope 2			
Scope 2 – Market-Based	6,287	6,581	6,476
Scope 2 – Location-Based	8,783	9,747	11,092
EMISSION INTENSITY INDICATORS	2020	2021	2022
Scope 2			
g CO ₂ eq/kWh Market	254	233	199
g CO ₂ eq/kWh Location	354	346	341
g CO ₂ eq/sqm Market	29	30	19
g CO ₂ eq/sqm Location	40	45	32

The Group's Scope 3 emissions in 2022 represented approximately 97% of total emissions, reflecting the significant impact of emissions generated by the supply chain. Categories 8 (Upstream leased assets), 9 (Transportation and downstream distribution), 10 (Processing of sold products) and 13 (Downstream leased assets) were not included in the calculations, because they are not significant for the Group.

Scope 1, 2 and 3



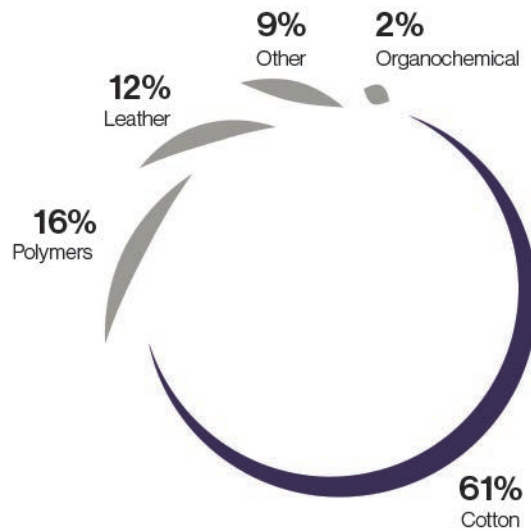
¹⁴ The calculation of the CO₂eq (which includes CH₄, NO₂, HFC, PFC, SF₆ and NF₃ emissions when present), was conducted following the GHG Protocol. CO₂eq emissions were calculated using emission factors sourced from: AIB (Association of Issuing Bodies), Terna, UK Department for Environment Food & Rural Affairs and Department for Business, Energy & Industrial Strategy, Eurostat database, Curb database, Pcaf database, Ecoinvent database, international Life Cycle Assessment (LCA) studies and documents, environmental product declarations (EPD).

Scope 3 - Main categories



The main impact arises from Category 1 “Purchased goods and services”, which comprises emissions from the purchase of raw materials, finished products, packaging and services. With regard to purchases of raw materials, the greatest impact arose from purchases of cotton, the Group’s chief raw material.

Scope 3 - Cat.1: Purchased goods and services - Raw Materials



The second most impactful Scope 3 category is “Use of Sold Products”, which considers emissions from indirect use of products along the whole life cycle. Specific attention was given to calculating the impact arising from the regular care of products (washing, ironing, drying), considering various use scenarios¹⁵.

¹⁵. Shoes and bags were excluded from the calculation, assuming they did not undergo such treatments.

The Scope 3 categories¹⁶ are indicated below:

SCOPE 3 (TONNES OF CO ₂ EQ)	2020	2021	2022
1. Purchased Goods and Services	221,539	252,109	303,167
2. Capital Goods	15,963	8,789	13,876
3. Fuel and energy-related activities	1,983	2,188	2,242
4. Upstream Transportation and Distribution	14,915	16,910	22,878
5. Waste generated in operations	465	611	1,128
6. Business Travel	395	390	928
7. Employee Commuting	12,063	12,345	16,357
11. Use of sold products	51,158	58,409	78,440
12. End-of-life treatment of sold products	7,262	8,065	11,122
14. Franchises	2,419	2,374	1,957
15. Investments	3,930	10,203	16,326
Total	332,091	372,395	468,422

Scope 1, Scope 2, Scope 3 emissions were recalculated with respect to 2021, to include the indications received in the target validation process from the Science-Based Target initiative. Notably, for Scope 3, the new calculation for the three years included categories 3 (Fuel and energy-related activities) and 15 (Investments).

Submission of the OTB Group's decarbonisation targets to the SBTi

To strengthen its Climate Strategy, in June 2021 the OTB Group responded to the call to action of the Science Based Target initiative (SBTi) by sending its commitment letter and undertaking to set science-based targets to reduce emissions across all scopes, in line with the 1.5°C scenario. Validation of its targets began in 2022 and will be completed in the first half of 2023.

To establish a clear path towards achievement of its targets, during the year a number of meetings were held with top management and the strategic functions to assess the technical and financial feasibility of solutions to reduce the Group's environmental footprint. The final assessments of this process will be formalised in the Group Decarbonisation Strategy.

16. When data were not available, estimates agreed with the relevant functions were used.



OTB LOGISTICS SYSTEM

Due to the diversity of business models and sourcing strategies within the Group, OTB logistics are complex. For a full understanding of the system, the various supply markets and the sales channels need to be considered.

OTB production consists of two main sub-systems: one for the Full Production Package (FPP) manufacturing model, which involves finished product logistics, and the other for the Cut, Make and Trim (CMT) manufacturing model, which includes transportation of both raw materials and finished products. In the first case, finished products are taken to the destination hubs directly from the workshops. In the second, the warehouse in Breganze receives raw materials and accessories from suppliers, to check quality and manage production orders, and then sends them on to the manufacturers for the first production stage. At this point, the semi-finished products are transferred to the company that manages the subsequent stages. This production model gives OTB visibility over all the intermediate processing stages. Depending on specific agreements, transportation may be handled by the intermediate suppliers or directly by the Group.



OTB's distribution logistics are handled by its logistics hubs, which are responsible for receiving and loading incoming finished products, shelf positioning and picking, packing and shipping.

The main flows are transfers from suppliers to the primary (or central) hub and transfers from a primary hub to a secondary (or regional) hub. These hubs are set up at the distribution level to handle business-to-business and business-to-consumer channels. When possible, depending on the volume mix, the sourcing area and the distribution area, direct shipment is arranged from the supplier to the secondary or regional hubs. The hubs also manage reverse logistics, such as product returns, exchanges or end-of-season returns.

To optimise the transportation system and reduce its environmental footprint, OTB is installing an artificial efficiency system that presents operators with the most cost-effective and consumption-efficient solutions.

The Logistics Department is also working to expand the role of automation in its warehouses. The new Brave Kid warehouse, which began operations in July 2022, was the first successful trial. The innovative automation system has improved conditions for garment picking operators, whose work has been simplified by the introduction of standardised ergonomic workstations.

Besides improving workplace safety by reducing use of moving equipment such as forklift trucks and eliminating most of the risks associated with man-machine interaction, the new system has optimised storage areas with a reduction of about 75% in occupied surfaces for comparable garment volumes. It has also made it possible to cut the warehouse's energy requirement for lighting by 14%.

Other initiatives include the replacement of single-use boxes with multiple-use boxes for transportation of goods from suppliers.

OTB plans to introduce similar programmes at the Isola Vicentina hub.

In 2022, the OTB Logistics Department also took steps to reduce the number of distribution centres and raise transportation efficiency. All the logistics platforms of the Group's US companies were consolidated into a single facility in New Jersey. Meanwhile, the Jil Sander logistics platform was moved to the Isola Vicentina logistics campus.

The Logistics Department is of course responsible for achieving some of the OTB Group Sustainability Strategy goals. Consistently with the Climate Strategy, it is working to minimise emissions through the continuous improvement of its transportation and packaging processes in its warehouses.



This includes the introduction of the first full electric truck, to eliminate CO₂ emissions from raw materials transfers – or intercompany transportation – among the OTB Group's facilities in the Veneto region. Finally, the Logistics Department is examining solutions to reduce materials consumption and waste through the gradual introduction of “circular” packaging and certified materials sourced from environmentally managed forests for packaging intended for disposal.

At the end of 2022, several initiatives were launched to improve waste collection efficiency in the logistics hubs and recover transportation materials like pallets.

The logistics commitment extends its actions even further toward sustainable design. In this area, OTB is verifying the feasibility requirements for obtaining LEED certification for one of its logistics hubs.

THE DIESEL LOGISTICS PROJECT – “LOCAL HUBS”

Diesel Local Hubs is a pilot project set up as part of the *For Responsible Living in Action* education project run by Diesel in collaboration with the Bocconi business school in 2021. The programme was set up to implement sustainability in all company departments and decisions. As part of this, the *Local Hubs* project is a strategic initiative designed to improve transportation speed and efficiency for Diesel products and cut transportation costs and emissions on product returns.

Developed in 2021, the *Local Hubs* project was launched in August 2022 with a successful pilot trial in the United Kingdom. During this stage, all returns were taken to a local hub in the region, so eliminating a return journey to the central warehouse in Italy and making it possible to organise a second delivery for the same products to meet a new order. By remaining in the local hub, return times and costs were made more efficient.

The project then moved into the next stage. In November 2022, about 1,500 articles were sent to the British warehouse in preparation for the peak purchasing period (Black Friday, Xmas holidays, etc.) and to ensure greater efficiency in meeting UK orders, with a daily average of around 120 orders processed during the peak period and around 40 orders since August 2022. As a result, OTB was able to avoid additional shipping costs and the miles that would have been involved if the orders had been shipped directly from Italy.

A preliminary stage of the pilot project was recently launched in Germany and Switzerland, where returns are stored in a local hub for about seven days and then collected and returned together in a single shipment to the central warehouse in Italy. To date, the UK hub is the only facility able to ship orders to consumers in the region and operate as a “store”. Once the process has been automated, the service will also be offered from other local hubs.

PROTECTING THE OCEANS

Protection of the oceans and aquatic species is essential for the health of our planet, given the vital role bodies of water play in capturing CO₂, producing oxygen through phytoplankton and providing useful proteins for the world's population.

To support this cause, the Group has incorporated a number of specific objectives into its Sustainability Strategy, in line with the goals of the Fashion Pact. Specifically, OTB and its Brands and Production Hubs are committed to minimising waste, especially plastic waste, and, as far as possible, avoiding use of unnecessary single-use plastic packaging.

Consequently, its initiatives for the protection of the oceans include the gradual replacement of plastic packaging with sustainable alternatives and the creation of innovative product designs. Besides pledging to avoid polyvinyl chloride (PVC), the Group has taken action to eliminate micro-plastic fibres from its products. It has also drawn up a plan to reduce plastic waste in its operations, buildings and facilities.

In 2019, together with 24Bottles, the OTB Group launched the *Remove plastic from water by removing water from plastic* project to limit the use of single-use plastic in its offices. All newly recruited employees are given an "OTB Climate Bottle" and encouraged to use the water coolers installed in head office and the other offices in Italy, so completely eliminating single-use plastic bottles from Group locations.

In OTB, 32% of packaging purchases relate to product packaging, 38% to logistics packaging, 18% to e-commerce and 12% to the retail channels (clothes hangers).

Currently, packaging consists 74% of paper and cardboard, 42% of which comes from recycled materials, 24% of plastic and the rest of cotton, metal and other materials. Since 2021, the Group has increased the use of plastic in its packaging, of which 72% is recycled plastic.

PACKAGING BY TYPE OF MATERIAL (TONNES) ¹⁷	2020	2021	2022
Cotton	11.1	27.2	18.4
Metal	93.4	72.5	27.1
Paper and cardboard	2,416.2	2,488.1	2,246.4
<i>of which recycled paper</i>	-	-	936
Plastic	150.4	148.6	728.2
<i>of which recycled plastics</i>	0.2	0.3	526
Other ¹⁸	0	0	9.2
Total	2,671.1	2,736.4	3,029.3

17. The rise in purchased packaging volumes is due in part to improved mapping of packaging typologies and volumes by the Group Brands and Production Hubs.

18. The "Other" category includes paints and rubber materials.

The Group Brands are developing environment-friendly packaging, labels and recycling systems to reduce the resources needed in their production and emissions released during transportation. To this end, they are gradually replacing traditional packaging with sustainable alternatives that use recycled or certified materials. In 2022, bioplastics were introduced and the proportion of paper sourced from sustainably managed forests increased, and now accounts for about 30% of purchased paper.

The Group recently re-mapped its B2B and B2C packaging to identify areas for improvement and assess the quantities and quality of the types of packaging used for each product category, in compliance with new legislation.

After completing the study and following the guidelines of The Fashion Pact's *Oceans* pillar, the OTB Group replaced the polybags made from virgin materials used by the B2B division for clothing with completely recycled and recyclable versions. Polybags are now also being replaced in the SH&LG category. As far as paper and cardboard packaging is concerned, all the Group Brands use certified materials sourced from sustainably managed forests for boxes, envelopes, bags, tags and gift cards.

As a small company, Viktor&Rolf has successfully re-organised its purchases, which now come from a single supplier who can ensure high quality and the development of sustainable certified packaging.

MARNI: A NEW GENERATION OF PACKAGING

Driven by the commitment to an increasingly responsible business approach and in line with Creative Director Francesco Risso's desire to inject the spirit of Marni collections into the brand's visual identity, Marni has introduced a new generation of packaging.

The new boxes and shoppers draw inspiration from Bauhaus wooden building games, seen from Marni's unique perspective with the addition of high-impact two- and three-colour combinations.

The commitment to sustainable packaging is reflected in the choice of FSC®-compliant sustainable materials to safeguard biodiversity and support local economies. Designed to be treasured and collected, boxes and shoppers comprise 50% recycled paper and 100% recycled cardboard, of which 60% is generated from pre-consumer waste and 40% from post-consumer waste.

Marni's new packaging is designed for the retail and online channels. The range includes shopping bags, product packaging and gift boxes. Thanks to the new boxes, the Brand is reducing the number of packages for online sales by shipping some products, such as shoes, in their original packaging without any additional boxes.

Marni is also exploring the possibility of re-using the boxes in which goods are shipped to stores for end-of-season merchandise returns, so achieving a further decrease in packaging.



MAISON MARGIELA: LONG-LIFE PACKAGING

Maison Margiela's new luxury packaging gives priority to sustainability, using environmentally friendly materials that retain their value during the recycling process. Its paper carrier bag, made from carefully selected materials, is designed to be ecological and easy to recycle. This helps to reduce waste and eliminate unnecessary production processes, while maintaining the distinctive elegance of the Maison Margiela name.

Waste management

Reducing waste is an integral part of the Group Sustainability Strategy and the focus of a series of measures under the *Protecting Our Planet* and *The New Fashion System* pillars. The objective for all corporate units is to eliminate waste sent to landfill by 2025.

The activities¹⁹ of the OTB Group subsidiaries inevitably create different types of waste, such as packaging and processed textile fibres, as well as rubbish from daily business operations. To address these concerns, the Group actively pushes a low-impact business style through a range of waste management projects to encourage better use of resources in all subsidiaries.

OTB is also committed to recovering and recycling waste, minimising use of plastic and non-recyclable materials, and fostering a sustainable waste management culture throughout its supply chain. Campaigns to promote a plastic-free lifestyle, second-hand initiatives and the recovery and recycling of prototype rubbish are just a few of the most recent projects.

The commitment has been taken on board by all the Group brands, who are promoting a series of group-wide and also individual initiatives: elimination of unnecessary materials, replacement of secondary materials with recycled polyester, sourcing of cardboard from environmentally managed forests and plantations, and re-use of packaging for store deliveries.

The Group's initiatives are designed to foster a cultural change and communication that goes beyond the organisation and encourages all customers to take a responsible approach to products and the product life cycle.

In line with the Global Compliance Programme, the Group pays particular attention to the risk of environmental crime. It uses authorised transporters who guarantee correct waste recovery with minimal impacts. With regard to hazardous waste, OTB adopts appropriate disposal procedures in compliance with legal requirements. Data monitoring and collection processes comply with regulations on manufacturer traceability and waste segregation.

19. Activities include direct and indirect production and trade, import-export of clothing, leather goods, footwear, furniture, and accessories, design and creation of prototypes, fashion and industrial design activities, logistics, production management services, and office activities.

The Group Safety & Facility Department, which oversees waste management, strives to coordinate and integrate environmental legislation, environmental protection and improvement and reasonable, rational use of natural resources, while promoting the quality of life for employees, clients and Stakeholders. The function keeps track of solid waste management and disposal, as well as water discharge and emissions into the atmosphere.

In 2022, the Group carried out an environmental analysis to map the internal officers responsible for waste management questions and conducted a series of site visits. At each facility, inspections were performed, interviews were held with personnel responsible for management of environmental issues and documentation was analysed. To optimise management of outgoing flows and establish uniform service quality, the sites' previous management procedures were assessed, and third-party waste-disposal services and agreements were reviewed.

As a result of the analyses, a project has been set up to draft a **Group Environmental Management Manual**. The aim is to ensure unique traceability, registration and regular checking of compliance for solid waste disposal, water discharges and atmospheric emissions. These activities will be followed by training for personnel directly involved in waste management and action to raise awareness about good daily practices to reduce waste production.





JIL SANDER



Waste produced by the OTB Group is largely non-hazardous; hazardous waste accounts for only 0.39% of the total. Group waste consists mainly of mixed packaging, and paper and cardboard, which each represent 46% of the total. Textile fibres account for 5%, while a minimal quantity is attributable to plastics, and construction and demolition work.

TYPES OF WASTE PRODUCED ²⁰ (TONNES)	2020	2021	2022
Non-hazardous waste	548.1	824.3	1,664.2
Construction and demolition	25.8	5.0	9.2
Mixed packaging	190.9	287.9	764.6
Paper and cardboard	153.4	323.7	758.7
Plastic	16.6	25.3	27.2
Textile fibres	45.9	57.5	87.6
Other waste ²¹	115.5	124.9	16.9
Hazardous waste	2.6	9.1	6.5
Total waste produced	550.7	833.4	1,670.7

There was a significant increase in waste produced by the Group in 2022, with the figure doubling from 2021. This arose from two main causes: the purchase of two warehouses in Isola Vicentina on one hand, and more precise mapping of Italian operations and the inclusion of data relating to the companies in Japan on the other. The figures also include the action taken by the organisation as part of the “clean-up” introduced in 2021 to dispose of obsolete equipment and IT materials accumulated over the last 10 years.



20. The reporting boundary was limited to Italy as accurate data from other countries was unavailable. Furthermore, the waste estimate excluded the entire retail segment.

21. Other waste includes waste paint and varnish containing organic solvents or other dangerous substances, printing toner, batteries and accumulators, organic wastes containing hazardous substances, adhesives, bulky waste, facilities paper and cardboard, fluorescent tubes and other mercury-containing waste.

WATER STEWARDSHIP AND CHEMICAL MANAGEMENT

Every year, the textiles industry consumes around 93 billion litres of water. Industrial-scale textile processing and dyeing are significant contributing factors to water pollution. For the Group production processes, water is a precious and absolutely indispensable resource. Water stewardship and chemical management is one of the top priorities of the OTB *Be Responsible. Be Brave.* strategy. The Group is introducing policies and programmes to guarantee adequate water quantity and quality for communities and watersheds in the areas where it operates. All the OTB Brands work continuously with their suppliers to develop innovative processes and materials to reduce water consumption.

