



Atlantis
headwearevolution

Sustainability Report 2022

Headwearevolution

Contents

A conversation about sustainability

1 Our company

↳	1.1	Who We Are, Mission, Vision and Business Model	13
↳	1.2	Master Italia's Value Chain	23
↳	1.3	Our Sustainability Milestones	27

2 Governance, added value, markets, and customers

↳	2.1	Efficient and Transparent Governance	29
↳	2.2	Added Value to Be Shared	33
↳	2.3	Markets and Customers	35
↳	2.4	Ethics and Integrity	41
↳	2.5	The Importance of Security: Data and Business Management	43
↳	2.6	Collaborations	43

3 Our sustainability strategy

↳	3.1	Product and Supply Chain	49
		↳ Material	49
		↳ Attention to the supply chain	71
↳	3.2	Environment	77
↳	3.3	People	91
↳	3.4	Planned Activities for 2023	105

Report Structure/Methodological Note

			121
--	--	--	-----

GRI Content Index

			125
--	--	--	-----

Contacts



A conversation about sustainability

Alessandro Colle Tiz, CEO of Master Italia SpA, and Elisa Pavan, Sustainability Manager, share their vision and reflect on the company sustainability journey. The direction is clear: we have evolved, the **headwear** evolution has begun for us.

"For us, sustainability is a path of evolution and, above all, of commitment and awareness on the part of every single resource in the team. It is also a change of mentality that is required of all of us, starting with me"

Q&A with our CEO

What has changed since you started your sustainability journey? How far along are you today?

A lot has changed since we first started discussing sustainability in 2018, focusing mainly on the product. It's only been five years, but in a company like Master Italia, which has been in the headwear market since 1995, we are used to constantly evolving, innovating and adapting to change. **For us, sustainability is a path of evolution and, above all, of commitment and awareness on the part of every single resource in the team. It is also a change of mentality that is required of all of us, starting with me.** Everyone in the company is aware of this journey and knows that every aspect of our business is involved. With this new awareness, we have broadened the concept of sustainability: the goal we have set ourselves for 2025 goes far beyond the product and includes the environment and people, which have become the three pillars of our strategy and to which we are devoting more and more concrete actions in the short and long term planning. After all, the company is a living organism that is constantly changing and adapting to its environment, and so are we.

You talk about the "2025 objective". What is it?

The "2025 objective" is a promise to produce Atlantis branded items with only environmentally friendly features by that date. Until now, in addition to increasing the number of new articles with preferred materials in our range, we have also started to convert our bestsellers. This challenge has become even more robust thanks to our team, which has worked hard to define a roadmap and metrics (product framework and LCA study) to achieve this goal. We can say that our sustainability efforts always go in two directions: reducing the impact of our current way of working, while at the same time investing in research into new technologies and ways of making our products. We realised that we were not just making changes, we were evolving: a real revolution had begun for us. So we decided to give this insight a slogan: The Headwear Revolution. A revolution that started in our heads and encompassed everything we do. Looking back at that "distant" 2018, when we could consider ourselves "pioneers" in the sector, we realised that these choices were rewarding us with a more than positive return, both in terms of performance and image.

2022 was a very good year for the company. What is the secret of this growth and how do you manage it?

Extremely positive! In 2022, we reaped the fruits of what we had sown over the years, which allowed us to lay the foundations of our credibility and solidity, perceived by all our stakeholders. A 57% increase in turnover is no coincidence: our great know-how, our digitalisation, our ability to respond to the market's needs in terms of sustainability and innovation are the elements that allow us to be among the leading players in the sector.

The international scope of Master Italia has also played a key role in this success: our brand and the Atlantis Custom Made service are constantly expanding, and we are able to serve both established and new markets, especially those that are turning to us for their interest in eco-friendly products, such as the United States. In addition, our solid financial position and the fact that we always have products in stock certainly give us an advantage. But above all, we believe that our team, which is growing year on year, is what makes us most recognisable: a competent and close-knit team, diverse but cohesive, capable of supporting this growth and managing long-term relationships with customers and suppliers. It is this brand credibility, built over time, customer by customer, that makes us "special". It is not just about numbers and orders, it is about relationships.

Speaking of people, your team has also grown. How important are people for Master Italia?

This is a key issue that I like to talk about, closely linked to sustainability: **People are the beating heart of Master Italia, the vital element that differentiates us and makes us grow, absolutely our greatest resource.**

I continue to be impressed by the commitment and passion that all our employees show every day. **Revolutions take time and cannot be made alone, so it has become essential for us to share a vision, a goal.** To do this, we have put our people back at the heart of our strategy, trying to be as concrete as possible.

We have dedicated one person in our sustainability team to human resources, a decision that we believe will make a difference and allow us to manage this growth organically. Every day we try to create a positive, serene but also fun working environment, rewarded by appropriate welfare measures, where people can feel good and develop their potential. New employees are selected with great care, analysing their aptitudes and ambitions. At the same time, we are pleased to see that those who seek us out and join us do so because they share the same values and sustainability goals, and this is proof to us that we are on the right track, with more tangible results than many entrepreneurs can imagine.

Let's look to the future, what are your hopes for Master Italia?

For 2023, we expect double-digit growth and further market expansion globally for both businesses.

We want this growth to be healthy, sustainable and shared by all our stakeholders. To this end, we are working to raise awareness and improve synergies with our value chain, in the hope that our partners will also spontaneously begin to promote a culture of sustainability.

Of course, we will continue to ensure that our products are not only durable and high quality, but above all innovative, while reducing the impact of our actions as much as possible, which is why we want to focus more on measuring and reducing our carbon footprint.

What do we hope to achieve? To innovate the entire headwear industry. We may sound ambitious, but we believe that a pinch of madness is an essential ingredient to achieve great revolutions. I also hope, for Master Italia and for all the companies that believe in the future, for an increase in the availability of more accessible technologies, for greater collaboration between industrial and economic players and international institutions, and for a real sharing of the same goals, as called for by the UN 2030 Agenda. Only in this way will we be able to meet the growing challenges. The circularity of sharing will be the real key to a more ethical and responsible future within everyone's reach.

"To innovate the entire headwear industry. We may sound ambitious, but we believe that a pinch of madness is an essential ingredient to achieve great revolutions."



Q&A with our Sustainability Manager

"For us, sustainability is not a label or a stamp to be applied, but a real journey of transformation that requires a fundamental change in the way we approach and perceive business"

Sustainability is a much talked about, and sometimes abused, topic in companies these days. Master Italia has even made it its calling card; are you not afraid of raising your expectations too high?

Let me start with a premise: compared to the early days of our journey, the term "sustainability" has become so commonplace and everyday that it is in danger of losing its meaning and significance. Companies that are not committed to sustainability today risk falling outside the norm. At the same time, consumers are more aware of the issue, but do not always have enough tools to evaluate brand strategies. So, when I consider the willingness and drive of our management, which believes strongly in change, and the growing needs of the market, but also the objective limits we face every day, both in terms of technical feasibility and knowledge of such a broad and ever-changing subject, I realise that the road is arduous and uphill. Our expectations are high and this is the motivation that drives us every day to look for new solutions and to rethink the way we have always worked. **For us, sustainability is not a label or a stamp to be applied, but a real journey of transformation that requires a fundamental change in the way we approach and perceive business:** we need listening skills, vision and a systemic approach that focuses on long-term viability but also delivers results in the short term.

Sustainability is hard to do, and hard to explain. How do you communicate your commitment?

Sustainability is obviously also a strategic driver, a differentiator that enhances a company's reputation. It is therefore only right that it should be a central theme in communication strategies, and one that is treated with great clarity and precision. What we have learnt is that in order to address the issue of sustainability, we first need to know, deepen and create a solid foundation. The latter is the challenge: we are building this foundation through training (mainly our own), data collection and the identification of precise indicators. As this is a very broad subject with a diverse audience in a complex sector, it is not possible to work on everything at once, but a strategy has to be developed based on priority issues by identifying stakeholders. While sustainability may have started out as the domain of one part of the company, we are now working hard to make it a common ground, starting with the involvement and training of our internal employees. One example of this is the *Talking Hats* format: a monthly meeting for exchange and in-depth analysis that also involves external guests. In a similar way, we work with our supply chain to build a shared culture, as the actors upstream in the chain are fundamental stakeholders: we use digital channels and a dedicated sustainability area in the supplier area. We are committed to communicating our progress honestly and transparently through all available channels: website, social media and newsletters. That is why we are also working on a *Sustainable Communication Guide* for our stakeholders, which is the result of a growing awareness of the importance of good, clear, correct and shared communication, based on intensive training of our communications department. **Our evolution can only become a revolution if it is shared.**

“The Sustainability Report should not be seen as an expected output but as a tool for in-depth knowledge and business strategy”

The following is a voluntary non-financial report. Why did you choose this tool and where are you starting from?

The decision to produce the Sustainability Report was born out of a specific desire of our Board and not out of external solicitations, such as market trends or imposed regulations. We allowed ourselves to be contaminated by the most virtuous companies and by what they had already achieved, because for some time we had felt the need to find a valid analysis tool capable of photographing the company as a whole and providing measurable objectives.

The Sustainability Report should not be seen as an expected output but as a tool for in-depth knowledge and business strategy.

This vision was the real key because before drafting it, we had never subjected our ‘non-financial’ aspects to indicators and had never built a targeted strategy on them. For this aspect, it was crucial to be supported by experts with knowledge of our dynamics. I would advise companies, especially SMEs like us, to find good external support, and not to consider this reporting as a project to be tackled alone, let alone delegated to individual resources. Concretely, we started by taking a picture of the current state of the company, identifying strategic stakeholders and involving them in the materiality analysis. We started by creating a strategy oriented to the *2030 Agenda* and its SDGs, identifying standards and making both current practices and performance measurable, as well as future goals related to the three pillars of sustainability through specific indicators. Reporting is onerous and challenging. Our first goal was to refine the data and make it easily available and shareable. This is why we believe it is important to start reporting voluntarily, in order to be prepared for the new regulations that will make these measurement and reporting practices mandatory for all realities.