Diesel is moving ahead with measures to reduce water consumption and use of chemicals in production, particularly for its denim collections.

The Brand has developed innovative treatments and finishing processes to achieve different levels of decolouration for the typical bleached look of its products, with technologies that, in some cases, use less than a cup of water to treat a pair of jeans. Other environmentally friendly processes include use of synthetic pumice stones, laser finishing technology, nebulisation and ozone treatments.

In 2020, Diesel launched the *A Respectful Denim with Diesel DNA* collection, its first created with low-impact technologies that reduce the use of water and chemicals. The approach was used for the *Diesel Library* line in 2021 and subsequently extended during 2022 to most of the denim category (for details, see the *Diesel Library* section) and to an initial range of garments in the ready-to-wear category. Together with the new treatments, Diesel chooses fabrics made from recycled or low-impact organic materials and certified accessories (appliqués or patches) to ensure consistency in its on-going research into environment-friendly clothing.

STAFF INTERNATIONAL STEAM WASHING TREATMENT

In one of its central laundries, Staff International has adopted a washing treatment for finished products since 2020 that uses nebulised saturated water vapour. The treatment, which replaces traditional washing with warm water and conditioner, delivers 90% water savings compared with the previous process and uses electricity more efficiently. Thanks to this technology that does not involve the use of additional substances, washing treatments can produce up to zero impurified water, sludges and harmful chemical substances.

In line with international laws, voluntary requirements and the Group's environmental guidelines, OTB intends to phase out harmful chemicals from the entire product life cycle to protect the environment, factory workers and consumers. In 2021, OTB joined the **ZDHC Foundation's Roadmap to Zero Programme** to develop a water stewardship and chemical management strategy based on the leading industry standards. As a ZDHC Contributor, OTB Group is committed to phasing out the use of hazardous chemicals from its production processes and onboarding all wet-process suppliers by 2030.

In full compliance with ZDHC guidelines, it has invited its main wet-process suppliers to align themselves with the Group conformity code. Each Brand has asked its suppliers to register on the ZDHC Gateway, the world's largest database dedicated to "safer" chemical alternatives for the textile, apparel and footwear supply chain, and to obtain the Foundational level and Progressive level on the Supplier To Zero programme. In this phase, the Production Hubs and Brands provided suppliers with support and monitored their progress and uptake of the protocol.



In 2022, OTB organised an information day on ZDHC guidelines for its Brands' suppliers, giving them the opportunity to learn more about the platform and related requirements. At the end of the day, each supplier received a certificate attesting their commitment to sustainability and compliance with international environmental laws. The event was attended by the suppliers of Brave Kid, Staff International and Diesel.

Also in 2022, the first **Restricted Substances List (RSL) & Product Safety Requirements** were approved at Group level and made operational for all OTB Group suppliers. The Group's new chemical management policy covers all the global market regulatory constraints on chemicals used in raw materials and finished products. In line with the Group Strategy, it also aims to establish more restrictive requirements. The document is reviewed on an annual basis and sets out the most recent MRSLS ZDHC directives on chemicals used in production and additional product safety requirements. In line with the annual update of its chemical management policy, OTB has renewed its targets for the reduction of potentially hazardous chemicals.



All suppliers are required to adopt and subscribe to the policy during onboarding. All the Production Hubs have included the RSL, together with the code of ethics and raw materials procurement standard, as an annex to their finished product and raw materials contracts.

As they develop collections for different Brands, the Production Hubs naturally find themselves handling specific directives and requirements concerning the use of chemicals.

Some collections call for use of ZDHC-approved chemicals, while for MYAR products use of water-based inks with bio-based pigments is required. To guarantee high quality and safety standards for its products and thanks to its close collaboration with the supply chain, Brave Kid supports its partners during the sampling process to identify sub-suppliers who can meet compliance and chemicals requirements, as well as deliver design and style.

S.O.S. PROJECT (SUSTAINABILITY OPERATIONAL SUPPORT PROJECT)

In September 2016, Staff International launched the S.O.S. project to establish specific procedures and rules for correct management of chemicals and environmental questions. Initially, it involved its main wet process suppliers, five laundries and five printing houses, with the primary goal of minimising chemical risks related to finished products, wastewater and process emissions. In addition to the Staff International Code of Conduct, PRSL and MRSL, the suppliers were asked to sign the "RTX - Chemical Sustainability Management System® Protocol and the related Guidelines. The Guidelines were drawn up in collaboration with the Ritex textile research and analysis laboratory.

The process involved a series of tests on the products used and on wastewater to assess environmental impact and management of the producers' chemical process. All the certification tests were conducted by world-leading independent laboratories accredited for safety testing and certification.

Since the end of 2022, the project has evolved into the ZDHC programme, extended to all Staff International suppliers, and into the Group RSL.

Physical and chemical compliance is handled according to the business model of OTB Brands. At Diesel and Brave Kid, before a purchase order is issued, the production department requires suppliers to assess and meet the product's physical, chemical and mechanical requirements, as well as comply with quality standards. Tests are carried out at different stages in the production process, both on raw materials and on finished products. Diesel and Brave Kid also require at least one chemical and physical conformity test for each "style"²², to be conducted at an accredited laboratory. Orders are issued only if the test is successful.

22. The term "style" signifies each combination of fabric and wash/treatment.



Application of the procedure enables Diesel to achieve test coverage on 97% of styles; at Brave Kid, the percentage of products covered by at least one successful test reached 99.2% in 2022, a further improvement on the trend reported in previous years. The 0.8% of untested products consist largely of continued products for which the company received successful test reports for earlier seasons, and therefore present a minimal level of risk. Brave Kid intends to achieve 100% style coverage for the upcoming seasons.

Staff International, too, has established a specific policy for the Ready-To-Wear and Shoes & Leather Goods divisions to guarantee chemical and safety compliance on finished products, raw materials and treatments, covering most of the items it sells. In 2022, chemical tests were performed on 82% of products in the Ready-To-Wear and Jewels collections and on 23% of products in the Shoes & Leather Goods collections.

BRAVE KID: SAFER PRODUCTS FOR LITTLE CUSTOMERS

Product safety and quality have always been core elements of the Brave Kid philosophy and DNA. All products are designed to ensure maximum safety for the wearer. Tests are conducted on detachable and/or pointed parts, sharp edges and inflammability, in compliance with the strictest regulations.

Market requirements on the safety of children's products combined with the company's determination to guarantee high quality standards have led Brave Kid to adopt a rigid testing and compliance system to ensure the chemical and physical safety of its products. Irrespective of the type of product, in addition to physical tests, responsible chemical monitoring and management is crucial to guarantee safety and final quality.

The number and types of tests depend on the complexity of the final product and its applications, allowing Brave Kid to maximise coverage and ensure product safety on a broader scale. The Product Hub is committed to covering all products with at least one valid test to ensure conformity to safety requirements. Collaboration with suppliers is essential to meet the required level of compliance. Consequently, the Brave Kid technical team makes regular visits to supplier facilities to oversee production and identify any problems with product safety.

In 2022, Brave Kid tightened control over the collection, receiving 2,428 reports for 1,007 styles and raising the level of coverage compared with 2021 (2,000 reports received for 900 styles in 2021).

Product compliance and use of chemicals is also an integral part of the Viktor&Rolf commitment to risk management and product quality guarantees for the safety of workers and customers. The Brand adopts a strategic approach involving selection of European partners with certified water and chemical management processes.

THE NEW FASHION SYSTEM





The New Fashion System is the second pillar of OTB's Sustainability Strategy. The Group is driven by a powerful ambition: to move the traditional fashion business model towards a more aware, more responsible way of designing and distributing its products and services. The fundamentals of *The New Fashion System* are: *Sustainable Product Design*, which focuses on adopting innovative design approaches that reduce products' environmental impact; *Circularity*, to encourage the use of sustainable and recycled materials; *Responsible Sourcing & Traceability*, to develop new transparent and traceable sourcing practices.

SUSTAINABLE PRODUCT DESIGN

As part of OTB's commitment to reducing environmental impact, innovation and product quality are the essential starting points for sustainability. To this end, the Group ensures that each individual involved in production receives regular training and updates in line with the thinking behind the circular economy.

During 2022, the Diesel Sustainability Department reviewed and updated the Brand's internal guidelines for production of low-impact products, which are then marked with the hang tag *This garment is made For Responsible Living* (see the Responsible Communication section for further details). The new Diesel guidelines take account of the sustainability targets of the Brand and the parent company, and of the changes in industry standards, which require players to achieve ever higher sustainability levels and meet increasingly stringent requirements. To ensure that the new parameters are widely understood and foster an integrated approach for the creation of future collections, the Diesel Sustainability Department organised special training sessions for the style, production and product offices. Diesel's commitment to the development and implementation of low-impact solutions extends to use of warehouse leftovers for special projects and capsule collections, avoiding the purchase of additional raw materials wherever possible.



Brave Kid launched a similar project at the end of 2022 to draw up sustainable product design guidelines. The aim is to provide its product development teams with a tool to create clothes that meet specific sustainability criteria, while taking the characteristics required by the markets and the goals of the Group Sustainability Strategy into account. The purpose of this approach is to increase the offer of sustainable products and develop scalable solutions, consistently with the identity of the Brands in the Brave Kid portfolio.

Looking beyond the production cycle, OTB is also involving all its distribution, placement and communication channels, including stores, visual merchandising, fashion shows and press campaigns. This encourages the development of a holistic approach to sustainability based on the highest environmental standards, which also extends to energy-efficient buildings, certification of materials and boutique design.

BE CIRCULAR

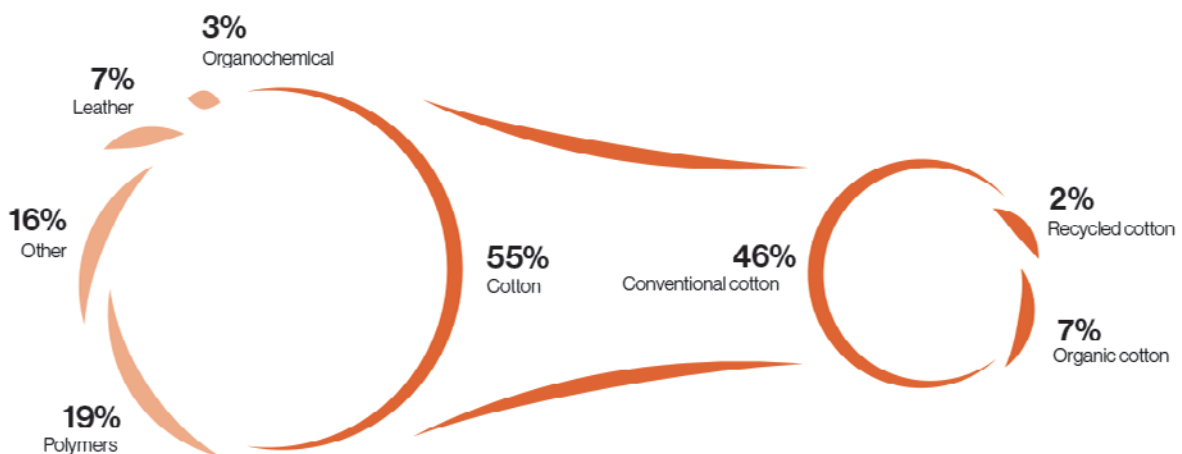
Promoting the circular economy in the fashion business means adopting an economic system that self-regenerates and re-uses materials in subsequent production cycles, so reducing waste and optimising off-cuts. This is why a synergistic approach is needed between the Brands during the design stage and consumers when they purchase and use products.

True circular transformation can only be achieved through innovation, which is the key driver of *The New Fashion System* pillar. The Group has undertaken to play an active role in the global transition of the fashion industry towards circular models, with solutions that have a positive impact on the planet, such as the reduction and phasing out of non-recyclable materials, a ban on product destruction, increased use of recycled materials, collection of post-consumer materials, research into new design models for all OTB Brands and licenses.

In August 2022, in response to the European directives on **Extended Producer Responsibility for Textile Waste (EPR)** and related Italian enacting legislation, OTB joined other luxury brands for the launch, in collaboration with the National Chamber of Italian Fashion, of the **Re.Crea Consortium**, to improve management of end-of-life textile products and promote research and development of innovative recycling solutions.

The inclusion of sustainability characteristics in products from the earliest design stages and in the new collections in general has become crucial in reducing the Group's impact. Research into more responsible materials is evolving constantly inside the OTB Group, whose Brands give priority to sourcing certified organic cotton, regenerative cotton, certified viscose and other alternative and/or recycled fibres. An overview of raw material purchases is shown below, with a particular focus on cotton, the material that accounts for the largest Group purchasing volumes (55% of the total).

Procurement of raw materials (kg)



OTB research is concerned not only with fabrics, but also with treatments, dyes, trims and packaging, for an overall improvement in product sustainability.

In 2021, in collaboration with DSQUARED2, Staff International opened a Sustainability showroom. The result of on-going research by Staff International into sustainable, low-impact materials, trims, treatments and packaging, the showroom is now a point of reference for all Staff International Brands.

Besides introducing more responsible garments and accessories into their collections, each Brand has launched initiatives to promote the recycling of vintage, second-hand or left-over clothes, accessories and fabrics. In 2022, in line with the Re.Crea Consortium project, the Group Brands began researching solutions to re-use scrap fabrics in their new collections or special capsules. Marni, for example, has re-used old prints to create Tote Bags for Marni Market and recovered surplus materials in its warehouses to create uniforms for store personnel. In 2022, it donated left-over fabrics to the OTB Foundation to create bags and gadgets as Xmas gifts.



BE THE ALTERNATIVE: DIESEL INITIATIVES

Be the Alternative is the pillar of the Diesel *For Responsible Living* Sustainability Strategy, reflecting the Brand's commitment to creating low-impact products and procuring alternative, more responsible packaging.

Following up on the activities organised in 2021, Diesel set up new supply chain partnerships and, with its R&D team, continued selecting materials, treatments, dyes and washes for innovative low-impact solutions to be tested in pilot projects and then gradually brought into its collections.

DIESEL REHAB DENIM

Increasing the portion of its collections produced with low-impact fabrics, treatments and trims is an on-going priority for Diesel. This led to the launch of the *Diesel Rehab Denim* line, first introduced with a range of core items presented at the Diesel 2022 Autumn/Winter show and then expanded with a more complete offer for the 2023 Spring/Summer season. The basic fabric of *Diesel Rehab Denim* is the result of the Brand's collaboration with its fabrics supplier Tejidos Royo. The line is Diesel's most important achievement to date in terms of product sustainability. Each garment is made from fully recycled cotton and elastane, in part from Diesel cutting waste, mixed with TENCEL™ x REFIBRA™ technology. Fabric dyeing does not use water and hugely reduces the quantity of chemicals and energy used in the production process.

Besides the *Diesel Rehab Denim* project, in 2022 the Brand continued work on a circularity project in Tunisia, in partnership with the **United Nations Industrial Development Organisation (UNIDO)** and one of its local suppliers. To re-use cutting waste and thereby reduce purchases of virgin cotton and related production emissions, Diesel promotes the recycling of scrap retrieved from the initial denim processes for use in its new collections. The project will continue in 2023, with Diesel and its partners intent on establishing a circular approach to fabric cutting waste, in order to reinforce scrap management and re-use in the mechanical recycling process.



During 2022, Diesel also extended the *Diesel Library* approach to most of its denim collection, under which low-impact materials are selected for each garment together with fabrics, treatments and accessories. As a result, most of the Diesel seasonal offer includes recycled and organic materials and responsible cotton and uses innovative treatments to reduce the use of water and chemicals (e.g., alternative pumice stone, abrasive drum, nebulisation, ozone, laser, etc.). For its accessories and trims, Diesel uses patches in chrome-free leather or FSC® certified cellulose, internal labels in recycled materials and non-galvanised buttons.

Starting with the 2023 Spring/Summer collection, the **Essentials** ready-to-wear line of iconic sweatshirts and t-shirts with distinctive Diesel logos is produced entirely with certified organic cotton, using appliqués or patches only in certified recycled and/or low-impact materials.

In 2022, the Brand continued work on the **Diesel Second Hand** project, where Diesel adult denim products are bought back from Italian mono-brand stores and resold through Diesel direct channels. The items are cleaned, repaired and personalised with the wording "Diesel Second Hand" printed inside the garment. The products are currently resold across Europe through the diesel.com website and at the Milan store in Piazza San Babila.

Thanks to *Diesel Second Hand*, in November 2022 the Brand received the LC Publishing Sustainability Award in the Fashion and Luxury category for its work in sustainability, with a project that promotes the growth of a second-hand market offering affordable products for people who want to help the environment.



Under its Sustainability Strategy, Diesel has set up a series of projects with its licensing partners. With Fossil Inc., it has launched two lines of wristwatches designed specifically to use environment-friendly alternative materials. The first line, **Metal Grunge**, consists of four models with a case made from at least 50% recycled steel and straps in leather sourced from OTB dead stock or 100% recycled rPET. The models in the second line, **Solar Red**, are solar watches with straps in #tide ocean material²³ and cases made 45% from castor oil-based bioplastic.

In cosmetics, Diesel has launched a new fragrance developed with L'Oréal. **Fragranza "D"** is a vanilla and lavender-based scent using materials from a certified responsibly managed supply chain. The Brand's sustainability principles also extend to the packaging: the primary packaging is a refillable bottle made from 25% recycled glass, while the secondary packaging consists of FSC[®] certified paper, of which 55% comes from recycled materials.

23. #tide ocean material[®] is a superior-quality recycled plastic made 100% from ocean-bound plastic.



SECOND
HAND

DIESEL
ON SUCCESSFUL LIVING



In partnership with Moroso, the **Diesel Living** division chose environment-friendly fabrics for the iconic *Nebula* armchair presented at the 2022 Salone del Mobile furniture show: Pepe, made 75% from recycled cotton, and Floki, made entirely from recycled polyester.

MAEBA INTERNATIONAL - STAFF INTERNATIONAL PARTNERSHIP

Staff International has worked since 2008 with Maeba International, a company established in 2006 by Angelo Saporiti. Today, Maeba is Italy's leader in the upcycling and marketing of surplus fabrics from Italian manufacturing and luxury collections. The Saporiti family has been a fabric wholesaler for almost 100 years and has introduced important innovations in deadstock management: currently, the company offers approximately 4 million metres of fabric in 40,00 different articles and more than 20 types of materials.

In 2020, after obtaining UNI EN ISO 14021 certification (2016), Maeba International became the first company in the industry to receive recognition for its material recovery process in line with the EU Circular Economy Package and SDG 12 of the 2030 Agenda. It has created the international ReLiveTex brand and registered the logo to share its environmental and social sustainability mission with the supply chain.

As part of its goal of developing a circular supply chain, Maeba International transfers its own scrap and trims to a company with UNI EN ISO 14001:2015 certification.

In January 2023, the firm became a Benefit Company, incorporating development of strategies and partnerships to promote environmental and social sustainability projects into its mission. It also calculated its environmental footprint in terms of carbon emissions, using the ISO 14064-1 standard. Specifically, ReLiveTex contributes to SDG 12 of the 2030 Agenda and is compliant with the UNI EN ISO 14021:2021 standard.

In their 15 years of collaboration, Maeba International has purchased more than 1,000,000 kg of Staff International fabrics and accessories, of which around 100,000 metres of fabrics have been sold or donated to upcoming stylists, 500,000 metres to resellers who in turn supply material to other small and medium designers and other small and medium-sized fabric retailers, mainly outside Italy. A further 20,000 metres have been devolved to universities and schools, for example, for professional training courses, while 3,000 metres have been supplied to Italian theatres. The remaining sales have been to mainly international medium-sized brands.





BRAVE KID

Brave Kid is constantly seeking innovation to ensure durability and quality for kids' products: in 2022 it gradually increased its range of sustainable products, introducing more environmentally responsible materials for specific collections, such as organic cotton and recycled fibres. Brave Kid's commitment to using more responsible fibres and materials complements the responsible design approach already tested with the **MYAR** collections, Andrea Rosso's Brand, to raise public awareness about environmental protection. MYAR products are made with materials sourced from deadstock and warehouse remnants of the OTB Group and other external producers. The collections adopt a reduce, re-use and upcycle approach to give the fabrics a second life as part of the circular economy.

In 2022, Brave Kid once again met its "Zero Destruction" objective for products, by planning production on the basis of the results of its sales campaigns. In this way it was able to minimise the risk of over-production and waste and move towards a make-to-order approach for more efficient management of warehouse inventories.

Brave Kid also pays great attention to product durability. In 2022 it created the *Brave Kid Durability Test Package* of specific tests to assess resistance and durability and identify any areas requiring improvement, so enhancing the durability and service life of Brave Kid products. At the moment, the tests apply to the main product categories of the Brave Kid collections. They are conducted by a laboratory of international stature, in compliance with industry regulations and standards and with reference to the quality standards required by Brave Kid.

MAISON MARGIELA

Maison Margiela has introduced a new form of creative expression that merges the Maison's DNA with strong creative power through fabric upcycling. It turns shirting fabric and strips of silk into new garments and re-invents vintage and one-off items by altering their form and function. By using materials intended for different purposes, such as jute sacks or military blankets, to create unique pieces like cabanas and jackets, the Maison takes its creativity beyond the traditional concept of recycling.

With the introduction of the *Recicla* line in 2020, Maison Margiela has also expanded on the concept of the *Replica* line used to brand reproductions of vintage items in its collections. Products with the white *Recicla* label are authentic pieces selected by creative director John Galliano, which have been restored and returned to new life as limited-edition garments or accessories.





JIL SANDER+

The *Jil Sander+* collection is based on a philosophy whose goal is to create products combining aesthetics and comfort, refinement and resistance to atmospheric elements. The addition of the + sign to the Jil Sander logo stands for a pure, straightforward and practical design approach with high-performance, organic and recycled fibres. The collection mainly uses technical or natural fabrics and materials like jersey, fustian, recycled cashmere, silk and Ventile cotton. Its padded jackets use only recycled down, when this is allowed by the export market.

In the footwear range, soles are made chiefly from rubber, a natural material delivering high performance and greater durability, while materials from renewable or recyclable sources are also the priority for the uppers, in line with the collection philosophy. For its next collection, Jil Sander is seeking biomaterials that can be easily recycled at the end of the product life cycle.

As it pays growing attention to sustainability criteria, the Brand is committed to using materials with a lower environmental impact for its other collections too. For example, in 2022 it created bags woven with beads made from regenerated PMMA, a second-life polymer obtained by recycling selected waste from the production of industrial semi-finished goods.

VIKTOR&ROLF

In addition to creating sustainable collections, Viktor&Rolf is always searching for new initiatives and projects with Brands and start-ups and companies that specialise in sustainable development.

x Melissa

In 2020, Viktor&Rolf began collaboration with the Brazilian brand Melissa to produce a limited-edition line of recycled shoes and bags. The entire collection comprises Meflex, Melissa's proprietary patent material that is vegan, 100% recyclable and easy to disassemble. The collection blends the feminine extravagance of couture with the Melissa brand's inventive experimentation with materials. 2022 saw the launch of two new *Viktor&Rolf x Melissa* collections, **Buckle Up** and **Knot**, in January and July 2022.

The **Viktor&Rolf Tulle** collection features a variety of playful and outspoken tulle pieces inspired by the Viktor&Rolf Haute Couture collection. It includes the limited-edition *Lost & Found* capsule collection of upcycled vintage items based on Viktor&Rolf's core notion of conscious design. The carefully curated and unique vintage pieces are transformed into high-end extravagant icons in Viktor&Rolf tulle, adorned with elaborate appliqués and branded detailing that complement the timeworn imperfections of each garment. Viktor&Rolf continues to experiment with "conscious design" by including eco-friendly fabrics into the collection, such as sweatshirt jerseys and upcycled vintage men's shirts.

Viktor&Rolf is a fur-free label. For the **Everywear** collection, a sustainable fake fur is used to re-create a welcoming vintage winter look in a modern vegan version. The collection uses Sorona® plant-based polymer fibres, which can be mechanically recycled. Linings are in Tencel and organic cotton.

Viktor&Rolf x Lenzing

For the **Mariage** collection, the Maison has worked for several seasons with Lenzing, a highly regarded fibre producer, to create garments made entirely in Tencel™ Luxe.





VEJA x Marni

The VEJA x Marni collaboration project introduces an original take on contemporary footwear by combining a DIY look with a vaguely retro design. The iconic V-10 model and the new V-15 hi-top express Marni's "freehand" creativity in a coloured scribble motif on the upper.

Each pair is hand-assembled in a combination of craftsmanship and industrial efficiency, and the two shoes differ to underscore the originality of the design. Every model comes with two pairs of 100% recycled laces: one multicoloured pair, one white pair. The leather is sourced from suppliers in Uruguay and worked in Brazil at a tannery with Leather Working Group Gold certification.

VEJA's attention to production standards is reflected in the choice of materials and full compliance with global regulations, and in reduced water use during the tanning process. The soles are made 31% from Amazon rubber, 22% from rice husks and 12% from recycled rubber.

DSQUARED2

Cooperation between Staff International and the Dsquared2 licensee Brand has become closer in the last few years. The Brand has always paid great attention to design and performance and has been focusing recently on sustainability-related product innovation. Staff International's manufacturing experience has driven the development of a new capsule collection named *ONE LIFE ONE PLANET*, with a children's version also available from Brave Kid. Every detail of the capsule collection gives priority to sustainability, from selection of materials to machining processes with reduced water consumption. The main fabric is organic or made from recycled fibres, while the accessories have been replaced with sustainable alternatives such as recycled polyester labels or buttons with water-based finishes.





With a view to offering quality products in line with the Brand identity and sustainability criteria, in 2022 a detailed survey was carried out on garment components. The partners' commitment and collaboration has led to the introduction of sustainable fabrics and accessories and use of alternative sustainable washing and dyeing processes employing food products or mining waste as well as dyes compliant with ZDHC guidelines. The introduction of organic and recycled materials such as organic cotton and recycled synthetic fibres (polyester and nylon) is part of a gradual, season-by-season integration process.

Attention to sustainability also extends to agricultural practices and production processes, with the emphasis on optimised water consumption, use of eco-compatible crop protection products and crop rotation to improve soil quality. The preference for sustainable harvesting machinery and procurement of alternative energy such as wind and solar reflect Dsquared2's commitment to promoting sustainability at every stage in the production process. From agricultural production to the transformation of yarns into fabric, the Brand is careful to use technological solutions that reduce environmental impacts. In the selection of fabric collections too, the aim is to reduce agent travel and the need for repeated packaging and transportation.







RESPONSIBLE SOURCING AND TRACEABILITY

Supply traceability is a critical first step in the creation of an environmental and social responsibility strategy. This is why the Group works to find materials that meet responsible sourcing standards and develop a holistic approach that considers social and environmental impacts along the entire value chain. For this, OTB has set a series of goals and guidelines to improve its sourcing strategy for all key materials and is increasing traceability in its supply chain in order to identify and manage potential risks.

At OTB, attention to ethical, social and environmental issues along the supply chain is achieved through the gradual and consistent integration of its sourcing policy across the Group, with the development of supplier empowerment programmes and monitoring supplier conformity to key policies. The implementation of an effective traceability system will make the structure of the processes along the whole value chain clearer, for example with regard to upstream suppliers, so improving risk control and creating a more flexible and resilient supply chain, with a lower risk of disruption.

In 2022, OTB began the internal roll-out of a software application to trace supplier-related products, materials and information, which also monitors information on suppliers' sustainability performance. The system will enable the Group to manage information and supplier data in a more consistent and coordinated way for all product categories. It will be easier to extract information about materials and product sustainability, such as certifications and the characteristics of raw materials, so improving communication via websites, internal reports and labels.

The project was launched in cooperation with TrusTrace, one of the main players in information traceability in the textiles industry. It is handled by an interdisciplinary team of professionals from the OTBIT Department and the Sustainability Team, the latter acting as coordinator. To implement the software across the whole Group, resources from each business segment have been tasked with maintaining direct contact with suppliers.

The supplier onboarding and engagement phase was launched in 2022, with the participation of all Group companies. A special campaign was organised to provide every supplier with guidelines and detailed instructions. At Brave Kid, 54% of suppliers (accounting for 88% of purchasing value) accepted the invitation to register on the portal and upload the required information. For Staff International, the fabric suppliers who have registered on the portal and completed the information uploading procedure account for 55% of purchasing value. The goal for 2023 is to continue supplier onboarding and cover the entire Brand procurement chain.

In 2022, Diesel and Staff International also worked on the integration of their internal IT systems to improve the traceability of sustainability information on products, raw materials and machining. The aim is creating a centralised storage system where information can be retrieved more easily, and simplify information collection and sharing with customers and consumers.

Animal Welfare

OTB recognises the importance of good animal husbandry practices and supports high animal welfare standards for good animal health and excellent physical and mental conditions. The OTB Group Code of Conduct sets out specific animal welfare provisions with which all the Brands are required to comply. OTB expects its suppliers to respect animals and ensure the highest animal welfare standards in all processes, in compliance with local laws and conventions. The Group is also opposed to techniques used to obtain down and feathers from live animals.

From 2015 to 2022, OTB was a member of the **Responsible Luxury Initiative (ReLI)** promoted by **Business for Social Responsibility (BSR)**, which established the Animal Sourcing Principles the Group follows and circulates to its suppliers. Furthermore, each Brand sets additional restrictions on the use of certain materials and specific requirements, such as mulesing-free wool and/or selection of certified materials to ensure animal welfare.

Brave Kid and Viktor&Rolf are also committed to reducing the use of animal fibres, substituting them with man-made materials. Brave Kid, for example, has completely replaced down padding with polyester and limited the use of leather in its collections.

COMMITMENT TO ANIMAL WELFARE

Diesel has been fur-free since 2010, meaning that the products and accessories it sells may not contain fur. "Fur" signifies any animal skin or part thereof with hair or fur fibres attached to it, either in its raw or processed state, or the pelt of any animal killed only for its fur.

Diesel and Staff International suppliers are required to adhere to the Animal Welfare Policy. The Brands undertake to guarantee the following:

- that leather and skins are sourced only from food industry by-products;
- that down and/or feathers are not sourced from force-fed or live animals;
- that materials do not come from vulnerable, endangered, or protected species as listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and that compliance with all applicable laws is guaranteed. The Brands do not accept products, materials and accessories containing horn, bone or shells, as listed in the CITES Convention and The International Union for Conservation of Nature Red List of Threatened Species (IUCN);
- that cashmere and merino wool are be sourced from breeders who do not practice mulesing, and that wool from Karakul sheep is not accepted.

The internal guidelines developed by Diesel for its own design, product and production teams recommend exclusive use of certified mohair and certified wool, to guarantee responsible practices throughout the supply chain.

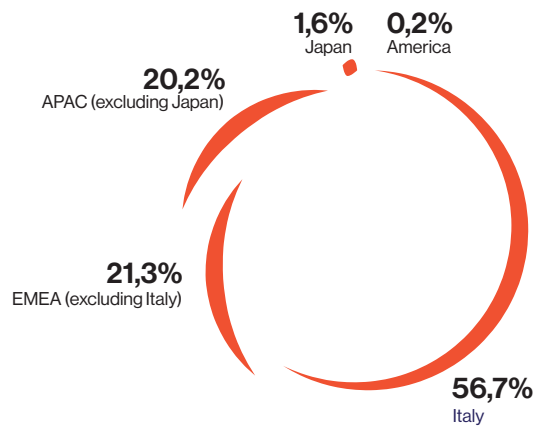
SUPPLY CHAIN PROFILE

The OTB supply chain reflects the Group's close partnerships with its suppliers, based on cooperation, trust and respect.

OTB works with approximately 1,120²⁴ suppliers in 35 countries. Procurements costs are distributed to avoid dependence on a small number of suppliers and ensure better management of the possible risk of interruptions in the supply chain.

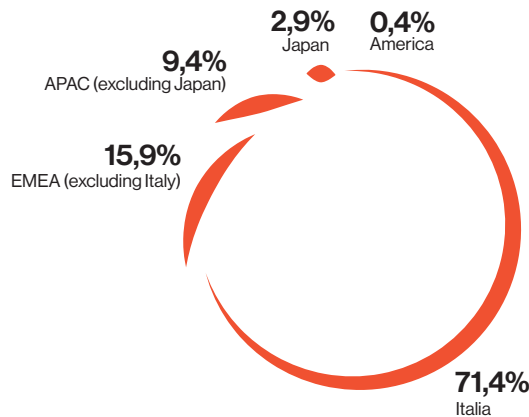
In 2022, around 80% of orders placed by the Group companies were in EMEA countries, and, specifically, almost 60% in Italy.

Value of orders by geographical area



The Group pays close attention to Made in Italy and to guaranteeing quality materials and products, which is why many of its raw material suppliers are located in areas close to the main sites of the Production Hubs and Brands, with 71% of suppliers headquartered in Italy²⁵ – rising to 80% for luxury supplies. To create job opportunities and distribute economic wealth in the areas where the OTB Brands operate, 57% of suppliers are situated close to the Brand head offices.

Suppliers by geographical area



24. Excluding suppliers with sales orders of less than 1,000 Euro per year. suppliers in 39 countries.

25. Percentages are calculated on the total number of OTB Group suppliers regardless of production volumes. For manufacturers and finished product suppliers, the geographical location is the country where the product was made; for service and raw material suppliers, it is the country where the supplier is registered.

The composition of the Group supply chain has stayed largely unchanged over the years, reflecting the Brands' commitment to building consolidated trust-based partnerships. The existence of a robust supply chain, with targeted new entries who enhance the know-how of the supplier base, and few seasonal terminations, guarantees a high level of cooperation and flexibility, which also extends to sustainability. A mutual investment by the production Brands and their suppliers.

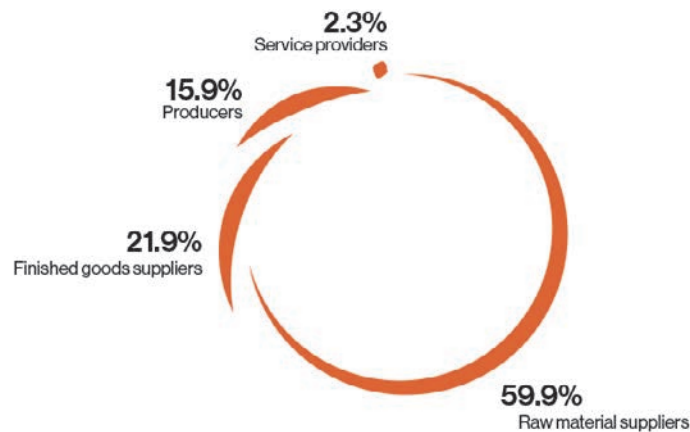
OTB suppliers subdivide into four categories: finished products, manufactured goods, raw materials and services. They employ two different production models, *Cut, Make and Trim (CMT)* and *Full Production Package (FPP)*.

In the *Cut, Make and Trim* group, raw material suppliers provide textiles, yarns, down and accessories, including buttons and zips, mainly from Italy, Spain and Turkey. The highly qualified manufacturers selected by the OTB Group use the raw materials to produce finished or semi-finished goods. They have long-standing partnerships with the OTB Group and meet the Group's production departments on a regular basis to check product quality.

In the *Full Production Package* group, finished products suppliers directly manage production and raw material sourcing. OTB works closely with suppliers, designers and specialists to guarantee product quality and safety.

Service suppliers assist OTB's Brands with pattern making, prototyping, and quality and safety control processes in both cases.

Suppliers by type



As an international fashion Group, OTB undertakes to manage supply chain impacts, ensure regulatory compliance, and guarantee product quality and safety. Over and beyond regulatory compliance, the Group collaborates with its suppliers for the continuous improvement of their environmental and social performance and to establish an approach consistent with its own principles and values.





Compliance with the OTB Code of Ethics, Supplier Code of Conduct and RSL is an essential requirement for companies wishing to work with the Group. The documents in question are exchanged during contract negotiations and attached as annexes to the contracts drawn up by each Brand. Information about Group policies and procedures is shared through continuous interaction with suppliers, who are asked to sign specific documents when necessary. Diesel, Staff International and Brave Kid also require their Animal Welfare Policy to be signed and request third-party audit reports and social certifications. If serious breaches emerge, relations with the supplier are terminated. Suppliers are also invited to share other additional documentation that could benefit their ESG evaluation, such as environmental audit reports or other sustainability-related certifications. Suppliers are also invited to share other additional documentation that could benefit their ESG evaluation.

Lastly, suppliers must provide each Brand with specific sustainability certification on products, materials and/or processes, whenever they declare that they sell items with sustainable features and/or compliant with a specific certification scheme.

During 2022, Staff International continued ESG assessment of its suppliers, updating its ratings to reflect the results obtained during the year, including new certifications.

FAIR WAGES AND WELL - BEING ALONG THE VALUE CHAIN

Respect for human rights is crucial for correct management of the Group's business. In addition to safeguarding its own resources, OTB promotes respect for human rights and worker well-being along the entire supply chain. Given the growing importance of the living wage and consistently with its Sustainability Strategy, OTB works on social standards with its supply chain, promoting the necessary conditions for a national living wage in the main countries where it sources its raw materials through sustainable procurement practices and synergies with the fashion industry.



The Group is also committed to ensuring high workplace health and safety standards, including improvements in building safety, raising worker awareness about hygiene and sanitation issues, and identifying specific grievance mechanisms along the supply chain to enable the organisation to spot and manage unfair practices and improper conduct. Before entering into a new relationship, OTB asks suppliers to guarantee compliance with the local minimum wage and worker well-being. Failure to meet these requirements may lead to the termination of the relationship with the supplier.