Do you have a sustainability project that you have not been able to complete or for which you have not yet found an answer?

We have several projects underway and others in the pipeline, and in the following pages we will try to bring you along for the ride. There are many aspects we know we need to work on, so we need to prioritise. First and foremost, the climate emergency demands urgent action from everyone, and understanding how the impacts of our activities are made up is the first of the necessary steps we need to take.

The reality is that every production, even the most environmentally friendly, generates a footprint that we want not only to limit but also to offset by creating ‘zero impact’ products: this is one of the sustainability projects we have identified and are already working on. Another major challenge is to find ways to extend the life of our products and to demonstrate this with objective data, because buying a new product today is a real act of social and environmental responsibility. Another element to which the European Union is also paying a lot of attention, but where we have not yet managed to plan concrete solutions, is the end-of-life of products. The complexity of the closure and its components, the nature of business-to-business distribution, which does not allow us to reach the end user directly, and the lack of technologies for recycling closures, which could limit their destruction or the feeding of this *waste colonialism* that is now in the public eye, are all questions to which we have not yet been able to give an answer. In the meantime, we will continue to research, ask questions and search for answers, hoping that one day the entire textile sector will be able to work together to find globally shared solutions.

“The reality is that every production, even the most environmentally friendly, generates a footprint that we want not only to limit but also to offset by creating ‘zero impact’ products”



Our company

1.1 Who we are, vision, mission, business model

Master Italia is an **Italian company specialized** in the **design** and **production of high-quality hats and caps**. We manufacture our products under our Atlantis brand as well as for third parties. In our 27 years of operation, we have sold over **100 million hats worldwide**, an achievement that means one thing to us: gaining the trust of thousands of customers, allowing us to become a reference in the merchandising industry.

Master Italia is synonymous with **passion** and care in creating hats and caps that tell a story about the people who wear them.

This is the ambition of a company that has always put its experience, Italian heritage, and creativity at the service of its customers. Over the years, this dedication has evolved into a growing **commitment to more responsible production**.

Since 2018, and through constant dialogue with our stakeholders, we have embarked on a journey to reduce our environmental impact by seeking alternative materials for our products and implementing projects that have a positive impact on the communities in which we operate.

EFFE

Mission

To help brands tell their story through our products, with the aim of raising awareness in the marketplace and supply chain to make more responsible choices.

Vision

To revolutionise the headwear industry.
To create products that last, limit our impact on the environment and positively inspire the lives of the people involved in our business.

Our Commitment

Since 1995, we have devoted passion and care to the **design of our products**. Over the years, this dedication has turned into something more: a need to avoid the dangerous effects of climate change and a **commitment to an increasingly responsible business** that respects the planet and people. We believe that sustainability starts with a mindset, it is a natural evolution that we have to make and it **goes far beyond the product**, embracing everything we do.

By 2025 we set another challenge in our journey: to produce only items that include elements with **reduced environmental impact in 100% of our Atlantis Collection**. To achieve this goal, we are working not only on new products, but also on the **progressive conversion** of all conventional items into products with preferred materials and in compliance with our Atlantis Sustainable Products Principles, while remaining faithful in design and quality. Headwear as we have always done, but in a more responsible way.

The revolution is on our minds. Wear it on your head.



Our values

Entrepreneurship

Embracing ambitious challenges, as is our custom, with preparedness and awareness, supporting bold choices and virtuous actions for the future.

Strength

The awareness that we can accomplish wonderful things fast and at competitive prices through concrete proposals, constructive actions, and convincing results.

Diversity

The diversity of the products we offer, of our services, and of the people who work with us, together, every day.

Italian Heritage

Making beautiful pieces well. Knowing our roots but being open to cultural influences. Being methodical but not rigid. And finally, adding a touch of originality to enhance what others have already done well.

Sustainability

Strongly believing in a sustainable and circular economy that combines economic growth with the preservation of the environment and society.

Our sustainability manifesto

Since 1995 we have had a mission: to provide our customers with high quality headwear.

We create hats for any business, mixing colors, shapes and finishes and paying all-Italian attention to style. For us, the hat is not just an accessory, but an extension of personality and something to cherish to preserve memories. Wearing our hats is also a way to send a message and tell a story.

That is why we devote **passion and care to the accurate manufacturing of our products.**

Over the years, the dedication has become something more: a commitment to production that is increasingly responsible and respectful of the planet and people.

Following a sentiment that was already running through our company and observing the effects of climate change, we realized that we would have to question the way we do things in order to start doing them differently.

As one of the first in the merchandising industry, we decided not to sit idly by and give a **signal toward change in production and communication.**

Instead, our journey began in 2018 – with the introduction of the first **Oeko-Tex® Standard 100** certified items, greener dyeing processes, and traceability passports for our products – and continued with the design of an overall strategy anchored in the **United Nations Sustainable Development Goals, which led us to introduce new materials with a low environmental impact and publish our first Sustainability Report.**

Today we continue to deepen and consolidate our strategy by working on three crucial pillars: **product and supply chain, environment, and people.**

By 2025 we want to do even more by including elements with **reduced environmental impact in 100% of our Atlantis Collection, investing in research and development to reduce our environmental impact, taking care of our employees, and supporting local communities.**

For us, being sustainable is not just a business opportunity, but a behavior to be adopted in everyday life. It is not just a responsibility.

It is a revolution. It is the natural evolution that every company must go through.

Sustainable (r)evolution is on our minds. Wear it on your head!

Our business model

Product » Research and Development » Design » Creation

We are constantly researching new materials and treatments that produce a lower environmental impact, permeating our collections with character thanks to the involvement of suppliers.

Brand » Atlantis

Alongside our customer branded products, we offer our own line under the brand Atlantis, which stands out for its comfort and technical materials. We are increasingly substituting the more conventional alternatives with materials that offer a reduced environmental impact.

Logistics » Inbound / Outbound Model

We are committed to continuously reducing the environmental impact of our logistics operations. We prioritize sea transportation with sustainable companies (such as the Clean Cargo™ Working Group) and track all the manufacturing and transportation stages of Atlantis merchandise until it reaches Master Italia's warehouses. We also measure the emissions associated with the distribution of our finished products.

Distribution » Indirect channel » Direct channel » E-commerce B2B channel

Our multichannel strategy enables us to effectively cover a wide range of markets in a balanced way, ensuring the long-term economic sustainability of our business.

Customers

We are consolidating our existing target by developing product lines and communication campaigns aimed to connect with audiences who share sustainability concerns, and to garner the attention of those who do not yet share this mindset.



1.2 Master Italia's value chain

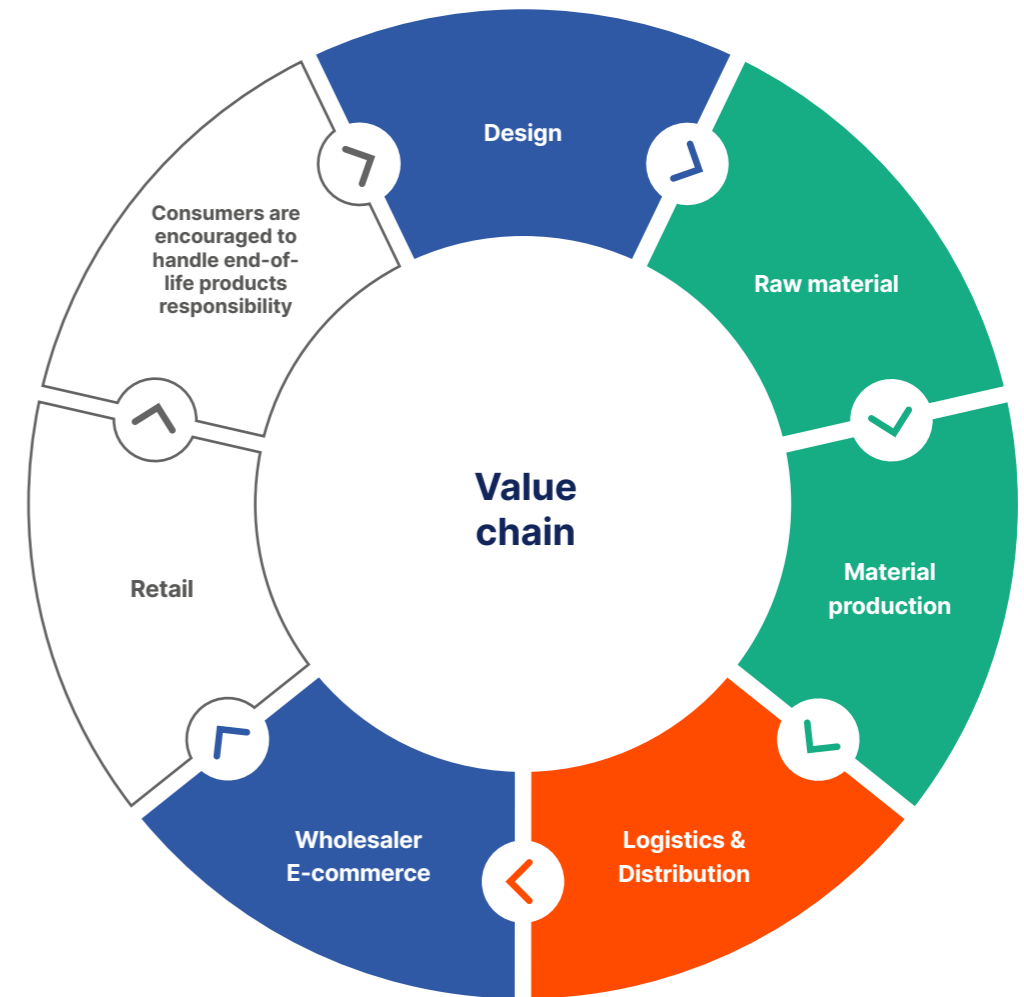
Value chain

At Master Italia, we provide a **comprehensive service** that spans from design to production, all the way to product delivery anywhere in the world. This is the core of our business and a strategic choice that always balances two aspects, the first being our commitment to maximizing customer care by providing fast and qualified assistance alongside high-quality products, and the second being our **privileged** and **almost exclusive relationship with our suppliers**, which allows us to offer customers a consolidated service that has been built over time.