OTB is establishing common procedures for its Brands and Production Hubs to monitor suppliers' social performance. Supplier assessment on these issues is currently based on third-party social audits and checks to ensure industry-specific social certification.

In 2022, Diesel commissioned around 100 third-party audits on suppliers and sub-suppliers to evaluate workplace conditions and respect for human rights and safety, in compliance with internationally recognised standards. For the purposes of continuous improvement, Diesel examined the findings of the audits to assess any cases of non-compliance. The audits also gathered information about minimum wages and average worker salaries, differentiating between the basic wage and overtime pay, and the number of overtime hours worked in the 12 months preceding the audit.

At Brave Kid, after an initial mapping of the supply chain and collection of the audit reports already possessed by its suppliers, specific parameters were adopted in 2022 for uniform assessment of social and environmental performance. For suppliers without a valid audit report, Brave Kid organised semi-announced on-site audits. For suppliers operating in at-risk countries, an additional checklist was used to check that wages were in line with the living wage criterion. This enabled Brave Kid to extend control of the operations of its supply chain to around 85% of significant suppliers²⁶. The Brand's objective is to cover all direct suppliers and continue sub-supplier mapping. Brave Kid will also continue to help partners identify and resolve any problems that emerge in the audit.

²⁶. Key suppliers are those with whom the company has a continuous relationship and makes purchases for at least Euro 10,000.



Similarly, Staff International began an audit programme in collaboration with its suppliers in 2022. Besides adoption of the living wage parameter as for the other companies, the Staff International programme is designed to ensure the financial solidity of the supply chain, compliance with workplace laws and worker social well-being. The audits apply to Staff International sub-suppliers as well as to the direct supply chain. Staff International is sufficiently close to its supply chain to commission the audits directly. With these objectives, Staff International commissioned 31 third-party audits for suppliers in the RTW and the SH&LG divisions, and 20 second-party audits for the RTW division. The level of collaboration with suppliers allows Staff International to help them resolve any difficulties that emerge.

With a view to continuous improvement, the companies have decided to invest in providing concrete support for suppliers, extending, where necessary, to implementation of a system to correct and monitor areas of non-compliance. In the case of easily resolvable non-conformities, follow-up audits are planned to check that the problems are resolved reasonably quickly; for more serious, but not critical problems, the supplier is asked to draw up and implement an action plan.





BRAVE TOGETHER

People are at the heart of the OTB Group Strategy. Every employee is considered a unique individual and integral part of the “Only The Brave” family. The goal of the OTB Group human resources management strategy is to create an environment that fosters professional growth by empowering people’s unique and distinctive capabilities and encouraging talent through inclusion and diversity policies and recognition of merit.

The strategy is designed to:

- improve employees’ experience to establish a model of excellence centred on people – the *Braves* – which provides support at every stage in their working life by giving full expression to their unique skills, opportunities for growth and development, and personal well-being;
- develop leaders and talents to guide the Group in achieving its growth ambitions and guarantee the organisation’s long-term sustainability;
- build an increasingly agile and efficient organisational model to facilitate decision-making and stimulate competition.

Through procedures and practices that embrace individual and team contributions, the Group promotes an employee experience that ensures the continuous engagement of the *Braves*, extending to a competitive total reward policy and programmes for mental and physical well-being.

To foster the development of leaders and attract new talents, OTB offers employees a huge range of growth opportunities and training programmes, with a special focus on leadership development, international mobility and job rotation.

The OTB “People and organisation” strategy

CULTURE & CHANGE MANAGEMENT

INDIVIDUAL TALENT



An efficient organisational model is an essential requirement to guarantee adequate support for the growth of the Group Brands and attainment of their market development and expansion goals. Here, the OTB Group's role is to provide guidance and supervision with a global platform that facilitates the sharing of resources, best practices, processes, tools, initiatives and services to benefit all its business worlds. At the same time, it creates operating models that preserve the distinctive characteristics of each Brand, giving them ample decision-making autonomy at local level and respecting their entrepreneurial spirit.

Consistently with its philosophy of flexibility and innovation, the Group continually tests new working methods using the possibilities opened up by technology,

without losing sight of its people's well-being. In 2022, for example, the HR Department launched the "People Hub" intranet: an easy-to-reach single point of access to key applications and technical processes.

Communication, listening and continuous engagement of the *Braves* are equally important factors in achieving high levels of commitment and satisfaction, together with a detailed understanding of the organisation's objectives as they relate to each individual's role. For this, OTB has developed an internal communication plan implemented through the "People Hub" intranet, events, initiatives and digital tools, to create global sharing and participation opportunities and fire the enthusiasm of *Braves* all over the world.





DIVERSITY, EQUITY AND INCLUSION

The Group has always been sensitive to inclusivity and diversity issues, and they continue to be a cornerstone of its organisation. The integration of people and talents with diverse experiences and from different cultures and backgrounds is an asset to be optimised and a competitive advantage to make the most of.

Since 2020, various projects have been launched at both corporate and Brand levels, as part of the *Diversity, Equity and Inclusion Strategy*, which aims to build a corporate culture that optimises diversity, fosters equity and inclusion and provides meaningful support to implement the policies needed to achieve these objectives. Specifically, the Group objective is to establish a balanced workforce and fair system of remuneration by 2030, based on specific parameters at every level of the organisation.

Thanks to the creation of a dedicated Task Force, in 2022 OTB was able to spread awareness about diversity, equity and inclusion at Group level and identify specific opportunities and related difficulties in OTB's multicultural workplace. More recently, the change in top management at the People and Organisation Department in 2022 led to a strategy review and a new mapping of priorities, with a host of activities planned for 2023.

The Group's individual Brands have introduced their own initiatives to promote integration within the organisation.

For example, since 2019 Margiela has been presenting genderless collections of unisex clothes to move beyond the conventional approach to binary gender. As part of this vision, every year young designers are recruited to work together on the gender fluidity concept, not only with regard to styles, but also in the way fabrics are cut and worked.

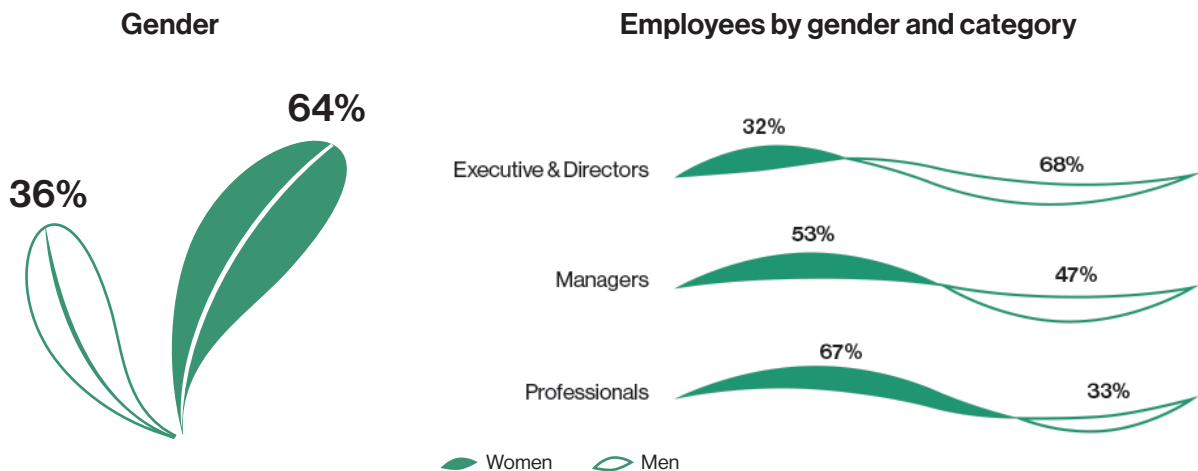
As part of the focus on promoting and communicating inclusivity and the importance of accepting diversity, in 2022 Diesel worked alongside the multidisciplinary art institution “The Community” and the “Tom of Finland Foundation”, a non-profit organisation established in 1984, which conserves and promotes the best works of Tom of Finland and many other queer artists in the global LGBTQ+ community who were victims of discrimination and often forced to work anonymously. With these two organisations, Diesel set up two exhibitions entitled **AllTogether**, which were shown at the opening of the Venice Biennale in May 2022 and the following month at The Community Center in Paris. Inspired by the values of resilience and creativity and animated by a true spirit of collaboration, the Diesel 2022 Pride collection reprised the works of seven of the artists featured in the show: Silvia Prada, Florian Hetz, Palanca, Peter Berlin, Michael Kirwan, Tank (Paul Tankersley) and Heather Benjamin.

Also in 2022, Diesel decided to open participation in its 2023 Spring/Summer show at the Allianz Cloud Arena in Milan to more than five thousand people, making it one of the first fashion shows open to the public and accessible to people who are usually unable to take part in this type of event. Around 1,500 seats were reserved for students from fashion and design schools, and others for Diesel employees who are not directly involved in the fashion show. To guarantee access for a huge and varied audience, more than 3,000 free tickets were made available online.

Gender parity in OTB

In 2022 the Group recorded an overall 4% increase in its workforce, to 6,164 employees.

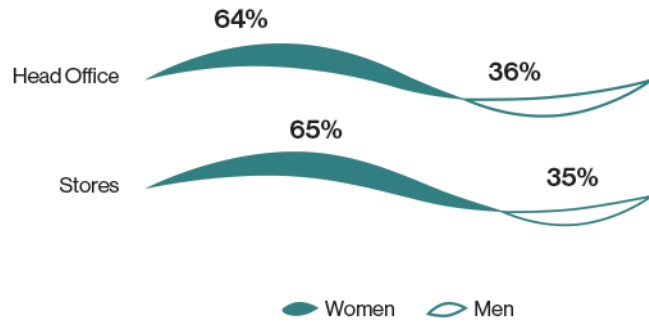
The rise in employees in 2022 was spread between men and women – who represent 64% of the total – and among professional categories. At OTB, women occupy 51% of senior executive and managerial positions²⁷ and, in line with the general situation in the industry, 67% of Professionals are women.



27. OTB's employees are classified based on the internal job grading system, which adopts the International Position Evaluation (IPE) system developed by Mercer. Employees are divided into three categories: Executives & Directors, Managers and Professionals. Executives & Directors include all the Executive and Senior employees. Managers incorporate all Masters and Experts collaborators. "Professionals" are tasked with specific operational responsibilities and/or duties assigned by Managers.

Of total employees, 56% work in the retail sector (Stores), as sales assistants, while the remaining 44% work at the Head Offices, in administrative and strategic roles. This distribution reflects the strategy of closeness to the customer, to ensure coordinated consistency in communication and in operations.

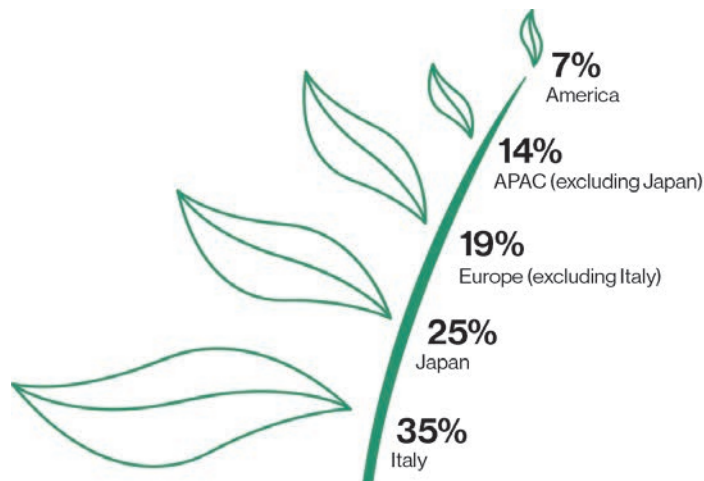
Employees by gender and division



As the creative soul of the Group, the Style Office was staffed by more than 400 employees in 2022: creative directors, designers and pattern makers.

The even geographical distribution of the Group and Brand employees at global level reflects OTB's closeness to communities. The largest area in terms of employee numbers, with 35%, is Italy, where the main sites of the Group companies are located. The second-largest area is Japan, with 25% of employees, followed by the rest of Europe with 19%.

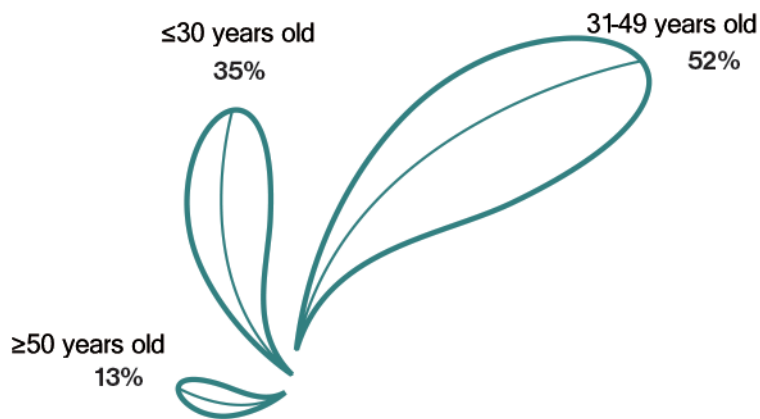
Employees by geographical area



OTB also ensures equal access to the workplace, guaranteeing job opportunities for disabled workers. In 2022, the Group had more than 100 employees in vulnerable categories.

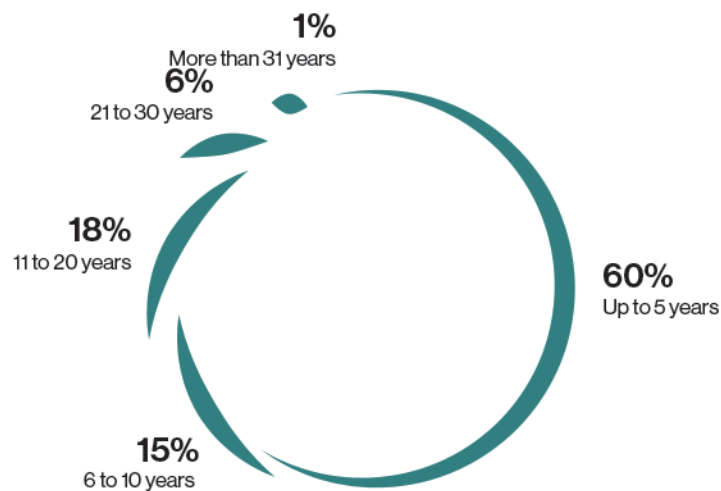
Another important dataset refers to the generation-based distribution of personnel. In line with the Group's intention of maintaining a good balance between innovation and experience, in 2022 about one third of the workforce (35%) was in the Under 30 age bracket, and about 90% of employees were in the Under 50 age bracket. Investment in the new generations translated into a positive growth trend, with a 25% increase in Under 30s from 2021.

Employees by age group



The right experience mix is also ensured by the distribution of employees by length of service. While 60% of employees have been with the Group for fewer than 5 years, about 25% have worked at OTB for more than 10 years.

Employees by length of service



At an important time for Group growth, OTB as demonstrated its social responsibility by drawing up open-ended employment contracts with 86% of employees. Employees on on-call or hourly contracts represent less than 0.5% of the total. In terms of type of contract, 85% of employees work full-time.

Turnover

In 2022, given the post-pandemic aftermath and the global “Great Resignation” phenomenon, coupled with the peculiar features of the retail industry, outgoing turnover²⁸ was 25%, and was more pronounced in the Stores (33%) than among employees at the Head Offices (15%).



TALENT ATTRACTION AND RETENTION

The Group's ability to attract and retain new talents plays a crucial role in its *People and Organization* strategy. Because it constantly strives for excellence, OTB is always on the look-out for individuals with distinctive qualities and robust technical skills such as critical thinking, customer centricity, experimentation, collaboration, entrepreneurial approach and execution ability.

To ensure effective management of the hiring process at global level, the Group deploys an advanced internal policy that outlines the key stages of the recruitment process and is supported by a global digital recruiting platform. The process consists of six steps, from advertising of job vacancies to onboarding of new talents.

²⁸ Outgoing turnover is calculated as the ratio of total voluntary resignations (1,142 Stores and 399 Head Offices) to the number of employees at the end of the year (6,164).

Hiring for professional positions is managed at local level, while specific managerial and executive profiles are discussed with the central team to ensure alignment with OTB's values and corporate identity. Given the growth in the Group's workforce and geographical presence in the last few years, potential candidates are monitored and assessed according to the needs of the individual professional areas. Once assessment and selection of the ideal candidate has been completed, the Group's values, approach and mission are illustrated during the final onboarding stage, together with policies, processes and other useful information.

Job vacancies are also publicised internally through a centralised job posting system, as a means of promoting internal growth, investing in the potential of OTB employees and raising the retention rate.

OTB attaches great importance to building relations with universities, schools and vocational institutes. The Group organises events and internal visits for students and participates in several job fairs. Through the Foundation it promotes scholarships to support and eventually recruit new talents.

Communication channels with universities are always open, notably with the Ca' Foscari University in Venice and the Bocconi University in Milan, enabling OTB to strengthen the Group's positioning on the jobs market and establish close ties with the outside world. In addition, OTB partners with several fashion institutes to attract technical and specialised profiles. In 2022, OTB head office boosted the number of young talents on its staff by offering more than 60 internships.



The Group promotes initiatives to foster the creativity of future generations of talents and designers worldwide. For example, OTB supports the ANDAM Award, an international competition set up to provide funding and mentoring for young and emerging brands and start-ups, and the Yu Prize, a fashion award established by Wendy Yu in 2020 in association with the Shanghai Fashion Week and the Fédération de la Haute Couture et de la Mode (FHCM), to find the most promising and pioneering talents in Chinese fashion.

In the latest editions, OTB offered mentoring and coaching programmes for shortlisted talents, and some Group representatives, including Renzo Rosso, were jury members.

In Italy, the Group is a jury member of Milano Moda Graduate, a fashion show sponsored by CNMI where young designers fresh out of Italian schools present their fashion design projects and become acquainted with the industry. Events also include Fashion Graduate Italia, an annual open fashion week for fashion school students that presents the best candidates. This year once again, the Group took part as a talent scout.

In 2022, for the twentieth consecutive year, OTB was one of the main sponsors of International Talent Support (ITS), a Trieste-based competition for emerging young designers and students on fashion courses, where it presents the OTB Award. The winner received a cash prize and the opportunity to make contact with the Group Brands to assess possible career opportunities.

DIESEL'S TIES WITH THE ACADEMIC WORLD

Diesel believes strongly in the importance of training to pass on skills and experience and sees engagement among young people, business, schools and universities as an opportunity for mutual enrichment. It collaborates with more than 30 universities and academies around the world, including Central Saint Martins, the Royal College of Art, POLIMI Graduate School of Management, the European Design Institute, Università Ca' Foscari, the SHENKAR College of Engineering, Design and Art, and the Bunka Fashion College. In 2022, Diesel began cooperation with the Bunka Fashion College on an upcycling project, where students transform materials made available by Diesel into new garments, which are then put on display at the Japanese training school and the Diesel store in Shibuya.