Customers are our starting point and the reason behind our business. All research, development, and market analysis activities are the result of the input we receive from them. Thanks to our close ties with suppliers and an extensive and efficient distribution network, we can trace the manufacturing and transportation stages of Atlantis merchandise until it reaches Master Italia's warehouses. This allows us to ensure safe and timely delivery to customers anywhere in the world.

Our business has always been characterized by the coexistence of two aspects: the **Atlantis collection** and our **Atlantis Custom Made service**. The Atlantis collection offers permanent items that are always in stock, combining timeless style with the latest fashion trends. Every year, we renew our catalog with durable designs while also introducing a growing number of products with a reduced environmental impact.

The Custom-Made service stimulates our skills and creativity to ensure customers receive the highest level of personalization for their hats and caps. With the perfect blend of human ingenuity and digital design, we offer our customers an accurate reproduction of a product that was once only in their imagination. We can bring their vision to life and swiftly deliver the custom-made item.



The above chart represents Master Italia's value chain. From sourcing materials to manufacturing our products and distributing them, we distribute the value generated to a multitude of stakeholders: employees, suppliers, customers, industry associations, schools and universities, communities, media, social networks, and consumers.

- Master Italia
- Supplier
- Partly Master Italia

Highlights of 2022: value creation

Creating long-term value for all stakeholders

+57% increase in revenues in 2022 versus 2021

Creating a stimulating and safe workplace for our employees

Number of people hired in 2022: 9 (6 women and 3 men)

No gender pay gap

Continuous training of our employees: compared to 2021, the number of training hours per employee tripled in 2022 (around 23.5 hours per capita)

Investing in quality and sustainability solutions

1% of revenues invested in solutions related to Quality & Compliance, Sustainability, and Employee Welfare

Preserving natural resources

+31% increase in Atlantis SKUs* purchased in preferred materials compared to 2021

*SKU is an acronym of Stock Keeping Unit, which refers to the various items and color variations available in the catalogue

Contributing to the wellbeing of the local communities in which it operates

+78% increase in investments in projects dedicated to local communities (2021 data; 2022 data will be available following the closure of the 2022 Financial Statements)

1.3 Our sustainability milestones

2017

Members of the United Nations Global Compact

2018

First OEKO-TEX® Standard 100 models and traceability passports

2019

First use of *preferred* materials: Recycled and organic materials

2020

First Sustainability Report

2021

Introduction of Polyana® fiber for winter hats

2022

First collection made entirely with *preferred* fabrics

2023

Transition from conventional fabrics to *preferred* fabrics for our bestselling Atlantis products

----->

2025

Our commitment and sustainability promise



**Governance, added
value, markets,
and customers**

2.1 Efficient and transparent governance

Master Italia SpA is a single-member, joint-stock company, managed and coordinated by **Master Sourcing S.r.l.** Its registered and operational office is situated in San Donà di Piave, in the province of **Venice**. It is also known as Atlantis Headwear, the company's brand, and its main corporate activities include the production, wholesale, and online trading of clothing accessories.

The organizational model is based on a traditional administration and control system, wherein the management body (Board of Directors) and the supervisory body (Board of Statutory Auditors) are separate. To ensure further transparency, the accounting control is entrusted to a statutory auditor.



The board of directors

The Board of Directors, with strategic and administrative tasks, and the Board of Statutory Auditors are the bodies used by the organization for administration and control.

The Board of Directors has five members: the president, the vice president (both legal representatives of the company) and three directors with specific expertise. The Board of Statutory Auditors has a president, two effective auditors, and two substitute auditors with control over administration.

The management committee

A Management Committee, with representatives from every department, was created within the company to increase efficiency and improve information-sharing. The committee meets monthly to define and monitor the company's objectives.

The committee was promoted and wanted by the President, who drafted a significant portion of its objectives and is a fixed presence at all meetings. He expresses the strategy of the top management and executes in terms of which objectives to achieve and how to concretely implement the decisions made.

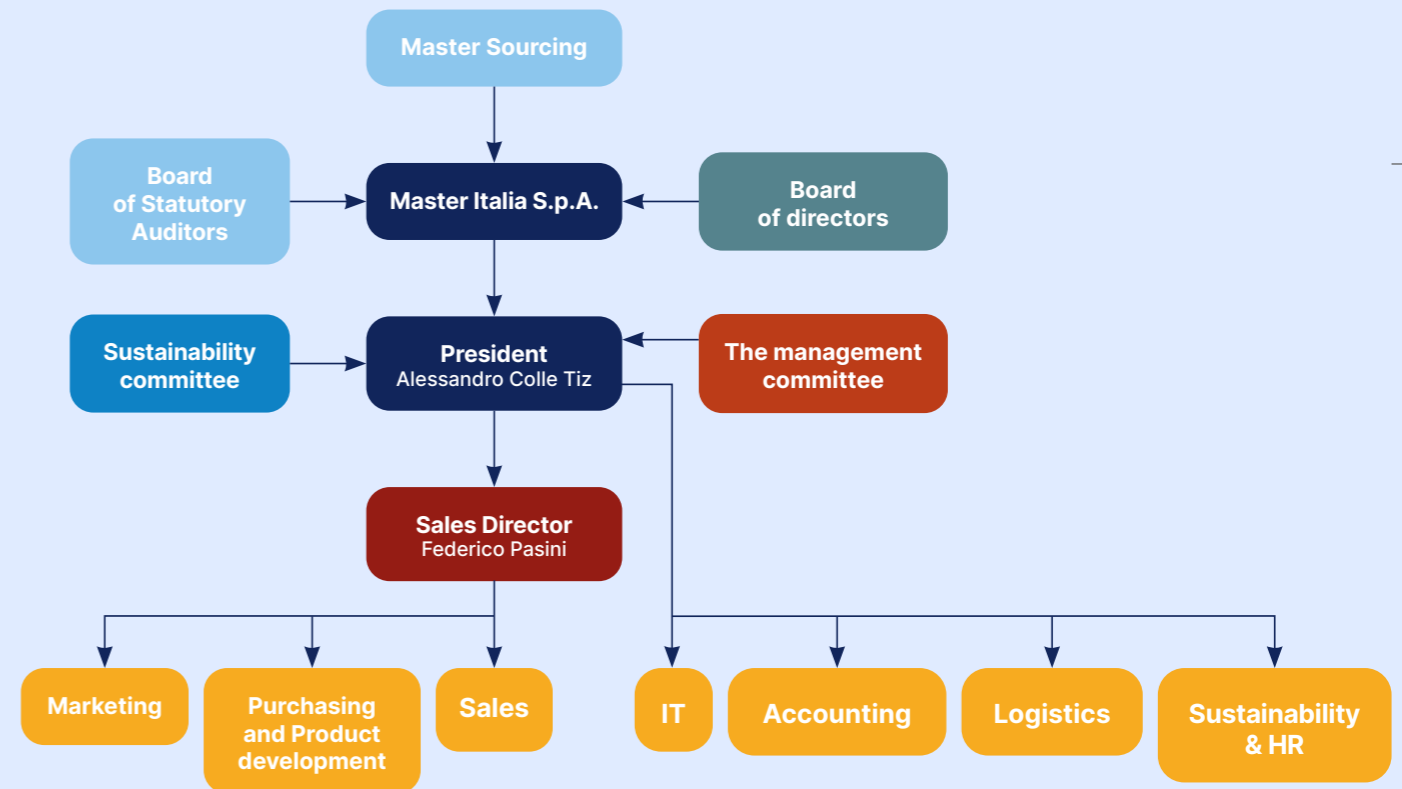
The sustainability committee

The Sustainability Committee was established in 2018 to specifically address environmental and sustainable initiatives. The committee defines the sustainability strategy and oversees its implementation.

Its objectives include integrating sustainability initiatives with business activities, promoting communication with internal and external stakeholders on sustainability issues, and overseeing activities related to integrated communication and the communication of key performance indicators (KPIs) and relevant data regarding environmental and social issues.

The committee currently consists of six members: the President, three members from the Sustainability Department and Human Resources, and two members from the Marketing and Special Projects department.

Organizational chart



2.2 Added value to be shared

A company is never just about business. It is above all a group of people, a community. As a result, economic results hold a value that goes beyond mere financial gains. For a company, **creating added value means generating wealth that is shared with its stakeholders and community**, fostering further

growth to benefit all. The social value of the income statement becomes evident when calculating the added value, which is the sum of remuneration (i.e. economic and financial benefits) received by all parties involved. In other words, it is a measure of the “wealth” produced and distributed by Master Italia

within the territory, to shareholders, society, employees, public administrations, and other stakeholders. In **2020**, we generated an added value of approximately **4.5 million euros**, which increased by over a million in **2021**, reaching **5.7 million euros** and **5.8 million** in **2022**.

These figures highlight the centrality of human resources in our business model. In fact, employee and non-employee remuneration, even in the reference biennium, account for over one-third of the total.

Between 2020 and 2022, investments in the community significantly increased from 30,000 euros in 2020 to over 53,000 euros in 2021, reaching 171,000 euros in 2022.