Also in 2022, in connection with courses developed in collaboration with the Warwick Business School and Stanford University, Diesel Sustainability Ambassador Andrea Rosso was invited on several occasions by the Bocconi University and by the IULM University of Languages and Communication to talk about the creation, development and recent changes in the Diesel *For Responsible Living* Sustainability Strategy.

The importance of developing a feedback culture

The OTB Group attaches great importance to sharing feedback as a way of boosting the value of human capital and increasing transparency in everyday relations and activities. In 2021, it rolled out a new tool, People Development, which has introduced a Continuous Feedback approach across all Brands and regions.

The Continuous Feedback process takes a holistic approach based on four principles – simplification, engagement, observation and caring – to achieve on-going dynamic alignment on current activities, thus, providing a flexible means of interaction for people to share and plan their professional growth.

The system uses a platform to organise structured sessions for employees and managers to exchange feedback and opinions on a quarterly basis.

The remuneration system

OTB adopts a fair and transparent remuneration system, which is designed to provide a competitive pay structure and incentivise employees to achieve excellent results and is free of gender distinctions or any other potentially discriminatory factor.

Pay consists of a fixed salary, and a variable component based on various types of bonus. For the managerial population, irrespective of business world or geographical region, the Group applies a Management By Objectives (MBO) incentive, which is the same for all Group beneficiaries and linked to the results of specific KPIs identified in relation to the individual's position and organisational level. The rest of the workforce receives other types of bonus, in accordance with local market practices. Sales personnel work on a commission basis, organised in relation to their role in the store. OTB also provides a variable Long-Term Incentive (LTI) for Group top management. The LTI arrangements were reviewed in 2022 to realign the model criteria and structure with best market and peer practices.

In line with the principles of merit and equity, the Group conducts an annual pay review. The salary review follows budget guidelines. Employee annual pay reviews follow the guidelines of the People & Organisation Department, taking account of performance, results achieved, proven leadership capabilities and market benchmarks.

The ratio between men and women's pay has made positive progress, reflecting the Group's work on gender parity, and with the goal of achieving further improvements in the indicators in the coming years.

Basic salary ratio women/men in 2022



Remuneration ratio women/men in 2022



Since the Group and its subsidiaries are not publicly traded companies and therefore not required to *disclose* their remuneration and fee policy for directors and senior managers, no information is published that could indicate the remuneration of specific individuals.

In any case, the Group continues internal monitoring of the indicators in question, for information purposes, to analyse internal equity and conduct peer comparisons.

THE TRAINING SYSTEM

Employee training and development are instrumental in achieving the Group's strategic goals and promote the personal and professional growth of all Group workers. As a constantly evolving industry, fashion requires continuous specific training and updates.

In 2020, an ad hoc training programme was launched for the entire Group, known as the Learning Management System. It offers a wide range of both mandatory and elective digital courses and certifications, subdivided by category and available for all employees. The platform enables the Group to collect important information and feedback on personnel training, and to adjust the programme according to needs.

More than 9,000 courses are available: in addition to those required by national laws (on health and safety or compliance, for example), the offer includes modules ranging from IT and digital skills, to languages, project management, agile work methods, sustainability and communication. It also covers mental and physical well-being with courses on meditation, yoga, breathing and nutrition.

In 2022, a Compliance training programme was launched in the Group companies in North America, to raise employee awareness about prevention of discrimination, racism and sexual harassment in the workplace and promote an inclusive environment and respectful corporate culture.

Another important training campaign that began in 2022 covers postural awareness in smartworking scenarios. Specifically, following the implementation of the smartworking policy, online courses have been organised for all employees in the Group's Italian locations to offer advice and information about correct posture and prevention of micro-accidents among sedentary workers.



MARNI AND SUSTAINABLE TIME

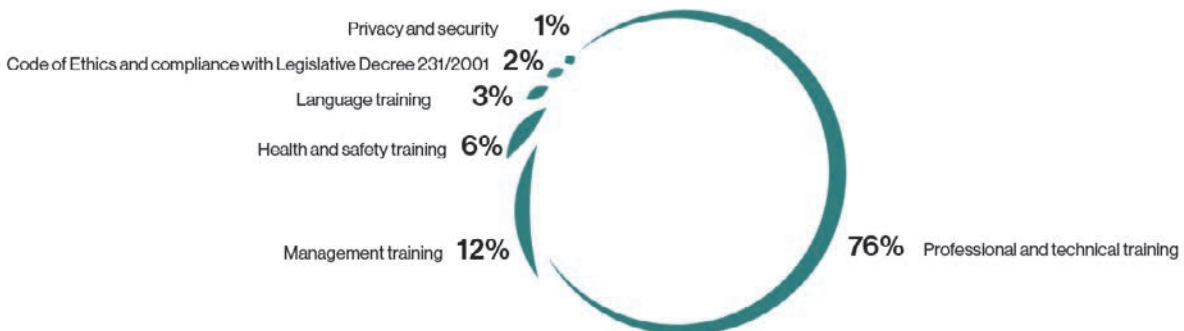
As part of a wider sustainable time initiative, Marni has introduced an innovative work time management model, entitled “Sustainable time”, to enable people to compress or expand their working day.

Sustainable time, in its various forms, helps workers integrate work time into their daily lives, giving Marni a competitive positioning on the jobs market and also helping to reduce gender differences. Personalised time management tailored to specific routines helps people combine their personal and organisational needs, and also simplifies completion of administrative tasks.

For greater interaction between the digital and classroom offers, the OTB Group has a training school with special facilities and classrooms at its headquarters, named the Brave Academy. The academy runs seminars, workshops and classroom training for whole teams and functions, to encourage interaction among employees, promote interactive forms of learning and enhance the whole OTB training plan.

The diagram provides a breakdown by category of the 53,000 hours of training provided in 2022. Professional and technical training accounted for 76% of total hours, followed by management training (12%) and health and safety training (6%). Language classes (3%) more than doubled from 2021, and there was also a significant increase in cybersecurity courses.

Percentage of training hours by category



Of total hours, 88% were provided for Professionals, who include manual and clerical workers, while the remaining 12% was for managerial staff. Reflecting the level of Group investment in employee training, in 2022 the average number of training hours per employee rose by around 30% from 2021.

The HR Department is responsible for organising the training plan and for data collection, to guarantee full development of the vital cross-functional skills the Group requires. OTB coordinates and supports the organisation of the plan, provides tools and funding and, together with the Brands, identifies the specific personalised training initiatives each Brand requires.



Scuola dei mestieri - STAFF ACADEMY

In 2021 Staff International launched the “Scuola Dei Mestieri” pilot programme as part of the Staff Academy project. A group of talented students is selected to take part in a practical apprenticeship programme giving them the opportunity to become “Fashion Makers 4.0” under the guidance of Staff International experts. The main goal of the project is to preserve and pass down more than 40 years of savoir-faire culture and tradition, with an innovative approach that takes account of the new industry 4.0 skills and agile organisational models. The programme trains young talents to work in a variety of technical roles and includes sessions with tutors selected by the main Staff International functions. Starting in 2022, these tutors also include a Sustainability expert, who focuses on the key issues in the Staff International and OTB Group projects. The programme stresses the importance for the fashion industry of passing down craftsmanship traditions and innovation, and has been extremely successful: in 2022, 77% of the participants were hired by Staff International.

The Global Programme

In 2020, the Group launched the *Global Programme*, an innovative initiative for the digital evolution of the activities and tools of the People & Organisation Department. This Programme works as an incubator of ideas for all projects in progress. In 2021, the *Global Programme* was enhanced with an innovative strategy to follow the digital strands conceived, incubated, and then absorbed by the Brands in their daily activities. The project triggered a series of training initiatives focused on each ongoing project, such as courses on agile working and others aimed at fostering digitalisation and creating an innovative mindset. The *Global Programme* has helped the Group strengthen its platforms and the corporate intranet. For example, implementing a digital recruiting platform stemmed from the digitisation of business processes as a trigger for seizing new opportunities.





Vertical Training: Diesel For Responsible Living & Celebrate Individuality

In 2022, Diesel continued activities associated with *Celebrate Individuality*, one of its 4 strategic pillars, by organising training to inform employees about the sustainability content of its collections and explain how to communicate this content through the different channels. Diesel also organised an update on transparent communication practices and green-washing for more than 90 people in the central and regional marketing departments. The material was then made available in digital format on the company platforms.

With a view to developing a common sustainability mindset among its employees, Diesel launched the *For Responsible Living Ambassadors*. Its Sustainability Department is working with the Ambassadors to transmit specific sustainability content for individual topics and for each department, as part of an approach designed to take account of the needs of the teams working at different levels and in different regions.

PEOPLE CARE

The well-being of the Group's people is a fundamental asset in creating a pleasant workplace atmosphere and building motivation and productivity. To improve the quality of work for its employees and generate a positive impact on their lives, the employee services offer has been gradually expanded over the years.

OTB has created a special function, People Care & Hospitality, to guarantee high-quality services and benefits for employees. Besides providing organisational support for Top Management, the function runs a series of internal key services that contribute to a positive atmosphere in the workplace. Its main activities include coordination of reception areas and

all hospitality services for internal and external stakeholders. In 2022, it launched a project to improve reception services. Special workshops explored communication questions and explained best reception and service practices for application in all Group locations.

The purpose of the People Care & Hospitality function is to guarantee a high level of user satisfaction with services such as corporate catering, the gym and wellness centre, the nursery and kindergarten, and other ancillary services such as management of common areas like meeting rooms, break areas and workplaces in general.

The following services are provided for OTB employees in the main Italian locations:

Company Canteens

The Breganze offices and the two Staff International sites in Colceresa and Noventa Vicentina offer a canteen service with a broad selection of food, as well as the possibility to book a lunch box or takeaway.

FOOD RECOVERY PROGRAM

Since 2016 OTB has run a programme to collect and donate food surpluses from the company canteens in order to reduce food waste. Thanks to the OTB Foundation's close collaboration with local associations, excess food is collected from the canteens on a weekly basis and donated to people in need.

Brave Gym and Brave Beauty

Through collaboration with a leading provider of gym services for corporate clients, the Brave Gym has been available for employees at OTB head office since 2011. It offers a workout room with fitness equipment and a weekly *group exercise* programme with specialist trainers, for activities including tone, balance, yoga and spin biking. Users also have access to indoor basketball, volleyball and squash courts and outdoor tennis courts and five-a-side football pitches. A beauty centre offers services and treatments at special prices.



Brave Garden

In 2010, the Breganze site opened the Brave Garden nursery and kindergarten for employees' children, to help with the work-life balance. The facility is run by an accredited specialist cooperative approved by the Regional Authority. It was designed and built following an innovative architectural project to meet children's growth and social needs. The centre welcomes up to 50 children from 0 to 6 years old. Amenities include a park and a small vegetable garden where the kids immerse themselves in natural surroundings. Brave Garden promotes an innovative "Learning by Languages" method, which encourages the children to explore spaces and materials, and helps them develop language skills that will be of fundamental importance in the future.

Wash My Car

The Breganze and Noventa Vicentina sites also assist employees by providing a car valeting service, with pick-up and return during the day.

Pharmacy Service

Thanks to collaboration with a local pharmacy, a Pharmacy Service has been available for Staff International personnel in Noventa Vicentina since 2019. Employees receive orders directly in their offices.

SpesaBio

In 2022, the Staff International location in Noventa Vicentina launched the SpesaBio service, for online purchases of organic seasonal products grown by a local social farm that uses responsible methods and respects biodiversity.

Laundry Service

Through an agreement with a local laundry, the Staff International location in Noventa Vicentina has offered employees a subsidised washing and ironing service since 2019.

Tax Assistance

OTB Group locations have run a Tax Assistance service since 2013, which helps employees fill out their tax returns for a small charge.

Health&Sports Week

In early summer 2022, a corporate social and recreational scheme was introduced, offering new sport, fitness and wellness programmes. The launch was marked by a week of tournaments, events with guests, sports champions and music, together with office massages and special healthy menus.



WORKERS HEALTH AND SAFETY

The Group considers its employees to be an absolute priority and believes that workplace health and safety is a fundamental right and a cornerstone of sustainability. In line with the Code of Ethics, it is committed to guaranteeing a safe and healthy environment that promotes worker well-being. OTB also pays close attention to safeguarding the health and safety of the people who work in its facilities and extends this to everyone who comes into contact with OTB.

The Group's commitment is expressed through an HSE risk identification and assessment process, coupled with a risk management action plan, based on continuous monitoring and improvement of employee and stakeholder health and safety. OTB encourages constructive workplace dialogue and risk reporting. For this, the HSE Function provides all employees with access to a network for proactive management of reports and non-conformities.



Health and safety are managed by the corporate HSE Function, which draws up Group workplace health and safety policies and procedures and is responsible for continuous monitoring of compliance with standards. Over the last few years, OTB has embarked on a development process to improve health and safety in each Group subsidiary and spread best practices throughout the organisation. This is the context for the measures introduced in 2022 with the main management functions to promote a cultural change at the leadership level. Workshops were organised for executives to work together to create a common understanding of health and safety. The interaction among the various HSE officers revealed the growing attention paid to prevention and, equally, led to greater engagement of the individual process functions on the definition of a clear, structured approach consisting of specific policies covering prevention, compliance, training, awareness raising and communication.

In this connection, OTB implements a Group Health and Safety Policy, which establishes principles to protect Group employees from potential exposure to workplace hazards and personal injuries. The requisite standards and conduct are also set out in the Global Compliance Programme. According to this document, all Group legal entities consider workers' safety in every process and adopt all necessary measures to protect workers' physical and moral integrity. In 2022, a plan for regular inspection of external contractors was introduced to guarantee compliance with health and safety standards among the Group's external collaborators.



To implement the highest health and safety standards for its people and define its Management and Control System, OTB refers to the UNI ISO 45001:2018 standard. This ensures monitoring of all processes and compliance with legal and regulatory requirements. The management system is adapted to meet the local requirements of each country. In 2022, as part of the Group restructuring, OTB continued work to obtain third-party certification for its management system.

In 2022, 65%²⁹ of Group workers were covered by a structured centralised health and safety management system; for 70% of those workers the system was subject to an internal audit. Depending on the country and local laws, each company identifies or appoints worker representatives, who in the majority of cases are employees.

29. The coordination and cooperation between the Employer and the Contractor are carried out using health and safety charges in compliance with regulation requirements. The following workers category are therefore taken into account:

To manage and monitor health and safety, every six months the HSE Function presents a progress report approved by the Board of Directors and the Supervisory Body, which clearly highlights shortcomings and the corrective or preventive action being taken. In this context, in 2022, the HSE Function presented the Group employers and company managers with a health and safety action plan, updated to take account of legislative developments.

As part of the Group approach, a wide range of activities and tasks are performed on a regular basis:

- risk assessments and regular audits for every site in Europe covering various issues, from understanding of requirements to implementation of improvement and monitoring plans;
- mandatory checks on safety training (e.g., training plan and activities, status of employee HSE training);
- workplace conformity mapping, reviews of emergency plans, sharing of action plans, procedures, best practices, and cross-functional support to improve health and safety performance;
- regular medical check-ups in line with healthcare protocols and monitoring of deadlines;
- support for new openings, site projects, emergencies (e.g., the Covid-19 pandemic), site audits and implementation of the ISO 45001 management system.

In 2022, the Group HSE Function completed a number of important projects. Specifically, it introduced an *Compliance Index HSE* to monitor and quantify the conformity and effectiveness of action taken and identify the need for future action. The index is an orientation and internal communication tool.

The Group promotes a strong workplace safety culture in all its companies, as a means to raise employee awareness of risks and individual responsibilities. To guarantee appropriate health and safety training, the Group is introducing new measures to enhance the courses already available in the Group training plan, including specific risk management courses relating to worker activities (such as use of equipment) and to emergencies (such as fire prevention). Other activities are designed to guarantee workers' physical and mental well-being, such as information on work-life balance, management of work-related stress, promotion of sport and healthy nutrition, mindfulness courses and so on.

The Group also provides employees with life insurance covers including death or permanent disability and assists access to medical services through agreements with healthcare providers, check-ups and life and accident policies, depending on the worker category.

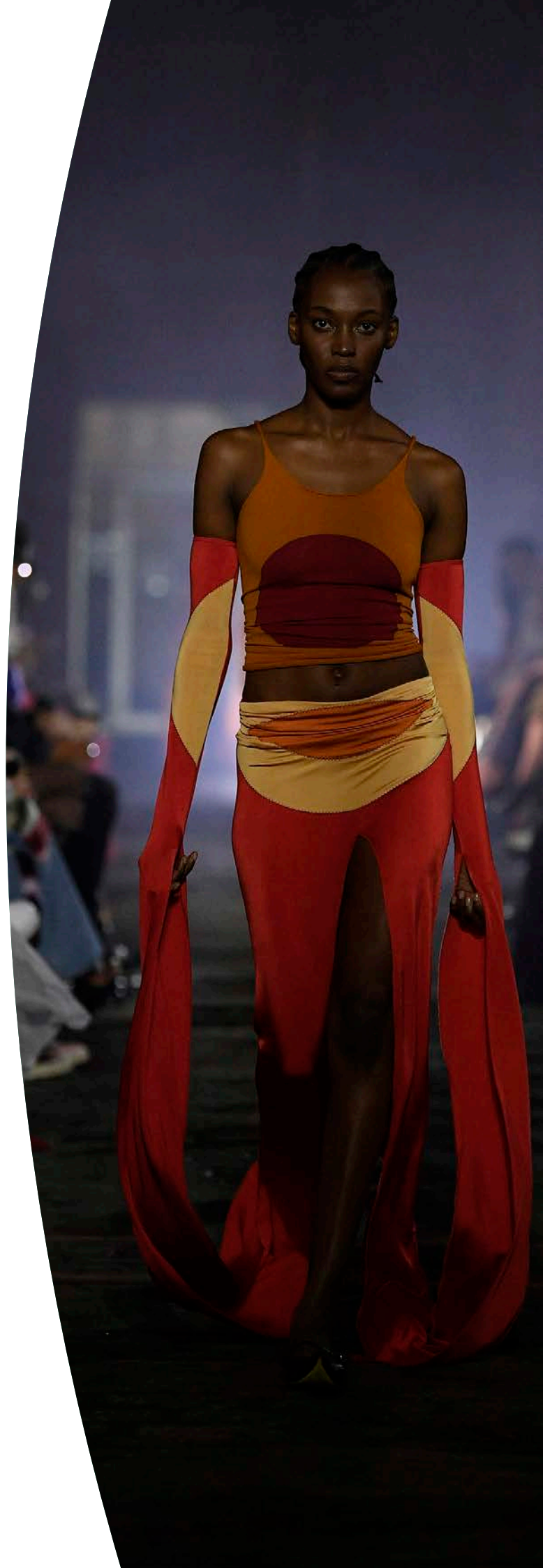
Industrial relations

The Group guarantees full support to enable workers to freely and responsibly exercise their right to representation by trade unions. OTB's industrial relations policy is based on a constructive approach with employees and their representatives.

Reflecting the positive climate of collaboration, there were no company strikes or union protests in 2021 and 2022, nor any breaches of freedom of association and collective bargaining.

Over the past two years, OTB has taken an active part in regular meetings and debates with union representatives on pandemic-related issues, healthcare procedures and training plans. The Group is aware of the importance of informing and consulting its workers about any substantial organisational changes or strategic decisions that could affect the workforce.

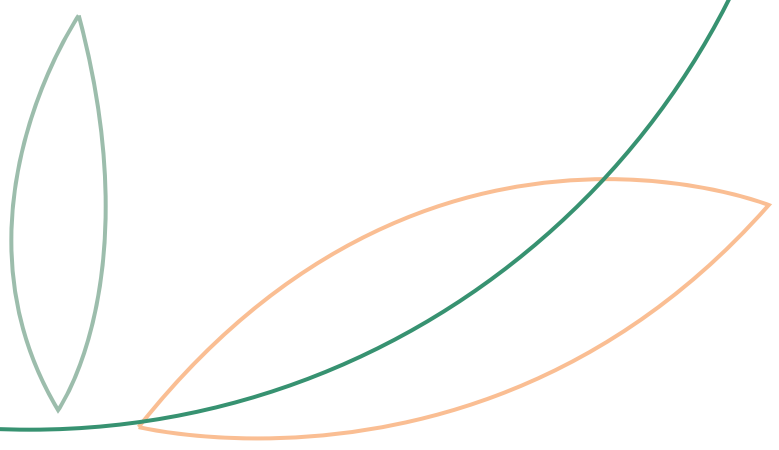
In Italy, all Group employment contracts are governed by national collective bargaining agreements; in the other countries, they are regulated by local laws, collective bargaining (where envisaged) and company policies. Regulations govern contracts, remuneration, welfare and pension contributions.







OTB FOUNDATION



OTB FOUNDATION

The OTB Foundation was set up in 2006 to fight against social injustice and contribute to the sustainable development of disadvantaged people and regions. The Foundation works to ensure that the funds it raises are channelled directly to the beneficiaries of the projects it supports, without any wastage of resources.

Its project selection criteria are: direct social impact, innovation and lasting sustainability. Every organisation the Foundation decides to support must undertake to provide quarterly reports on its activities (accompanied by invoices or expense receipts) and to present an activity business plan at the beginning of each year. The presentation of the plan is a preliminary for the disbursement of funding by the OTB Foundation. In addition to financial reporting, the Foundation requires a reliable estimate of the number of people helped by the organisation. In other words, it applies a profit approach in a non-profit world, aiming to give structure to help the organisations operate as efficiently as possible.



The Foundation website is updated in real time so that donors are kept constantly up to date on how their contributions are used.

Specifically, the Foundation supports:

- **children** and **young people**, through preventive action in schools against drugs, alcohol, gaming addictions, bullying, cyber-bullying, and support for community homes and various types of projects for infants;
- **women**, with concrete support for victims of violence through the services of an anti-violence centre, free psychological and legal aid, and training apprenticeship schemes. For a number of years, the Foundation has coordinated prevention campaigns for young people across Italy through meetings to raise awareness about gender and peer violence, and projects for the empowerment of women;
- the **integration** and protection of people whose fundamental rights have been abused, with projects to assist refugees and asylum seekers, link job vacancies and job seekers, and support the social and economic integration of immigrants and foreigners.

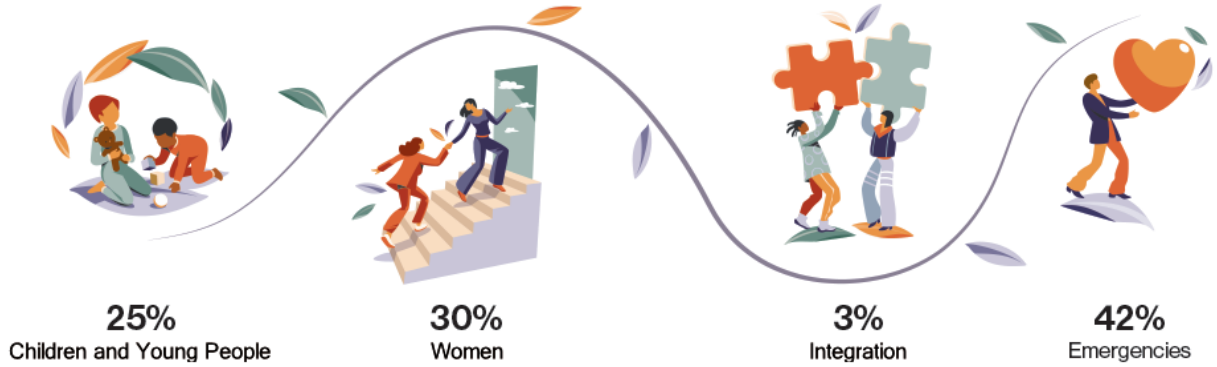
As the result of a series of rapid targeted interventions by the OTB Foundation in response to crises triggered by situations such as earthquakes in Italy and abroad, the pandemic, the situation in Afghanistan, or the war in Ukraine, the Foundation recently identified a fourth category of beneficiaries: people living in an **emergency** situation.



In order to define its areas of activity more precisely, the Foundation recently reviewed its mission, which is now **“to take prompt concrete action in emergency situations and improve people’s lives in a sustainable manner by guaranteeing equal opportunities”**.

The figure below shows the main **stakeholder categories** covered by the work of the OTB Foundation.

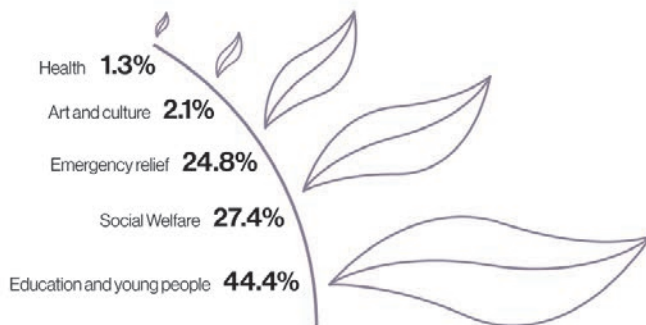
The main beneficiaries of OTB Foundation activities in 2022



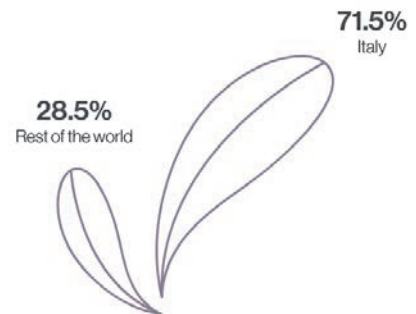
Since it began operations, the OTB Foundation has invested in more than 350 social development projects around the world and made a significant contribution to improving the quality of life of more than 350,000 people. In 2022 alone, it reached more than 20,000 direct beneficiaries.

The action areas³⁰ addressed by the projects supported during the year were education and young people, which accounted for more than 44% of projects, social welfare for 27% and emergency aid for about 25%.

Field of intervention



Contribution by geographical area



30. The action areas in the figure were processed in line with the London Benchmarking Group (LBG) reporting model, which measures the value and impact of investments in the community. An internationally recognised standard supported by the main sustainability indices like the Dow Jones Sustainability Index, the LBG Model highlights the OTB Foundation's Corporate Social Investments (CSI) in its various fields of action.



The OTB Foundation works in Italy and around the world with small non-profit organisations that are highly specialised in specific areas, and with large organisations like UNHCR and Cesvi. It also cooperates with other national and international foundations, establishing ties that are often consolidated over time. In 2022, to support the local community in the difficult aftermath of the pandemic, the Foundation increased action and projects in Italy, which accounted for 71% of total investments.

The OTB Foundation operates mainly through donations. During the year, it disbursed funding for 79% of its projects. For the remaining 21%, it donated goods or coordinated and paid for services, such as transportation of refugees from Ukraine, renovation work at the Gabelli School, etc.

Children and Young People

Children and young people are the future of our communities and the OTB Foundation pays attention to everything that concerns them. In addition to providing continuous support for family housing as requested by the housing managers, in 2022 the Foundation continued action on the **Bye Bully** project with the FarexBene ETS association, as well as on the other prevention programmes in Italian junior and senior high schools against bullying, cyber-bullying and gender violence. More than 40,000 students have been helped through these programmes in the last 5 years. Events are attended by expert guests, including people who have themselves been victims (like Valentina Pitzalis or Jolanda Renga), who share their experiences and offer practical advice on how to recognise the danger signs. The same topics are examined with the youngsters' parents via webinars with educators and experts, where the aim is to provide information to help parents recognise possible risks for their kids and to report episodes to the authorities (e.g., the Postal Police).

For many years, the OTB Foundation and the San Patrignano community have organised meetings and debates with students for peer-to-peer communication about the **WeFree** project. The meetings are addressed by young people who have completed their rehabilitation at San Patrignano, who talk about their addiction and recovery experiences and the reasons why they made certain choices. The first part of the meetings focuses on first-hand accounts, while the second part is devoted to interaction among the community guests and the students. Activities are moderated by one of the organisers of the prevention project, whose job is to facilitate communication and encourage interaction. Every year, this project reaches more than 50,000 young people.

To fight the significant increase in anxiety and depression among young people, during 2022 the Foundation enhanced its **Only The Brave Chiama Alice** project set up with the Alice ETS association: this provides a free listening service for young people in Italy between the ages of 12 and 25, and offers ten free counselling sessions to every user over the age of 18 if they need them. From September to December 2022 alone, a total of 195 hours of counselling was provided.



2022 saw the launch of another project with the Bambino Gesù Foundation, with which the OTB Foundation has worked for several years, to improve the quality of life for children undergoing treatment at the **Bambino Gesù children's hospital in Rome**. The new initiative provides recreational support in the neuro-oncology ward, where the patients and their families are assisted by professionals on a daily basis to prevent the long-term effects of the treatments. Services have already been provided for 77 children.

As part of its commitment to the community, in 2022 the OTB Foundation carried out structural renovations at the **"Gabelli" kindergarten and primary school** in Sant' Eusebio, Bassano del Grappa (VI). As a result, the school's 160 pupils were able to return to a bright new environment for the new school year.

On the international stage, the OTB Foundation focused on action to safeguard children and young people in India, Afghanistan and at the Ukrainian refugee centre in Moldavia. In India, it works with the Satyagraha organisation to assist hundreds of minors who have suffered discrimination, abuse and mutilation in their family homes. The Foundation also contributed to the **Emergenze** project for the supply of food and basic necessities to the poorest villages in the region of Andhra Pradesh. In **Kapisa**, a province north-east of Kabul in Afghanistan, the OTB Foundation is providing support for the re-opening of the local public orphanage by Nove Onlus, where more than 50 young people can study and receive three meals a day in a clean environment, without fear of abuse. With the UNHCR, the Foundation supports Ukrainian refugee centres in the Moldavian towns of Ungheni, Soroca, Orhei, Chisinau, Balti, and Causeni.



For 2023, the Foundation intends to maintain and renew all the prevention programmes already active in schools against bullying, cyber-bullying, gender violence and addiction, to help young people develop healthy relationships and prevent negative behaviour. The Foundation will also give additional support to the **Only The Brave Chiama Alice** free listening service, to increase the numbers of specialised personnel.

Women

In this area, the OTB Foundation continues to support the **Mai Più** project in collaboration with the Sichem Onlus association/shelter. Created as a listening service through a free hotline women can call on a 24/7 basis, *Mai Più* offers legal and psychological counselling for women seeking reassurance, wishing to know their rights or asking for protection. By providing users with continuous support through personalised programmes that may last months if necessary, and in the belief that financial independence is the only way to help a woman achieve her freedom, the service also offers access to training apprenticeship schemes. In 2022, the Foundation helped 86 women.

A key theme in the fight against gender discrimination is the presence of women occupying leadership roles in society. Given the worrying figures on inequality among men and women in terms of positions and salaries, the OTB Foundation set up the **Brave Women Awards** scholarship scheme to offer access to faculties with a low female intake to girls with a good academic record who qualify for financial assistance. With its first partner, the Bocconi University, the Foundation selected eight students and covered the full cost of their university fees and other forms of personal support. The support is given on the understanding that, when she is in a position to so, the beneficiary will fund a new scholarship for another young woman, so creating an all-female virtuous circle. In 2023, with the extension of the **Brave Women Awards** to other partners, the Foundation will be able to finance the two-year master degree course for 55 students at some of Italy's top state and private universities: the Bocconi University, the LUISS Guido Carli University, the University of Padua, the Ca' Foscari University in Venice, the University of Bologna.

In 2022, the OTB Foundation began working with an international partner, VOW For Girls, an association set up to eradicate the child bride phenomenon, which operates in six countries (Niger, Dominican Republic, Uganda, Democratic Republic of the Congo, Nepal and India). The project combats the serious problem of **child brides** by safeguarding girls' rights and giving them access to education, professional training and the skills they need to become independent and build their own future. The support of the OTB Foundation covered the school enrolment fees of more than 200 girls.



Integration

To guarantee equal opportunities and promote true integration, in 2022 the OTB Foundation continued to support the **Job Clinic Online**, project set up by Itali-aHello and the Joel Nufama Refugee Centre, which promotes the social and economic integration of immigrants between the ages of 18 and 45. Through the project, more than 500 users registered on the online job search platform and took advantage of free training courses, consultancy on writing CVs, and legal and bureaucratic support to obtain the necessary documentation for employment and integration in society.

The OTB Foundation also decided to support the first **community for unaccompanied minors** in the Veneto Region, run by the PariPasso social cooperative in agreement with the Prefecture of Vicenza. The community houses ten minors between the ages of 14 and 18, giving them protection at a critical time in their migration journey, in particular against the risks of exploitation and trafficking. At the community, the young people receive the support they need to normalise their situation, start going to school and enter society.

Emergencies

In 2022, the OTB Foundation took action in response to two emergency situations, one at international level and one at local level: the Ukrainian conflict and the new forms of poverty.

With regard to the emergency triggered by the **war in Ukraine**, the Foundation was the first to respond to the appeal launched by the UNHCR to help individuals and families forced to flee from Ukraine to neighbouring countries. Thanks to the support of the OTB Foundation, the UNHCR was able to provide initial financial aid for almost 7,000 people. The Foundation continued to support the Ukrainian population by organising coaches to take medicines and other health supplies into Ukraine and return to Italy with women and children. By acting as an intermediary between the refugees and the bodies responsible for finding safe housing and guaranteeing access to the welcome projects organised by the Italian Interior Ministry, the Foundation provided 446 Ukrainian refugees with all-round support, as well as assistance to find jobs and schools for their children.



Thanks to the Foundation's links with the OTB Group, action in this area also included the launch of Italy's first project to find long-term **employment** in the fashion industry for some refugees. Through its partners, the Foundation continued providing assistance for people still in Ukraine, for example delivering basic necessities to around one thousand families in the cities of Odessa, Dnipro, Kramatorsk and Kyiv, in collaboration with the Zegna Foundation and the Cesvi organisation.

The Foundation has also been taking action to fight the new poverty emergency. According to the 2021 estimates of the Italian National Institute of Statistics, more than 1.9 families were living in absolute poverty in Italy and forecasts for the next few years highlight the need to create a network of support for these families. The OTB Foundation therefore decided to create a network of centres – **solidarity emporiums** – to help families in financial or employment difficulties or in conditions of general impoverishment. The solidarity emporium is a multifunctional space that distributes basic necessities like a supermarket, where beneficiaries can buy subsidised food products on terms agreed with the social welfare bodies partnering the Foundation on the project. Users have access to a reception area where they are directed to the offices that assist their return to society through support such as training apprenticeships or help for women who are victims of violence.

In 2022, the Foundation opened two new solidarity emporiums in the province of Vicenza (in Schio and Thiene), which help more than 900 families in need. The new centres differ from those previously set up, which the Foundation continues to support, because they act as points of reference for the full empowerment of users thanks to the presence of a variety of services. The solidarity emporiums will continue to be a key area of activity in 2023.



Corporate sustainability

The OTB Foundation continues to promote and implement social sustainability initiatives linked with the OTB Group strategy and in cooperation with the Group companies.

Initiatives range from the collection of used and/or unused clothing from Group locations for donation to local associations, to the redistribution, through the Food Recovery Programme, of excess food from the company canteens to bodies that help people in financial need, from support for schools and associations that protect minors by donating unused IT material from the Group companies, to the distribution of cutting waste and surplus materials to organisations working to assist people in need.

Most of these activities are run on a voluntary basis by Group employees, who are the first ambassadors of the Foundation of the Group that employs them.

Awards in 2022

In 2022, the OTB Foundation received awards from a number of national and international organisations and associations in recognition of its work over the years to help people in difficulties, respond to emergencies and organise philanthropic activities. The awards are an additional confirmation of the importance of the Foundation's work and a reflection of its public recognition.

The main awards received in 2022 were:

Philanthropy and Society Award

The award jury, chaired by Dame Ellen MacArthur, founder of the Ellen MacArthur Foundation, with which the **Camera Nazionale della Moda Italiana (CNMI)** works on a continuous basis at international level to promote a new approach to the circular economy of the fashion system, gave this prestigious honour to the OTB Group Foundation in recognition of its **extraordinary work and concrete and constant commitment to helping women and children in need, and in the management of international emergencies.**



Entrepreneur and Philanthropist of the Year

Renzo Rosso and Arianna Alessi received the award from **European Business Publications (EBP)**, which every year selects and announces the manager of the year. The winner is chosen by the publishers and editors of 42 business publications in 27 countries and in 2022, for the first time, two winners were announced: the President and the Vice President of the OTB Foundation, for their entrepreneurial success and their commitment to the non-profit sector.

Arète Awards

OTB Chair Renzo Rosso and OTB Foundation Vice President Arianna Alessi received the **"Maestri della Responsabilità"** prize at the Arète Awards for responsible communication. OTB won recognition as an organisation that is a credit to the Italian fashion industry in the world, a Group and a foundation that have established an all-round sustainability and responsibility path with hundreds of social development projects all over the world.



Social Responsibility Award

The OTB Foundation won recognition from Cesvi for its commitment to supporting the Ukrainian population with a special **Social Responsibility** award, which is given to companies and foundations that enable the non-profit organisation to achieve important results.









THE SUSTAINABILITY MESSAGE



The OTB Group believes that quality stems not only from delivering a customer experience based on product excellence, but also from promoting ecological and social awareness.

Consequently, its *Customer Experience* strategy focuses on customer needs and pays particular attention to the values conveyed to customers.

CUSTOMER EXPERIENCE

The Group Brands aim to provide high-level personalised experiences for all customers by anticipating and addressing their needs. To this end, the Group uses direct channels (retail, outlets, and online) as well as indirect channels (wholesale, distributors, and travel retail).