EURO	2020	2021	2022
ADDED VALUE	4.637.142 €	5.740.806 €	5.880.511 €
↳ Employee remuneration	38,08%	35,08%	37,69%
↳ Public Administration remuneration	18,64%	17,64%	30,59%
↳ Loan remuneration	0,18%	0,08%	0,06%
↳ Company remuneration	82,06%	4,35%	48,25%
↳ Investments within the community	0,65%	0,93%	2,98%

2.3 Markets and customers

The sales of the **Atlantis** brand are entrusted to **official distributors** who operate within their respective national territories, providing Business-to-Business (B2B) customers with comprehensive distribution services, as well as post-sales support.

Distributors contribute to the consolidation of the Atlantis brand in their country through the organization of trade shows and events, as well as the dissemination of all marketing and communication tools provided to them.

On the other hand, the **Atlantis Custom-Made service** is managed through a **direct sales** network, which primarily consists of intermediaries in the industry such as agencies and trading companies, who understand the needs of their customers and turn to Master Italia for the wide range of possibilities and services that the company offers, including customizing products.

Total number of countries in which master italia operates

Years	2020	2021	2022
Countries	58	56	59

Between 2020 and 2022, we consolidated our international position while increasing our focus on sustainability in the headwear and merchandising industry.

2022 was a very positive year in terms of **revenue growth compared to 2021 (+57%)**. While it is not easy to pinpoint all the factors that contributed to such a significant increase, we believe the following are the most relevant, in order of importance:

1. Consolidation and development of all Atlantis branded markets, particularly in the United States, and the acquisition of new distributors, such as in Bulgaria and Spain.
2. Rebound from the post-pandemic market, when it was challenging to meet demand due to global merchandise shortages. This led to significant purchases throughout the supply chain to ensure available stock for our customers. The same applied to the Atlantis brand, resulting in increased purchases by our distributors to stock more merchandise in their warehouses and prevent stockouts, especially for the best-selling items.
3. In comparison to 2021, 2022 also saw a strong recovery in Custom-Made orders. This was due to the global reopening of music and sports events, as well as the continued growth of our business in the fashion and brand sectors.

Market focus on sustainability

Our leading market is the **United States**, where Atlantis has a significant presence with its range of low environmental impact products. This market experienced exponential growth from the end of 2020 to 2022, accounting for 51% of total sales of environmentally friendly products.

In Europe, **Germany** has maintained its position as the most receptive market for our sustainable product line, followed by **Austria, France, Italy, and Finland**. Additionally, **Poland** has shown significant growth, increasing its share of purchases from 1% in 2021 to 4% in 2022.

Sales of sustainable products by country

	Stati Uniti	Germany	Austria	France	Italy	Other countries
2020	31%	21%	12%	10%	7%	1-5%
2021	48%	13%	5%	4%	6%	1-5%
2022	51%	11%	6%	5%	5%	1-5%

In the past three years, our sustainable product line has significantly expanded, with the addition of new materials and production processes with reduced environmental impact. These include **organic cotton**, **recycled fibers** (cotton, polyester, and nylon), trademarks such as **Polylana®** and **Repreve®**, **Oeko-Tex® Standard 100** certified articles, and **dope-dyed** fibers. The **weight of sustainable products** in the Atlantis collection has steadily increased **from 5% in 2020 to 13% in 2021, and to 23% in 2022** (in terms of quantity), thereby increasing the range of sustainable options available.

Customer satisfaction

Our ability to pursue economic growth and consolidate our position in the market depends primarily on our ability to meet the needs of those who choose our products. That is why we constantly **monitor the satisfaction of our customers** in managing direct relationships, aiming to build customer loyalty by constantly improving the service and value proposition.

We also regularly **conduct customer satisfaction** surveys to gauge the satisfaction levels regarding our products and associated services. This information is processed and carefully evaluated in order to develop appropriate actions and strategies. We also pay great attention to after-sales services through dedicated offices that provide efficient customer service on inquiries or any potential complaints.

2.4 Ethics and integrity

At Master Italia, we pursue the goal of good corporate governance through the implementation of a set of values, rules, and procedures, the adherence to which is the foundation of our corporate culture.

Values such as trust and loyalty, along with teamwork, are deeply ingrained in our work and are expressed in an **Ethics Code** that clearly and collectively summarizes the **principles solidified over more than 25 years of company history**.

In 2022, everyone at Master Italia contributed to updating our Ethics Code, which serves as a compass for our behavior and actions. We strive for these values and principles to be shared by our stakeholders who contribute to our presence in Italy and around the world.

Special attention is placed on external relationships – with institutions, suppliers, customers, and consultants – as well as relationships with employees, particularly focused on the protection of individuals, fair and meritocratic approaches in our recruitment and hiring processes, and the prevention of conflicts of interest.

We provide communication channels to report acts or behaviors that are inconsistent with the Ethics Code, policies, procedures, or legal requirements, while preserving the protection of the whistleblower's personal data.

[Click here](#) to read the **Code**

Culture of Integrity Living the Code

Principles

- ▾ We evaluate the quality of our results by the way they are achieved. Therefore, we are committed to acting in every situation with transparency, accountability, fairness and integrity.
- ▾ We relate to our employees with respect and loyalty.
- ▾ We encourage a working environment based on collaboration and team spirit.
- ▾ We build relationships with partners and customers based on trust.
- ▾ We are committed to the creation of sustainable value over time. We do not pursue immediate results at the expense of long-term success.
- ▾ We strive to work with customers and partners who share our values and way of doing business.

Each of us has an interest in abiding by the Code we have adopted and committing to its principles.

These principles guide our behaviors and inform how we interact with colleagues, the company of which we are a part, the marketplace and the communities with which we come into contact.

Corporate integrity is fundamental in our efforts to fight corruption. Our **Anti-Corruption Policy**, based on the principles outlined in the Ethics Code, provides detailed guarantees to prevent corruption, it defines principles and responsibilities in this fight to ensure ethical and responsible business conduct, in compliance with internationally applicable laws, regulations, standards, and guidelines.

Master Italia has committed to the **principles of the United Nations Global Compact**, which states that “businesses should work against corruption in all its forms, including extortion and bribery” .

During the reporting period, no cases of corruption have been identified involving employees or business partners.

2.5 The importance of security: management of business data

Master Italia recognizes the value of data in the information society, which is comparable to that of tangible assets. We have adopted a comprehensive **strategy to ensure the protection of our customer and stakeholder data** through a series of actions.

In terms of secure data management, we have implemented specific IT policies on servers, PCs, and mobile devices. Additionally, we regularly provide training to end-users through cybersecurity campaigns.

Regarding privacy in data management, we adhere to the provisions of **Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR)** concerning the protection of personal data and its free movement. An external consultant provides privacy training to all our employees.

Another aspect of data security is the development of a comprehensive business continuity plan. From an infrastructure perspective, particularly for all ICT services, we ensure operational continuity by identifying key personnel, processes, technical tools, and procedures to mitigate business interruption risks. We also seek out alternative suppliers for materials, logistics platforms, and factories to ensure service continuity.

2.6 Collaborations

Sustainability is a systemic challenge on a global scale that no organization can tackle alone. This is especially true for small and medium-sized enterprises, which are the backbone of the Italian industry.

Given the production and commercial characteristics of our sector, we have always been accustomed to working on building partnerships and relationships. To us, it is second nature to engage in collaborations with our partners and stakeholders, in line with SDG 17: Strengthening the means of implementation and revitalizing the global partnership for sustainable development.

Since 2017, **we have been members of the United Nations Global Compact**, a joint initiative involving companies from around the world, United Nations agencies, and groups representing labor and social interests. In 2022, we were granted the “**advanced**” level of participation.

The purpose of this initiative is to involve the business world in a new form of collaboration through the adoption of ten universal principles related to human rights, labor protection, environmental safeguarding, and the fight against corruption. The Global Compact also aims to make its principles an integral part of companies’ strategies and to promote collaborations in line with the United Nations Sustainable Development Goals.

Master Italia is also a **voluntary member of Sedex (Supplier Ethical Data Exchange)**, a non-profit organization that promotes the ethical and responsible improvement of business practices in global supply chains.

Since 2022, we are also proud members of Textile Exchange, a global non-profit organization that promotes positive actions on climate change in the fashion and textile industry. Its mission is to guide and support a growing community of brands, retailers, manufacturers, farmers, and all those advocating for climate action by pushing for a more responsible production process from the beginning of the supply chain.

We also see other significant opportunities for sharing through our membership of trade associations such as **Confindustria** and **Confcommercio**. These associations not only provide specific consultancy services for businesses but also organize opportunities to dialogue with other local entities to reach shared perspective in a global market such as the textile industry.

By implementing an international perspective, we have strengthened our presence on the American market by joining trade organizations such as **Asi (#37380)**, **PPAI** (Promotional Products Association International #753003), the **Specialty Advertising Association of Greater New York** (SAAGNY), which support the presence of companies in the promotional products sector, and the **Arizona Promotional Products Association** (AzPPA), a trade organization that includes suppliers, distributors, multi-line marketing companies, and business service organizations committed to promoting the highest industry standards and providing its members with an environment for training and professional development.

For further collaborations:
<https://atlantisheadwear.com/sustainability/responsibility/>





Our sustainability strategy

Our sustainability strategy for 2022-2025 reflects who we are: a company that responsibly does its part to address global challenges, working in the present on a strategic vision oriented towards the future.

Our sustainability strategy 2022-2025

Products and supply chain



- We commit to purchasing only sustainable products for the entire Atlantis collection by 2025, following specific brand guidelines.
- We invest in R&D and product innovation, with a circular economy perspective.
- We raise awareness within the supply chain about ethics and workers' rights.
- Our relationships with customers regarding products and services offered are fully transparent.

Environment



- We raise awareness within the supply chain to adopt practices that reduce environmental impacts (including encouraging the choice of sector-specific certifications).
- We evaluate suppliers based on their ethical and environmental performance.
- We offer more environmentally friendly logistic solutions. più rispettose dell'ambiente



People



- We encourage sustainable, inclusive, and sustainable economic growth, full employment, and dignified work for our employees, and we commit to extending these principles to our procurement processes.
- We value our employees and invest in their professionalism.
- We value our roots in the local community.