As a result, omni-channel customer management is a priority for all the OTB Brands, which have developed a management strategy that adapts to the different sales channels and user profiles. The omni-channel services available today include: *Buy Online and Pick Up In Store*, *Click and Reserve*, *Click From Store*, *Return In Store*, *Book an Appointment and Ship from store*. Some brands such as Jil Sander and Marni offer exclusive services like *Try at Home*, where sales assistants create outfit combinations for a select group of customers, which they can try on at home. Marni customers may also arrange a *Private Shopping Experience* in the boutiques. In addition, the after-sales service offers garment repairs for greater durability.

Digitalisation always has played an important role in the development of the Brands' customer relations. Full integration between the store and the digital world makes it possible to enhance the customer Brand experience. This is the context for OTB's new Clienteling App project, launched in 2022. By completely redesigning the user experience with respect to the Group's previous Store App, the new tool offers customers an interesting digital Selling Ceremony.

The new solution retains the key functions of the previous app, which it upgrades with new features like activity assignment to store personnel and new one-to-one communication services. During the second half of 2022, the Group Brands implemented the new app in 19 pilot stores, including Diesel (outlets and monobrand), Marni (outlets and monobrand) and Maison Margiela (monobrand), in a number of locations. Feedback from the pilot was extremely positive. As a result, global roll-out of the app is planned for 2023.

During 2022, the IT Department undertook a complex project to integrate the Jil Sander production, commercial and distribution IT systems with the Group systems. The introduction of OTB's information systems in Jil Sander is a business driver and provides full visibility on the consolidated reporting, planning and management systems, so that the Brand's performance can be monitored and measured.

OTB has always considered the store a key touch-point where customers experience the Brand and its products through emotional engagement. For this reason, several in-store events are planned for 2023 to foster and strengthen interaction with customers.



DIESEL CUSTOMERS EXPERIENCE

Diesel has adopted an integrated omni-channel CRM system that provides a unified view of customers through online and offline channels and offers data analysis and customer segmentation features. In 2020, it launched the “Moon” omni-channel operating platform to link stock management with online and retail operations, for a seamless customer service, regardless of location. To measure customer satisfaction and experience, Diesel runs a *Voice of the Customers* (VoC) programme to keep track of in-store, online and post-purchase satisfaction. Feedback from the VoC programme is used to optimise the overall customer experience.

In 2022, Diesel also conducted a sustainability survey to investigate customers' knowledge and understanding of its Brand strategy and collect their opinions on social inclusion and environmental responsibility. All the consumer insights collected through the CRM system were included in standard reporting and analysed to ensure that decisions were based on real customer expectations.

As part of the *House of Diesel* omni-channel loyalty programme, where customers collect points with their purchases and interact with the Brand, Diesel encourages consumer behaviour in line with its sustainable approach. Clients who make in-store purchases using a bag in recycled material (gifted by the Brand to the members of its Loyalty Programme), who return items at stores rather than from home or who purchase *For Responsible Living* garments are assigned a larger number of points.

Diesel also operates a free after-sales service for all *House of Diesel* members who purchase *Diesel Library* items: in the event of damage or problems with the denim, the Brand offers access to a free repair service to extend the life of the garment or, if this is not possible, it replaces the item.





MARNI: ELEVATE CLIENT EXPERIENCE

Marni aims to create the perfect personalised experience for every client during their journey with the Brand, whether this is in a Marni boutique or online. Marni refers to this as “1,000 1:1 interactions”: an approach designed to provide customers who appreciate luxury with a memorable experience at all touchpoints, which adapts to meet every personal requirement and cultural nuance.

The Marni solution to building a sincere, direct and personalised customer relationship is based on three main pillars:

- a global *Retail Excellence* programme, which provides a meticulous professional service for the customer at every step of their brand experience, embodying the individual luxury expressed by Marni;
- an omni-channel approach that recognises the customer whether they are offline or online and offers a unique and highly personalised service;
- dialogue, instead of monologue: welcoming customers into the Marni world and encouraging them to experiment through made-to-measure real-time engagement.

This vision has led to a range of exciting and innovative initiatives: the transformation of fashion shows into genuine experiences, communication campaigns featuring “real people” rather than “stereotypical models”, as well as recognition of the Brand community through the digital *#MarniOnMec* campaign, which also engages with the Marni community on Asian social media channels.

Guaranteeing consistency in customer activities and customer communication is vital for a unique Brand relationship. The Group Brands interact with wholesale customers in person and digitally, on special platforms like *Virtual walkthrough*, an innovation that uses virtual reality to engage remote customers. Wholesale customers can use the platform to book virtual appointments with sales staff, attend fashion shows via live streaming and watch digital presentations of the new collections.

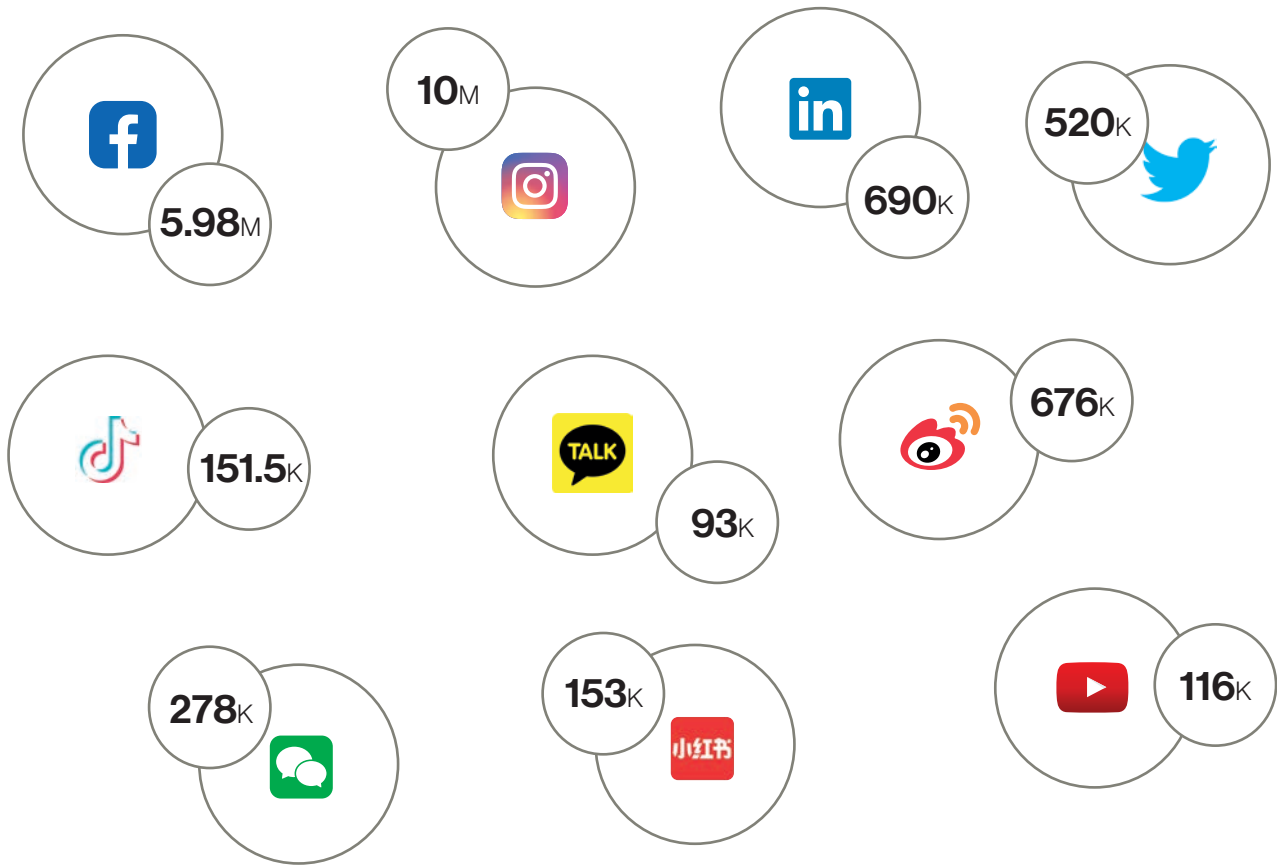
As part of this digital acceleration, OTB launched *Hyperoom*, a digital sales platform and exhibition space for immersive and emotional engagement with fashion buyers and vendors. Customers take a sensory journey through virtual spaces as vendors on live connections guide them through remote buying sessions. The platform was adopted initially by Diesel, Marni and Staff International for the 2021 Spring/Summer sales campaign, and subsequently extended to Maison Margiela, Brave Kid e Jill Sander. It has also been used for the “in-season” processes of the *Virtual Showrooming* platform. This was developed initially to support the *seasonal order-taking* process for all the Group’s commercial companies as a “B2B Client Portal” where registered customers can use the services offered by the Brands. The first service to be offered is *Self Service Replenishment*, which allows customers to explore a catalogue of products available for reassortment and place their orders. With this service, the new B2B portal has been successfully opened to many Brand customers and distributors, to increase and improve services for B2B customers.

Customer relationship

Customers engage with the Group Brands through a variety of communication channels, from social media and websites to customer support systems that respond to individual needs. The OTB Brands foster customer relationships through direct and indirect interaction. Direct interaction is through vendors and store assistants, while indirect interaction is in the form of emails, newsletters and social media platforms. Each Brand works to create synergies between the two dimensions, for the mutual enhancement of physical and digital projects. Notable examples include the distribution of unique booklets showcasing the history and collections of Jil Sander, and Marni’s *Wearweare* project. *Wearweare* welcomes users into a dreamworld of psychedelic colours and a lysergic nature, whose integrated functions create enthralling journeys of discovery. The 3D lookbook presented by Marni in April 2022 provides a complete view of the collection, while augmented reality blurs the lines between the real and virtual worlds, allowing users to capture custom content and enjoy a uniquely personalised experience.

The OTB Brands have built an active presence on many social media platforms, a fundamental asset for marketing and communication. Via social media, the Brands interact directly with communities across every platform, promoting new advertising campaigns and specific initiatives that address a variety of topics, including sustainability.

Social media presence of OTB and the OTB Brands (number of followers)



The four main platforms used by the OTB Brands for their social media campaigns are Instagram, Facebook, LinkedIn, and Twitter. The Brands with a predominantly Asian customer base are also present on local social media platforms such as Weibo, WeChat, Red and Kakao. The main OTB brands achieved a 54% increase in their social network followers compared to 2021. Although social media activity is not intended to generate followers, these numbers help to foster customer loyalty through frequent meaningful interactions.

Each Brand in the OTB family has a distinct social media strategy for engagement with communities and customers, geared to consumers' geographical location and behaviour. Some Brands, including Diesel, make extensive use of user-generated content on platforms like TikTok and Instagram, and are open to collaboration with influencers or to streaming live events or fashion shows organised by other users. Maison Margiela, on the other hand, prefers a more selective social media approach rather than a generic always-on strategy. Its primary social media platform is Instagram, where images reflecting its Visual Storytelling can be shared while also conveying information and commercial content. Thanks to its renowned Creative Director, John Galliano, Maison Margiela is attracting large numbers of young customers and building significant Brand awareness among its followers.

Viktor&Rolf, meanwhile, uses social media to go behind the scenes of the label's collection development process and engage followers in the details of its twice-yearly shows and key events. The aim is to strengthen customer relations through a wide-ranging, intimate form of storytelling that piques people's curiosity and puts the emphasis on exclusivity.

RESPONSIBLE COMMUNICATION

One of OTB's primary strengths is its responsible and transparent communication, where each Brand focuses on creating content in accordance with its identity, ethics, and values. To keep the communication strategy inclusive and authentic, OTB's Brands work on a cohesive internal marketing plan for the creation of core values.

The OTB communication strategy aims to foster true cultural change, for example by raising increasing stakeholder awareness about the product life cycle. Based on consumer behaviour and insights, each Brand shares fundamental information about product maintenance and durability, even through simple yet crucial communication tools like product labels.

OTB is also committed to clear and transparent communication of its action to improve its ESG performance and the initiatives and results that have had a positive impact on sustainability. In 2022, the Group's official website was redesigned to feature a section devoted to the Sustainability Strategy, sustainability objectives, and the information collected during preparation of the 2021 Sustainability Report.



The Diesel message

Diesel has always stood for the values of inclusivity and sociality, which have been given ample space over decades of award-winning advertising, whose irreverent and anti-conventional tone provides an antidote to the status quo, making people think, ask questions and take action. Diesel has used this tool to normalise taboos and flip the script on stories of social injustice, minorities and the absurdities of politics and society, all in a celebration of inclusivity, which has always been part of its Brand DNA. Its iconic campaigns – *LaChapelle* (1994), *Go with the flow* (2017), *Francesca* (2020) and the recent *When Together* (2021), for which Diesel received a **Diversity Award** – are examples of how, within all the controversies generated by Diesel's communications, the power of inclusion outweighs the risks of exclusion.

In 2022, in collaboration with the Tom of Finland Foundation and The Community, Diesel demonstrated its support for the LGBTQ+ community by creating *All*

Together, a group exhibition of works by queer artists, while the launch of "D", the first gender-fluid fragrance, is an anthem to liberty and a celebration of youth. For more information, see, respectively, the "Brave Together" chapter and the "Be Circular" section.

On the question of transparent customer communication, Diesel uses a hangtag for its clothes to identify garments that meet its product sustainability criteria, which states: *This garment is made For Responsible Living*. To check authenticity and discover the low-impact features of each product, consumers simply scan the QR code label inside the garment to land on a digital "ID" platform providing information about the fabrics used, innovative and less impactful treatments, washes and trims. In this way, Diesel promotes transparency and responsibility in its customer relations, informing consumers about its decisions to care for the environment as part of its Sustainability Strategy.

The Lyst Index is the fashion industry's top ranking of the hottest Brands. Published quarterly, the index is based on consumer behaviour, including online and offline searches and sales, as well as mentions, activities and engagement on social media. Diesel made its debut on the Lyst Index in 2022, ranked as the Hottest Brand in the first three quarters of the year. In the fourth quarter, Lyst named Diesel "Logo of the Year". And in fact, Diesel perception has grown exponentially in the last few years.



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GREEN AWARD – SPECIAL PRIZE ITALY

In 2022, Renzo Rosso, the Group founder and chair, received the Green Award – Special Prize Italy at the Greentech Festival in Berlin. The award recognises the ability to combine entrepreneurial success with effective action in sustainability and social commitment.

It was given to Renzo Rosso for his proven commitment and achievements in terms of product durability and traceability and in recognition of the Group's role as a reference model for the sustainable transformation of the fashion industry.







APPENDIX

METHODOLOGICAL NOTE

Reporting standards and reporting scope

This is the second edition of the OTB Group Sustainability Report. It illustrates the main initiatives and projects organised in connection with questions relating to the environment, society, personnel management, human rights and the fight against corruption, in order to offer stakeholders a full, transparent and precise view of the Group's strategies, operations, performance and results with regard to its financial results and business development.

The Report was drafted in compliance with the *In Accordance* option of the Sustainability Reporting Standards published by the *Global Reporting Initiative – GRI 2021*. The GRI Standards are today the most widely used international standards for reporting non-financial information.

As indicated by the Standards, an index of the GRI content is set out on pages 192 - 201 to help readers find information in the Report.

The issues covered by the Sustainability Report reflect the results of the materiality analysis approved by the OTB Board of Directors on 24 May 2022. Given the update of the materiality analysis process envisaged by the reporting standards adopted by the OTB Group, the "GRI Sustainability Reporting Standards", the Group's impacts on the economy, the environment and people, including human rights, are correlated to the material issues identified during 2021. The process enabled the Group to reassess the positive impact generated by the "Social impact" material issue, highlighting the importance of this issue for the Group stakeholders. The materiality process is described on pages 54 - 59 of the Report, in the section entitled "The Materiality Analysis Process".

The reporting scope includes OTB S.p.A. and the Group subsidiaries consolidated on a line-by-line basis. It does not include the companies consolidated in the OTB S.p.A. financial statements with the equity method. To provide stakeholders with a precise, complete and transparent picture of the Group's philanthropic strategies and activities, the Report includes a chapter on the OTB Foundation. Any scope limitations in the disclosure of the material issues and impacts are clearly indicated in the Report, often with a footnote.

The Sustainability Report is published annually. This edition refers to the 2022 fiscal year, from 1 January 2022 to 31 December 2022. The Separate Financial Statements cover the same period. For comparative purposes or to contextualise information, data relating to 2020 and 2021 fiscal years have been included and clearly indicated. The Report also refers to 2023 initiatives and projects of particular importance that were known at the time of writing. Where prior-year data are restated, this is explicitly indicated in the Report and also highlighted in the index of GRI content. Specifically, the 2021 data on the composition of the workforce differ from the data published in the previous Sustainability Report. The full implementation of the reporting system for all the legal entities made it possible to fine-tune and optimise data collection.

Identification of the contents and reporting for the Sustainability Report were based on the principles of precision, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. The process by which information and qualitative data are collected, verified and aggregated was organised to ensure that the Report content would be comparable, complete and comprehensible for all stakeholders.

The designated party approved to conduct the limited assurance of this Sustainability Report is PricewaterhouseCoopers Business Services Srl, which, in a specific separate report, has provided an attestation on the conformity of the information provided in accordance with the ISAE 3000 Revised principle. The limited assurance was conducted using the procedures indicated in the *“Report of the Independent Auditor”*, which is included in this document.



Reporting process

The preparation of the OTB Group Sustainability Report was based on a structured process, which involved all the corporate functions responsible for material issues and thus for the information in this document. The reporting process was handled by the Corporate Sustainability Department in cooperation with external consultants.

As with the drafting of the first Group Sustainability Report, once the areas of reference and the issues to be covered in this document had been established, the *data owners* and the *data approvers* were identified for each function. Each Brand and Production Hub was responsible for the data and information published in the Group Sustainability Report. Data and information were collected through quantitative and qualitative forms created specifically for the preparation of this report, taking account of the recommendations and requirements of the GRI Standards.

The OTB Group 2022 Sustainability Report was approved by the Group Board of Directors on 22 May 2023 and subsequently published on the OTB Group corporate website.