3.1 Products and supply chain

We are constantly seeking new challenges, which translate into ongoing research and innovation. The brand represents the entire company, which is why our **sustainability journey starts with the Atlantis collection**. The challenge of sustainability is also a **research and innovation** challenge for us, which translates into experimenting with new materials and processes. In this transformative journey, the Atlantis collection is the main protagonist of our evolution.

Materials

Our **journey began in 2018**, when we started producing our first goods using materials with a reduced environmental impact while maintaining our promise of quality, comfort, and durability. Since then, we have been implementing various measures, and we have now decided to take **additional steps in our 2022-2025 strategy**. We are gradually committing to replacing the conventional materials used in the production of Atlantis brand hats and caps with the so-called **"preferred"** materials while including sustainable features in our collection. *Preferred* is a fiber or raw material that delivers consistently reduced impacts and increased benefits for climate, nature, and people against the conventional equivalent, through a holistic approach to transforming production systems (Textile Exchange's definition).

The sustainability journey of the Atlantis Collection also positively influences our **Atlantis Custom-Made service**. We provide a selection of environmentally friendly materials, giving our customers new options when creating their personalized projects.

In 2020, renewable materials purchased by Master Italia for its hat production, both under the Atlantis brand and for third parties, accounted **for 36% of total purchases. In 2021, this percentage decreased to 33%**, remaining consistent with the previous years. Alongside this, the company also experienced an increase in the use of recycled materials (6%) compared to 2020.

Renewable materials/total materials %

GRI 301-1	2018	2019	2020	2021
Production of hats	36%	37%	36%	33%
Packaging	97%	98%	98%	96%
Other materials	100%	100%	100%	100%
Total	55%	58%	53%	47%

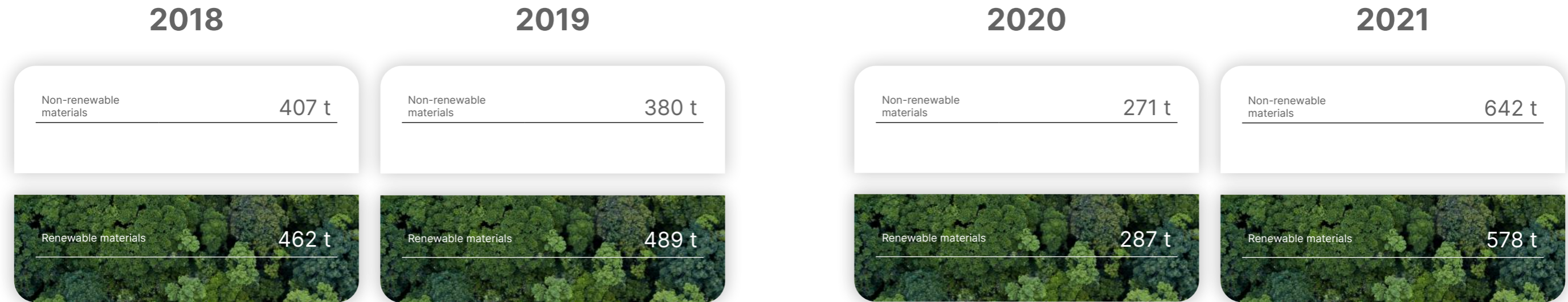
Recycled materials used for hat production

GRI 301-1	2018	2019	2020	2021
Recycled materials	/	/	6 t	56 t
Virgin materials	/	/	414 t	881 t
Total	/	/	419 t	937 t
Recycled materials/Total	/	/	1%	6%

Main types of materials used

NOTE: The values mentioned were obtained directly from the bill of materials for the Atlantis collection, while for the Custom-Made line, they were derived from an average bill of materials representing each product line, considering their higher degree of customization.

**Hat materials and components (packaging included)
sorted by renewable and non-renewable**



Materials purchased for hat production

2018

2019

2020

2021

NON RINNOVABILI

301-1

Non-renewable materials	400 t
Synthetic fibers	241 t
Plastic	130 t
Metals	26 t
Other	3 t

301-1

Non-renewable materials	374 t
Synthetic fibers	216 t
Plastic	116 t
Metals	39 t
Other	3 t

301-1

Non-renewable materials	268 t
Synthetic fibers	192 t
Plastic	70 t
Metals	6 t
Other	0 t

301-1

Non-renewable materials	629 t
Synthetic fibers	442 t
Plastic	173 t
Metals	15 t
Other	0 t

RINNOVABILI

Renewable materials	223 t
Cotton	217 t
Viscose	1 t
Other natural fibers (wool, linen, silk)	5 t
Total	623 t

Renewable materials	223 t
Cotton	206 t
Viscose	2 t
Other natural fibers (wool, linen, silk)	15 t
Total	597 t

Renewable materials	151 t
Cotton	149 t
Viscose	1 t
Other natural fibers (wool, linen, silk)	1 t
Total	419 t

Renewable materials	308 t
Cotton	304 t
Viscose	2 t
Other natural fibers (wool, linen, silk)	2 t
Total	937 t

GRI 301-1

2018

2019

2020

2021

Materials used for packaging

Plastic



7 t



6 t



3 t



13 t

NON-RENEWABLE MATERIALS

Paper and cardboard (packaging and labels)



230 t



254 t



126 t



261 t

RENEWABLE MATERIALS

Wood (pallets)



9 t



12 t



10 t



9 t

Total

246 t

272 t

139 t

283 t

Other materials used

Paper (catalogs)



29 t



32 t



15 t



0,2 t



We have set the ambitious goal of **producing 100% of Atlantis products with elements that reduce their environmental impact** compared to standard production by 2025. This commitment aligns with the principles outlined in the Paris Agreement on climate change and is rooted in the Atlantis brand's "Product Sustainability Framework," which we published in February 2023 and that will guide our decision-making in the coming years. Within the framework, we have identified four **Compass criteria** that will guide us in the right direction to achieve our goals:

Compass criteria

- **Life cycle analysis/external studies with scientific relevance**
- **Reliable certifications, documentation, and verification testing**
- **Traceability and transparency**
- **Respect for people in the supply chain**

We have also established a "Must-have" **sustainability principle**, which must be adhered to, and a roadmap to gradually expand this principle to all our products. Additionally, there are three "**Add-on**" sustainability principles, one of which takes priority over the others and should be met whenever possible.

This "Must-have" sustainability principle is the use of *preferred* materials for hat production. Starting from the 2019 Atlantis Collection, we began to introduce items with sustainability features, and every year, we have increased the availability, variety, and portfolio of fabrics and materials used.

The low-impact environmental fabrics (*preferred*) we use in our products include:

- **Organic cotton**
- **Recycled polyester**
- **Polyana®**
- **Dope-dyed fibers**
- **Recycled cotton**
- **Recycled nylon**

For the **2022** and **2023** collections, the most frequently used materials were recycled polyester, **Polylana®**, and organic cotton. In the **2023** collection, developed in 2022, we also introduced the use of **recycled nylon**. To demonstrate our commitment to transitioning to *preferred* polyester, we have decided to participate in the **2025 Recycled Polyester Challenge**, an initiative promoted by Textile Exchange with the goal of encouraging the fashion industry to increase the share of recycled polyester. **By 2025, at least 45% of the polyester we purchase must be recycled.**

Nylon is a high-performance fiber known for its strength, elasticity, and lightness that allows us to create comfortable and durable hats. It is a polyamide derived from a non-renewable resource, petroleum, and produced through a highly energy- and chemical-intensive process. As part of our strategy to convert conventional materials into more environmentally and socially responsible alternatives, we have chosen to introduce **recycled nylon**. Made from discarded materials that would otherwise end up in landfills, recycled nylon is our response to the need to maintain the same comfort performance as traditional nylon while reducing our dependence on virgin petroleum as the raw material for our fabrics.



Percentage of the *preferred* materials in the Atlantis offer



- Polylana® (22%)
- Recycled cotton (4%)
- Organic cotton (18%)
- Recycled Dope dyed polyester (2%)
- Recycled polyester (54%)
- Recycled nylon (0%)



- Polylana® (14%)
- Recycled cotton (3%)
- Organic cotton (12%)
- Recycled Dope dyed polyester (2%)
- Recycled polyester (61%)
- Recycled nylon (8%)

(*) % Purchases in 2021 for the 2022 collection
 (**) % Purchases in 2022 for 2023 collection

LCA and Carbon Footprint of the Product

According to the European Commission's "EU strategy for textiles" initiative in 2021, **Life Cycle Assessments (LCA)** currently provide the best framework available for evaluating the potential **environmental impacts of products throughout their lifecycle**.

LCA is a structured and internationally standardized method that quantifies the impacts associated with the entire life cycle of a good or service, using recognized and codified indicators, including greenhouse gas (GHG) emissions in **kgCO₂eq**. This tool is one of the compass criteria in our Product Sustainability Framework.

For this reason, between **2021 and 2022**, we conducted a **specific LCA analysis on the most representative products of the Atlantis brand**.

This project engaged us for over a year in evaluations, data collection, and in-depth research, working closely with our supply chain.

Through the Life Cycle Assessment (LCA) study, we measured the **Carbon Footprint of seven Atlantis products**. The Product Carbon Footprint (PCF) quantifies the **greenhouse gas** (GHG) emissions of a good or service and is defined as the sum of the total emissions and removals of climate-altering gases from the system that generates a product over its entire life cycle. The analyzed articles are as follows: START FIVE (economical baseball

cap in lightweight cotton), CARGO (chino cotton baseball cap with finished washing), HIT (chino cotton baseball cap), RECY FEEL (Rpet baseball cap), WIND (acrylic beanie), RIO (Rpet+acrylic beanie), PURE (Polylana®+acrylic beanie).

This project not only allows us to gain a deeper **understanding of production dynamics**, providing us with more information to evaluate future eco-design solutions, but also enables us to **quantify the environmental impact** of our **supply chain**. Accordingly, we can assess our environmental performance and simultaneously implement targeted compensation activities.

The measurement of the Carbon Footprint (in kg CO₂eq/U.D.) of the studied products was verified by Certiquality Srl in accordance with the ISO 14067:2018 standard - Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification (Certificate of Verification CFP51/22). The analyzed life cycle phases of the products include **upstream** (sourcing and processing of raw materials), **core** (assembly), and **downstream** (arrival of goods to the Atlantis warehouse).

Among the main findings that emerged:

- ↘ **The environmental impact of the beanies analyzed is higher compared to that of baseball caps due to the types of materials and dyeing processes used.**
- ↘ **The weight of the product is a determining factor in its overall environmental impact.**

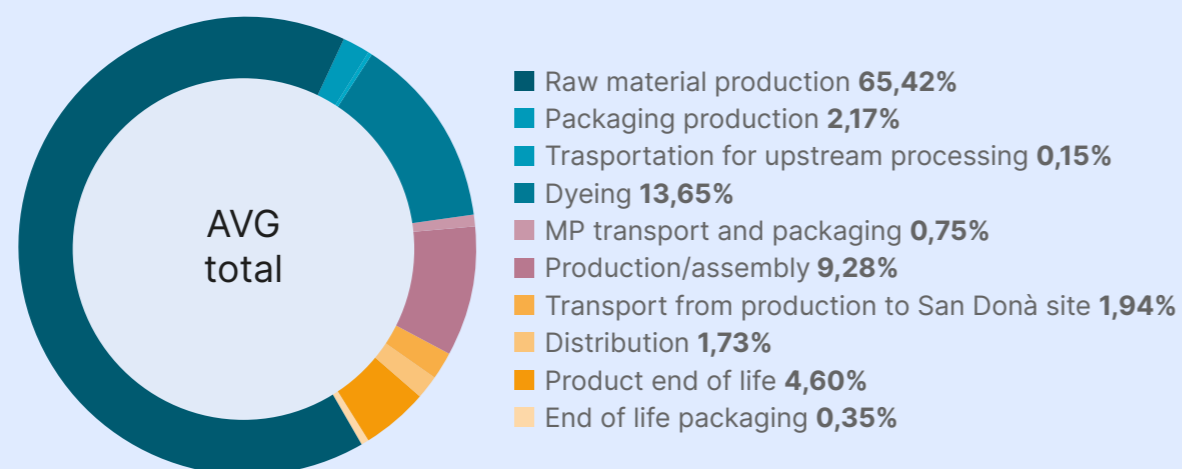
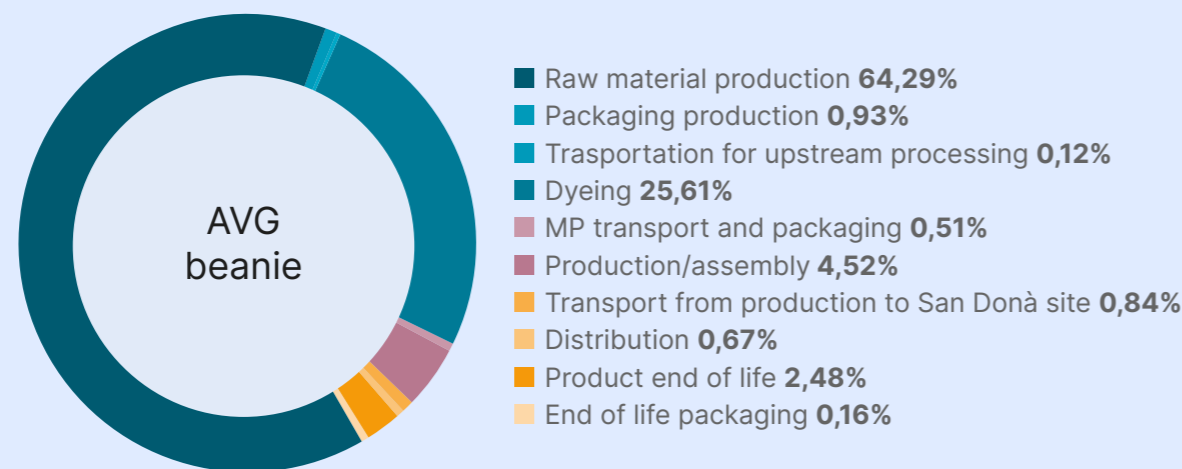
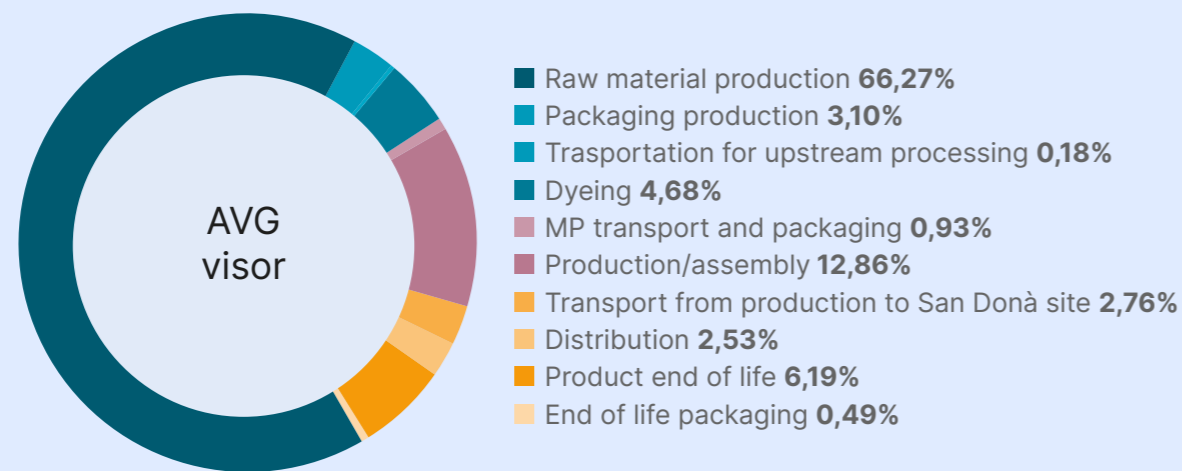
The most significant phases in terms of emissions are:

- ↘ **Fabric production phase for all analyzed items**
- ↘ **Packaging phase for the baseball caps analyzed**

The least significant phases in terms of emissions are:

- ↘ **Distribution**
- ↘ **Production and disposal of packaging**
- ↘ **Transportation**

**Summary graphs of emissions from the analysed caps
(average of the impact % of each phase on the total impact
of the single hat)**



■ UPSTREAM ■ CORE ■ DOWNSTREAM

The **selection of materials**, along with the **use of energy** throughout the supply chain, is the most important element for reducing emissions (Guide for the clothing sector, Science Based Targets Initiative). The importance of this element is confirmed by the measurement of our Carbon Footprint, which shows that, considering the emissions throughout the entire life cycle of the products (including the optional Downstream phase), the **majority of CO₂eq emissions are related to the Upstream** phase, particularly the production of materials, which includes the environmental impact of processing raw materials to produce fibers and fabrics (e.g., energy consumption). This phase contributes to emissions between 45.5% (Recy Feel model) and 75% (Start Five model). The use of materials with a reduced impact can therefore mitigate environmental risks.

Our comparative LCA study has confirmed these dynamics through some examples: **choosing organic cotton instead of conventional cotton results in a reduction of CO₂ emissions ranging from 18% to 21%**, while substituting virgin polyester with **recycled polyester reduces CO₂ emissions by 4%**, **but if substituted for acrylic, the reduction amounts to almost 70%**.



*images of the LCA applied on some iconic models: Co₂eq measurement of the Atlantis hat model HIT and comparative analysis, which highlights and quantifies the benefits of organic cotton (fig. 1), partition of the Co₂ emitted by each phase of the product life cycle (fig.2)