PERFORMANCE DATA AND INDICATORS

Retail and head office employees (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Retail	1,178	1,948	3,126	1,184	2,129	3,313	1,193	2,231	3,424
Head Office	955	1,476	2,431	965	1,664	2,629	997	1,743	2,740
Total	2,133	3,424	5,557	2,149	3,793	5,942	2,190	3,974	6,164
of which in creative roles	-	-	-	-	-	-	89	319	408

Employees by area and gender (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Italy	728	1,278	2,006	761	1,444	2,205	747	1,425	2,172
Europe (excluding Italy)	490	681	1,171	470	740	1,210	470	726	1,196
Americas	183	179	362	179	184	363	192	214	406
APAC (excluding Japan)	127	323	450	130	430	560	238	592	830
Japan	618	950	1,568	609	995	1,604	543	1,017	1,560
Total	2,146	3,411	5,557	2,149	3,793	5,942	2,190	3,974	6,164

Employees by contract and gender (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended contract	2,044	3,213	5,257	2,010	3,488	5,498	1,933	3,379	5,312
Fixed-term contract	102	198	300	139	305	444	255	570	825
On-call employees	-	-	-	-	-	-	2	25	27
Total	2,146	3,411	5,557	2,149	3,793	5,942	2,190	3,974	6,164

Employees, by contract, gender and geographical area (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Italy									
Open-ended contract	692	1,187	1,879	725	1,311	2,036	693	1,319	2,012
Fixed-term contract	36	91	127	36	133	169	52	81	133
On-call employees	0	0	0	0	0	0	2	25	27
Total	728	1,278	2,006	761	1,444	2,205	747	1,425	2,172
Europe (excluding Italy)									
Open-ended contract	438	600	1,038	391	622	1,013	417	617	1,034
Fixed-term contract	52	81	133	79	118	197	53	109	162
On-call employees	0	0	0	0	0	0	0	0	0
Total	490	681	1,171	470	740	1,210	470	726	1,196
Americas									
Open-ended contract	183	179	362	179	184	363	191	214	405
Fixed-term contract	0	0	0	0	0	0	1	0	1
On-call employees	0	0	0	0	0	0	0	0	0
Total	183	179	362	179	184	363	192	214	406
APAC (excluding Japan)									
Open-ended contract	95	291	386	119	397	516	90	216	306
Fixed-term contract	0	0	0	11	33	44	148	376	524
On-call employees	0	0	0	0	0	0	0	0	0
Total	95	291	386	130	430	560	238	592	830
Japan									
Open-ended contract	599	913	1,512	596	974	1,570	542	1,013	1,555
Fixed-term contract	14	26	40	13	21	34	1	4	5
On-call employees	0	0	0	0	0	0	0	0	0
Total	613	939	1,552	609	995	1,604	543	1,017	1,560

Employees by employment type and gender (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full time	1,759	2,669	4,428	1,889	3,200	5,089	1,932	3,332	5,264
Part time	387	742	1,129	267	586	853	258	642	900
Total	2,146	3,411	5,557	2,156	3,786	5,942	2,190	3,974	6,164

Employees (HC) by category and gender

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives & Directors	60	15	75	54	26	80	54	25	79
<30 years old	0	0	0	0	0	0	0	0	0
31-49 years old	25	9	34	22	14	36	22	9	31
≥50 years old	35	6	41	32	12	44	32	16	48
Managers	394	348	742	431	462	893	422	475	897
<30 years old	4	12	16	4	17	21	15	23	38
31-49 years old	271	250	521	291	329	620	272	355	627
≥50 years old	119	86	205	136	116	252	135	97	232
Professionals	1,692	3,048	4,740	1,664	3,305	4,969	1,714	3,474	5,188
<30 years old	611	961	1,572	640	1,139	1,779	741	1,357	2,098
31-49 years old	922	1,810	2,732	865	1,854	2,719	807	1,780	2,587
≥50 years old	159	277	436	159	312	471	166	337	503
Total	2,146	3,411	5,557	2,149	3,793	5,942	2,190	3,974	6,164
<30 years old	615	973	1,588	644	1,156	1,800	756	1,380	2,136
31-49 years old	1,218	2,069	3,287	1,178	2,197	3,375	1,101	2,144	3,245
≥50 years old	313	369	682	327	440	767	333	450	783

Workers who are not employees (no.)

	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Temporary agency workers	52	96	148	59	153	212	77	146	223
Interns	4	26	30	10	54	64	37	102	139
Total	56	122	178	69	207	276	114	248	362

Terminations and hirings by gender (no.)

	2020		2021		2022
	MEN	WOMEN	MEN	WOMEN	TOTAL
Terminated	1,440	966			2,406
Hired	1,698	1,028			2,726

The data do not include intercompany movements and job on-call contracts



Average hours of training by gender and category

2022			
	MEN	WOMEN	TOTAL
Executive & Directors	9.96	14.22	11.31
Managers	5.44	7.07	6.30
Professionals	9.48	8.69	8.95
Total	8.71	8.53	8.60

Extract from the 2021 Country-by-Country Report (in thousands of Euro)

	COUNTRIES IN THE SCOPE	THIRD-PARTY REVENUES ³¹	PRE-TAX PROFITS/LOSSES	TANGIBLE ASSETS AND CASH EQUIVALENTS	TAXES PAID	TAX PROVISIONS ³²	EMPLOYEES (FTE) ³³
Europe	- Austria						
	- Belgium						
	- Denmark						
	- Finland						
	- France						
	- Germany						
	- Greece						
	- Ireland						
	- Italy						
	- Luxembourg	1,642,446,717	130,956,294	116,710,601	5,230,459	5,682,713	2,733
	- Morocco						
	- Monaco						
	- Netherlands						
	- Norway						
- Spain							
- Sweden							
- Switzerland							
- United Kingdom							
Americas	- Canada	135,278,150	11,262,779	9,798,696	-	1,413,964	336.69
	- USA						
APAC	- China						
	- Hong Kong						
	- India	486,258,524	-4,760,646	27,940,975	5,439,169	5,328,631	2,030
	- Japan						
	- South Korea						
Total		2,263,983,391	137,458,427	154,450,272	10,669,627	12,425,308	5,100

31. The amounts shown include net revenues, total other revenues, other interest income, other financial income, bank current account interest income.

32. Tax provisions do not include deferred corporate income tax and reserves for uncertain tax positions.

33. The figures shown refer to the total number of employees with a full-time contract (FTE).

Relations with organisations, institutions and associations

To strengthen the positioning and competitive advantage of the Group and its Brands, OTB promotes beneficial relations with key actors and leading institutions. The Group is a member of various local and international organisations and working groups. It takes an active role in the industrial coalitions that address the sustainable growth of the fashion business and protection of Italian know-how. Specifically, OTB is a key member of the following associations and entities:

ITALY

- ASCOM Vicenza– Confcommercio
- Camera Nazionale della Moda
- Confindustria Vicenza
- Federazione Moda Italia Confcommercio
- Montenapoleone District
- Nuova Associazione Babuino
- Sistema Moda Italia Confindustria
- Re.Crea Consortium

JAPAN

- ITA Chamber of Commerce ICCJ

FRANCE

- Comité Montaigne
- Fédération de la Haute Couture

SPAIN

- Asociación Distrito 41

INTERNATIONAL BODIES

- Business for Social Responsibility – BSR
- ReLI – Responsible Luxury Initiative
- ZDHC Foundation's Roadmap to Zero Programme
- Science Based Targets initiative (SBTi)
- AURA Blockchain Consortium
- The Fashion Pact







CORRELATION BETWEEN MATERIAL ISSUES AND OTB GROUP IMPACTS

The following table illustrates the main issues of the Be Responsible. Be Brave. Strategy that emerged from the materiality analysis and the identification of Group impacts.

MATERIAL ISSUE	ISSUE DEFINITION	IMPACTS
Responsible Governance and Ethical Business	To promote ethical conduct throughout the organisation and supply chain, respecting people, natural resources and regulations and improving the ethical and values framework that informs Group decision-making.	Product counterfeiting due to improper use of the trademark and trade name
		Active and passive corruption
		Breach of privacy rights and loss and dispersal of critical data and information
Financial Performance	To promote the creation of shared value for the stakeholders and shareholders, guaranteeing fiscal soundness and compliance with tax regulations.	Transparent market transactions in compliance with tax laws
		Positive impact among stakeholders through the distribution of generated wealth (e.g., C.A.S.H. project, creation of local jobs)
Customer Experience, Brand Awareness and Reputation	To guarantee a personalised, integrated and continuous experience for customers through all channels, providing clear and transparent communication and protecting the trademarks from market counterfeiting.	Customer loyalty and satisfaction, improvement of brand reputation.
		Customer complaints and delivery delays
		Responsible marketing and transparent communication to promote informed purchasing decisions
Talent Attraction and Retention	To develop processes and programmes to attract and recruit the best candidates and monitor their satisfaction, improving their skills and guaranteeing career opportunities.	Personnel updating and re-skilling
		Promotion of craftsmanship on the market for production activities
		Employee satisfaction
Biodiversity	To avoid and reduce negative impacts on biodiversity and to regenerate biodiversity over time.	Deforestation and loss of biodiversity, soil degradation, damage to ecosystems and living beings due to production of critical materials.
Climate Strategy	Commitment to actively reducing greenhouse gas emissions and promoting resilience along the entire supply chain, monitoring progress towards objectives over time.	Climate change, atmospheric pollution due to greenhouse gas emissions from the organisation's operations.
		Climate change, atmospheric pollution due to greenhouse gas emissions across the supply chain.
Protecting Oceans	To protect the oceans by cleaning them and conserving marine species, in collaboration with other organisations. Work to minimise plastic waste and manage wastewater in the supply chain.	Acidification of the oceans, decline in biodiversity and impact on animal health and safety.
		Environmental impact linked with waste and wastewater recovery/recycling
		Packaging circularity (e.g., use of recycled raw materials, reduction of virgin and/or single-use plastic) along the entire supply chain.
Water Stewardship & Chemical Management	Responsible management of water resources is important to guarantee adequate water supplies and the health of communities and catchment basins. This issue also includes the objective of eliminating hazardous chemicals from production.	Customer health and safety: dangerous finished product due to the presence of non-compliant chemicals.
		Soil degradation and water pollution due to production (e.g., wet processes)

MATERIAL ISSUE	ISSUE DEFINITION	IMPACTS
Sustainable Product Design	Work to design, develop and introduce innovative and sustainable products. Business models created to reduce the environmental impact of the product life cycle.	Environmental impact (development of innovative technologies and designs, use of recycled and upcycled raw materials and extension of product life, product quality, design of sustainable boutiques and buildings)
Responsible Sourcing & Traceability	Commitment to responsible and sustainable procurement of materials, taking all social and environmental impacts into account. Traceability of the supply chain to guarantee product authenticity and integrity, as well as transparency in relations with consumers and stakeholders regarding the supply chain.	Absence of traceability in production operations and of transparency on the Group procurement methods. Environmental and social impact linked to procurement of raw materials and resources Animal welfare (guarantee by control of origin of skins and pelts and requests for certification conformity, fur-free items)
Circularity	Work to create a circular development system that reduces waste and boosts recycling, upcycling and re-use.	Product circularity (e.g., use of secondary raw materials, repair services, second-hand, fabric recycling, materials that can be easily disassembled, etc.)
Fair Wages & Well-Being along the Value Chain	To collaborate with suppliers, colleagues and industry players to guarantee that the workers who manufacture our products receive a decent wage. To establish and maintain high worker health and safety standards, including improvements in building safety and raising worker awareness about workplace hygiene.	Workplace conditions, well-being and respect for human rights along the supply chain (e.g., right to work, equal pay)
Diversity, Equity & Inclusion	Fair treatment of all employees without discrimination, adequate representation of local culture and nationalities and equal professional opportunities irrespective of gender, age, race, sexual orientation, disability, faith, etc.	Discrimination in the workplace (inappropriate comments about an employee for cultural, linguistic, religious, political or ethnic reasons). Equal opportunities and treatment irrespective of gender, religion, culture, politics and ethnicity (e.g., promotions, equal pay). Respect for human and worker rights in the OTB Group (forced labour, child labour, breach of the right to strike, breach of the right to collective bargaining).
Social Impact	Commitment to supporting communities through the OTB Foundation, work to engage all parties affected by questions that have an impact on the community, since they should be involved in decision-making.	Engagement of the local community and creation of value (e.g., donations and support for projects not strictly related to the organisation's business). Emancipation of women and youth employment Intervention in emergency situations

TABLE CORRELATING MATERIAL ISSUES AND GRI TOPICS

The table below analyses reporting of material issues with reference to the format of the GRI standards. This section also shows internal and external impacts in order to indicate where the impacts of a material issue occur and highlight the organisation's involvement in them.

MATERIAL ISSUES IDENTIFIED BY THE OTB GROUP	GRI REFERENCE STANDARDS	EXTERNAL IMPACT
Climate Strategy	302: Energy (2016) 305: Emissions (2016)	
	302: Energy (2016) 305: Emissions (2016)	Suppliers
Water Stewardship and Chemical Management	416: Customer health and safety (2016)	Customers
	*	
Protecting Oceans	301: Materials (2016) – with reference to packaging	
	306: Waste (2020)	
	306: Waste (2020) – with reference to packaging	
Biodiversity	304: Biodiversity (2016)	
Sustainable Product Design	301: Materials (2016)	
Circularity	301: Materials (2016)	
Responsible Sourcing & Traceability	204: Procurement practices (2016)	
	*	Suppliers
Fair Wages & Well-being along the Value Chain	414: Social assessment of suppliers (2016)	Suppliers
Diversity, Equity & Inclusion	406: Non-discrimination (2016)	
	405: Diversity and equal opportunities (2016)	
	*	
Social Impact	201: Business performance (2016)	
	*	
	*	Local community
Responsible Governance and Ethical Business	206: Anti-competitive practices (2016)	
	205: Anti-corruption (2016)	
	418: Customer privacy (2016)	
Financial Performance	207: Taxes (2019)	
	201: Business performance (2016)	
Talent attraction and retention	401: Employment (2016) 404: Education and training (2016)	
	401: Employment (2016) 404: Education and training (2016)	
	401: Employment (2016)	
Employee well-being, health and safety	403: Workplace health and safety (2018)	Workers who are not employees; Contractors
	403: Workplace health and safety (2018)	Suppliers
	403: Workplace health and safety (2018)	
	401: Employment (2016)	
Customer Experience, Brand Awareness and Reputation	*	
	417: Marketing and Labelling (2016)	
	*	

(*) On this issue (not directly linked to a topic envisaged by the GRI Standards), the OTB Group illustrates its management approach and related indicators in the Report.

OTB CONTRIBUTION TO SDGS

Climate Strategy		<p>The Group is committed to implementing a biodiversity policy to conserve the terrestrial eco-system, with attention on materials sourced from forests and linked to change of use of the soil (e.g., cellulosic material and leather). OTB is also committed to supporting action against deforestation.</p>
Climate Strategy		<p>OTB is committed to safeguarding the environment and fighting climate change through initiatives to eliminate greenhouse gas emissions by 2050.</p>
Protecting Oceans		<p>The Group supports projects to protect marine resources and is committed to reducing the use of plastic and generation of waste. To protect life under water, OTB is also drawing up policies and programmes for responsible management of water resources in order to guarantee sufficient volumes and quality of water for the health of the community and watersheds, and also to eliminate hazardous chemicals from production.</p>
Sustainable Product Design		<p>The Group is committed to fostering sustainability in the design of products and their environments, such as stores, visual merchandising and fashion shows, to reduce environmental impact, promote inclusive industrialisation and drive innovation.</p>
Responsible Sourcing & Traceability - Circularity		<p>The Group is focused on the development of a holistic responsible procurement strategy for all essential raw materials, by mapping sustainable alternatives and raising traceability in the supply chain. OTB also aims to develop the capability to support and promote advanced social and environmental performance along the Italian supply chain. The Group also cooperates with other bodies on circularity projects, such as the Male Fashion Circular promoted by the Ellen MacArthur Foundation.</p>
Fair Wages & Well-Being along the Value Chain		<p>The Group focuses on setting and upholding high health and safety standards for direct and indirect workers throughout the supply chain. OTB also supports the conditions needed for a national living wage in the countries where it sources crucial supplies, through industrial cooperation.</p>
Diversity, Equity & Inclusion		<p>The OTB Group is committed to conducting a DE&I investigation to assess the current situation of representation and pay equity among the Brands, to reporting and divulging data to achieve a gender-balanced workforce by 2030 and to incorporating a solid DE&I approach into product marketing campaigns.</p>
Social Impact	    	<p>To generate a significant social impact, the Group is committed to identifying areas of interest in line with OTB's core values and Sustainability Strategy. Also, through the work of the Foundation, OTB supports initiatives to fight poverty and improve the health of people in economic and social difficulty and promotes training to improve female and youth empowerment. These activities include support for the elimination of inequalities through the initiatives adopted for Group employees.</p>







Limited assurance report on sustainability report

To the Board of Directors of OTB SpA

We have been engaged to undertake a limited assurance engagement on the sustainability report of OTB SpA and its subsidiaries (hereinafter the “Group” or “OTB Group”) for the year ended 31 December 2022 (the “Sustainability Report”).

Responsibilities of the Directors for the Sustainability Report

The Directors of OTB Group are responsible for the preparation of the Sustainability Report in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” issued in 2021 by GRI - Global Reporting Initiative (the “GRI Standards”), identified by them as reporting standards.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of OTB Group, as well as for identifying its stakeholders and material topics to be reported on.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) -

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Assurance Engagements other than Audits or Reviews of Historical Information” (hereinafter also “ISAE 3000 *Revised*”) issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 *Revised* and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the methods of analysis and understanding of the context, identification, assessment and prioritization of actual and potential impacts and internal validation of the results of the process;
2. We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we inquired of and discussed with management personnel of OTB Group and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the the Group:

- at the level of the Group:
 - a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.
- for Diesel SpA, which we selected based on its activities, contribution to performance indicators and location, we carried out interviews with the responsible persons and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of OTB Group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the “Methodological note” section of the Sustainability Report.

Other Matters

No assurance procedures were performed on the comparative information presented in the Sustainability Report in relation to the year ended 31 December 2020 and 2021.

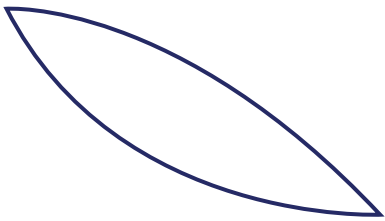
Milan, 26 May 2023

PricewaterhouseCoopers Business Services Srl

Signed by

Francesco Ferrara
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2022 translation.



INDEX OF GRI CONTENT

This index is provided as a guide to the OTB Group 2022 Sustainability Report and to help the reader find content relating to the GRI Standards. As indicated in the methodological note, the Sustainability Report was drafted in compliance with the In Accordance option of the Sustainability Reporting Standards published by the Global Reporting Initiative – GRI 2021, for the period from 1 January 2022 to 31 December 2022. For this year no published Sector Standard is applicable to the OTB Group.

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GRI 205 – Anti-corruption – 2016 version	205-3 Confirmed episodes of corruption and action taken	No allegations of corruption in the Group were reported in 2022
GRI 206 – Anti-competitive practices – 2016 version	206-1 Legal action for anti-competitive, anti-trust and monopoly practices	No legal actions relating to unfair competition, anti-trust and monopoly practices were reported in 2022
GRI 418 – Customer privacy – 2016 version	418-1 Proven complaints concerning breaches of customer privacy and loss of customer data	72

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GRI 406 – Non-discrimination 2016 version	406-1 Episodes of discrimination and corrective action taken	No episodes of discrimination occurred during the period under review.
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GRI STANDARD	DISCLOSURE	LOCATION OR DISCLOSURE
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	417-2 Episodes of non-conformity relating to product and service information and labelling	No episodes of non-conformity to regulations and voluntary codes governing product and service information and labelling occurred in 2022
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