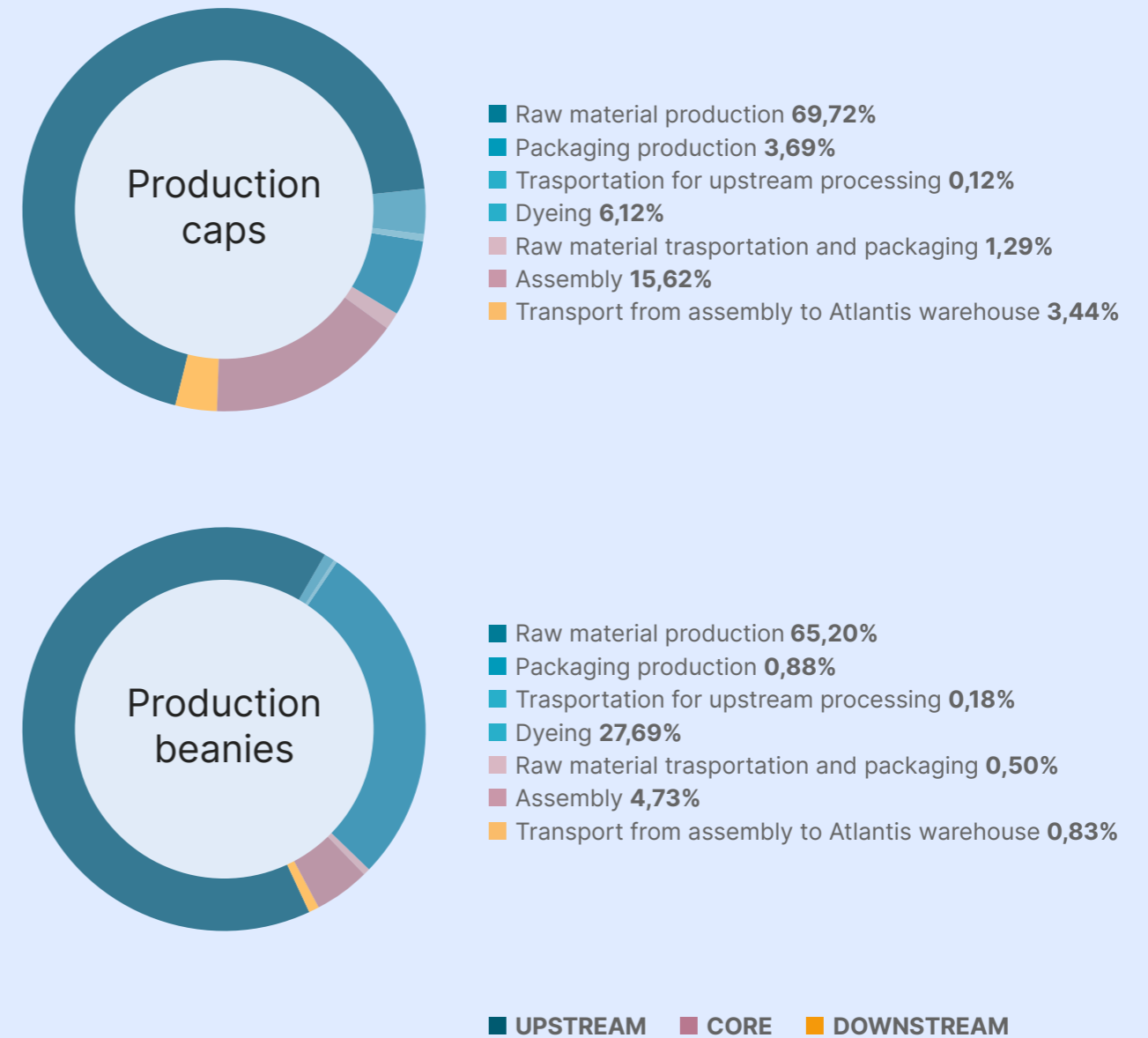
This analysis has also highlighted which parts of the baseball cap have the greatest environmental impact: besides the fabric the sweatband and the visor also have an impact. Therefore, starting from the 2024 collection, we will consider the use of *preferred* materials for all new products, at least for these three components of the baseball caps. We will also improve existing items by incorporating these *preferred* components where they are not already present.

The conclusion of this initial Atlantis LCA analysis is a new starting point for our sustainability project aimed at reducing the impact of our products, with the intention to continue to expand the analysis to more items.



*images of the LCA applied on some iconic models: Co₂eq measurement of the Atlantis hat model WIND and comparative analysis, which highlights and quantifies the benefits of recycled polyester (fig. 1), partition of the Co₂ emitted by each phase of the product life cycle (fig.2)

Breakdown of CO₂ eq emissions by life cycle stages



CO₂ distribution of the raw material of a hat

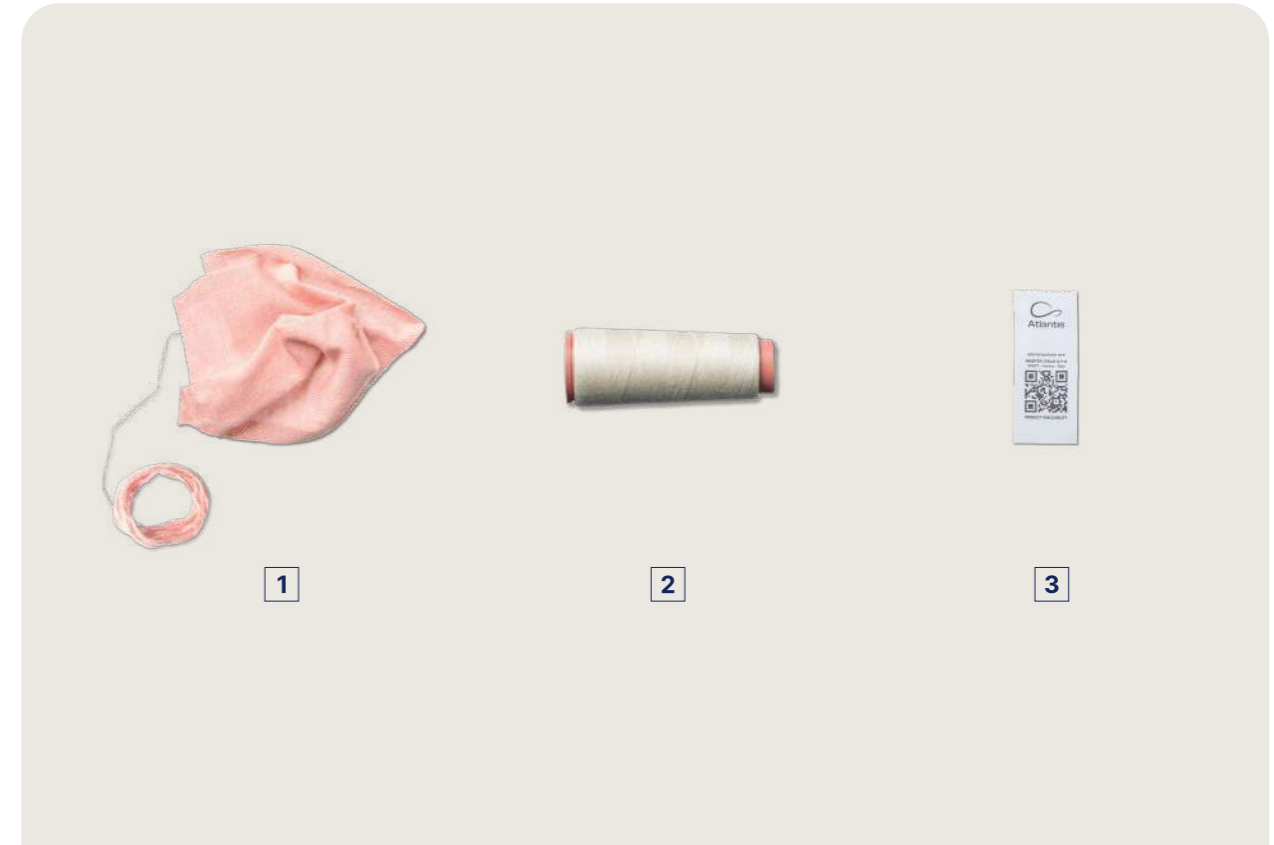


- 1** Cotton fabric (57,6%)
- 2** Plastic visor (10,7%)
- 3** Bukram fabric (4,8%)
- 4** Metal Button (0,4%)
- 5** Plastic top button (0,3%)
- 6** Sweatband Fabric (16,1%)
- 7** Sweatband Polyester Padding (0,9%)
- 8** Polyester Sizer (0,7%)
- 9** Taping (3,2%)
- 10** Polyester Sewing Thread (1,6%)
- 11** Metal Sunday-Buckle (3,6%)
- 12** Paper Inside Label (0,0%)



*Calculation of the percentage of raw material incidence refers to the HIT article within Master Italia's Carbon Footprint report.

CO₂ distribution of the raw material of a beanie



- 1** Acrylic yarn (99,9%)
- 2** Polyester Sewing Thread (0,14%)
- 3** Paper Inside Label (0,01%)



*Calculation of raw material impact percentage refers to the WIND article within Master Italia's Carbon Footprint report.

Industrial production processes (production of synthetic and artificial materials, spinning, weaving, wet processes, packaging) require large quantities of energy, water, and chemicals. These production phases are often overlooked in the analysis of the fashion industry's impact, which typically focuses on raw material production. For this reason, in 2023, we will develop an **environmental performance criterion** to add to the supplier evaluation criteria.

Regarding our direct suppliers, as of 2022, the available certifications and data are limited:

16%

OF SUPPLIERS OFFER PRODUCTS CERTIFIED BY GRS

9%

OF SUPPLIERS ARE ISO 14001 CERTIFIED

6%

OF SUPPLIERS OFFER PRODUCTS CERTIFIED BY GOTS

The wastage of resources harms the environment and represents a cost for the fashion industry. For this reason, one of the sustainability principles that we have based our Framework on is the **extension of the lifespan of our materials**, with a focus on increasing the **mono-materiality** of recyclable products by design. This involves avoiding the combination of different materials and enhancing colorfastness and peeling resistance.

Furthermore, to achieve ambitious global climate objectives, it is necessary to implement measures that minimize greenhouse gas emissions resulting from human activities. Finally, it is important to offset any remaining or **unavoidable emissions through CO₂ emission offsetting projects** or carbon offsetting.

The developed Product Sustainability **Framework** has enabled us to effectively **prioritize actions to be taken from 2023** to reduce and improve our environmental and social impact.

Product safety

For years, we have been collaborating with **RITEX** through their **By Your Side®** program, which involves a tailored control plan for careful management of product safety and supplier reliability. The By Your Side® system aims to constantly **monitor safety parameters for all items**, starting from the most critical ones, to ensure legislative compliance.

Continuous regulatory updates and the ever-increasing demand from the market for greater assurances have led us to implement a **material control plan** to examine product compliance, particularly for:

- Mandatory aspects required by the European Community and foreign markets (Reg.1007/2011 Textile Product Labelling, European REACH Regulation, China-GB18401, etc.)
- Voluntary aspects specifically related to environmental sustainability (identified based on voluntary international specifications adopted by leading brands in the industry, comparison with international trade associations operating in the field of chemical sustainability, and multi-stakeholder non-profit organizations in the fashion, textile, and accessories sector).

Every year, by adhering to the By Your Side® protocol, we re-evaluate our product compliance management procedures, both for mandatory and voluntary requirements, updating the **Product Restricted Substances List (PRSL) and the Risk Tool Matrix**.

The Risk Tool Matrix is a document that correlates analytical parameters and materials to assess the risk associated with the possible presence of unwanted substances and determine which controls to perform. In 2022, we identified 566 substances to be verified, of which 17% were newly added.

During the reporting period, **no non-conformities** were found concerning aspects impacting the safety and health of product users.

There were also no cases of non-compliance with regulations or self-regulatory codes regarding product information and labeling.

We continue to maintain a high level of attention towards this aspect to maintain zero non-conformities related to aspects impacting the safety and health of those who use our products.

Focus on the supply chain

Product quality and a willingness to offer solutions with progressively lower environmental impact, in terms of materials and production processes, are **essential conditions we require from potential suppliers**. First and foremost, we make our purchases of products and services in line with international principles protecting human rights.

In our supplier evaluation process, we include **criteria for social responsibility** - even assessing the outcomes of audits already conducted or directly visiting production facilities - and prioritize suppliers who not only incorporate ethical and sustainable practices into their organization but that also implement them throughout their supply chain. We also strive to promote an ever-increasing level of awareness of social responsibility principles among our supply chain partners. For this reason, in **2021**, we asked suppliers to endorse a new, more comprehensive and binding **Code of Conduct** to ensure that the production process takes place in accordance with these principles ([Click here](#) to read the Code). When purchasing forest-based materials, we prioritize products sourced from sustainable sources. In general, we avoid having products made with substances that may be harmful to the environment and human health. To achieve this, we follow the **REACH regulation** and closely monitor our products through an ongoing laboratory testing program.

Worldwide supplier locations

Our product marketing activities require us to engage with various types of suppliers located in different territories. The first category includes suppliers located outside the European Union, mainly in the **Far East**, for the main products we market, such as caps and accessories like gloves or scarves. For knitted beanies, we rely on suppliers located within the **European Union** or directly in **Italy**.

Within the European Union, particularly in Italy, we collaborate with suppliers for other products such as packaging, labeling, and hat decorations, as well as service providers, including third-party processing. We also prioritize supporting suppliers within our own territory. In terms of total purchases, encompassing all types, **Italian suppliers accounted for 71% in 2021 and 69% in 2022**.

Regarding their location, there are 327 suppliers in Italy, including one supplier of marketed products, 58 within the EU (two of which supply marketed products), and 92 are outside the EU (28 of which supply marketed products, namely baseball caps, knitted beanies, and other accessories like gloves, neck warmers, and scarves).

Suppliers – geographic distribution

	2020	2021	2022
Suppliers in CEE	49	37	58
Suppliers outside CEE	68	88	92
Suppliers in Italy	295	306	327
Total	412	431	477



Selection, qualification, and monitoring process



The attention to the social sphere has always weighed heavily on Master Italia's decision-making processes regarding the supply chain. With the development of our sustainability strategy, environmental policy has also become part of our decision-making process concerning production sites. We have **updated our supply chain management and monitoring model**, focusing on risk identification and mitigation, as well as establishing internal processes and verifications to ensure effective control.

Supplier qualification is carried out through the evaluation of specific information collected through online questionnaires.

Through a dedicated web portal, where we share sustainability-related documents in an area specifically devoted to this topic, suppliers adhere to the principles of the Atlantis Code of Conduct.

Our goal is to work alongside suppliers to reduce direct impacts on social and environmental factors. As a prerequisite for any new supply relationship, **we require suppliers to subscribe to the Code of Conduct**. To strengthen these concepts, we have also updated our supply contracts, making them contingent on the respect and application of these principles, along with all the best practices they encompass.

Code of conduct

Based on the respect for human rights and environmental protection, **the Code of Conduct implements the most relevant international regulations, particularly the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization** conventions regarding safe working conditions and respect for workers' rights and the environment, providing operational solutions and practical examples. [Click here](#) to read our Code of Conduct.

We carry out constant supplier monitoring, both through performance evaluation and based on objective indicators. The following types of risks are monitored: the risk of negative performance (in terms of cost and product quality) and the risk of social, ethical, and environmental sustainability (negative impacts on the community and the environmental context in which the supplier operates). Based on these evaluations and the purchasing volume, suppliers are classified according to the level of risk, allowing us to define specific risk mitigation strategies.

As part of our monitoring activities, especially for suppliers of marketed products, we assess both system and product certifications, as well as adherence to initiatives that involve audits to monitor social and environmental performance. In 2022:

34%

OF SUPPLIERS WERE SUBJECT TO A BSCI AUDIT

6%

OF SUPPLIERS OFFERED GOTS CERTIFIED PRODUCTS

16%

OF SUPPLIERS WERE SUBJECT TO A SMETA AUDIT

9%

OF SUPPLIERS WAS ISO 14001 CERTIFIED

16%

OF SUPPLIERS OFFERED GRS CERTIFIED PRODUCTS

3%

OF SUPPLIERS WAS ISO 45001 CERTIFIED

6%

OF SUPPLIERS WERE SUBJECT TO AN ICS AUDIT

3%

OF SUPPLIERS WERE SUBJECT TO A WRAP AUDIT



Based on objective assessments and shared knowledge among stakeholders, such as reports published by reliable third-party organizations, we avoid using suppliers located in high-risk countries. We also strive to raise awareness among our suppliers in other regions to refrain from outsourcing production to these countries. For instance, to ensure that our supply chain is free from the risk of forced labor, in the first half of **2021**, we conducted a specific **investigation on a representative sample of suppliers from Xinjiang**. The investigation aimed to delve into the origin of raw materials, traceability practices, and assess the supply chain management and subcontracting methods employed by these suppliers.

In addition, through the administration of questionnaires to suppliers, we have realized that not all of them are sufficiently aware of the environmental impacts of textile production. The culture of sustainability can vary significantly from one country to another. That is why, **in 2022, we collaborated with SGS on an educational program dedicated to our Chinese suppliers** to inform and raise their awareness regarding the environmental regulations in place in their country. The program, which includes a verification test, will be implemented during 2023. Furthermore, **in 2023, we will also develop a supplier** ranking based not only on social aspects but also on environmental policies.

3.2 Environment

For us, being sustainable is not an abstract concept, but a daily commitment. Although we do not have significant direct environmental impacts due to the nature of our activities, we are part of a sensitive supply chain and strive to reduce our environmental footprint wherever possible. We do this in the selection of materials for our products and packaging, as well as in choosing environmentally friendly logistics solutions for shipments. This commitment extends to the selection of our article producers, who are evaluated based on their ethical and environmental performance. We also choose to empower and raise awareness within our supply chain by encouraging the adoption of practices that reduce environmental impacts and the pursuit of industry certifications.

During 2020-2021, due to the direct impact of the pandemic, we had to reschedule actions aimed at reducing our environmental footprint. Regarding direct impacts, we implemented **energy efficiency measures at the Master Italia headquarters**, such as purchasing a new-generation condensing boiler and replacing around 440 fluorescent lights with ceiling-mounted LED panels (about 40). In terms of indirect impacts, we implemented a supply chain management and monitoring model, collecting an increasing amount of data through questionnaires distributed to our suppliers, including information on the electricity required for packaging an article.

An important contribution to reducing our environmental impact comes from our catalog policy, which is an essential tool in our industry and is widely used in our business. **In 2021, we produced 99% fewer catalogs compared to 2019**, made possible by the increasing the introduction and promotion of **digital catalogs**. For the catalogs that are still printed, we have chosen to use only **FSC-certified paper**. The FSC certification ensures that the entire wood/paper supply chain comes from socially beneficial and economically sustainable forest management. As for the inks, they are formulated with renewable raw materials such as vegetable-based oils and are cobalt-free. This policy of reducing printed materials has been firmly established and will be continued.

Energy

Energy consumption is primarily related to the electricity used in offices and warehouses, followed by gas for heating and company vehicles. The 8% reduction in energy consumption in 2020 compared to 2019 can be attributed to the pandemic. However, total

energy consumption increased by 3% in 2021 compared to 2019. Fuel consumption accounted for 57% of total energy consumption in 2020 and 54% in 2021.

Energy used inside the organization (offices, warehouses, and company cars)

	2018	2019
GRI 302-1		
Non-renewable sources	356 187 MJ	503 859 MJ
↳ Natural gas	227 347 MJ	274 022 MJ
↳ Diesel	128 840 MJ	229 837 MJ
Electricity	360 619 MJ	368 683 MJ
Total	716 806 MJ	872 542 MJ
2020		
GRI 302-1		
Non-renewable sources	457 518 MJ	491 541 MJ
↳ Natural gas	275 261 MJ	268 143 MJ
↳ Diesel	182 257 MJ	223 398 MJ
Electricity	349 085 MJ	410 634 MJ
Total	806 603 MJ	902 175 MJ
2021		
GRI 302-1		
Non-renewable sources	457 518 MJ	491 541 MJ
↳ Natural gas	275 261 MJ	268 143 MJ
↳ Diesel	182 257 MJ	223 398 MJ
Electricity	349 085 MJ	410 634 MJ
Total	806 603 MJ	902 175 MJ



To assess energy consumption more accurately, we have adopted an indicator that measures the energy intensity relative to our business activity. Specifically, we have chosen to use energy consumption expressed in MJ per the number of items sold as the parameter. The indicator encompasses energy consumption from the internal sources mentioned earlier: fuel and electricity. **In 2020, both energy consumption and the number of items sold decreased compared to 2019, resulting in the energy intensity remaining relatively constant.**

Energy intensity of the organization

GRI 302-3	UM	2018	2019	2020	2021
Total energy used inside the organization	MJ	716.806	872.542	806.603	902.175
Total units sold	pezzi	8.117.578	7.027.075	6.542.238	8.437.071
Energy intensity	MJ/pezzo	0,09	0,12	0,12	0,11

CO₂

Emission

Master Italia classifies its CO₂ emissions according to the international classification proposed by the GHG Protocol, which includes Scope 1, Scope 2, and Scope 3 emissions.

The low relevance of the impacts derived from our headquarters can also be assessed based on the greenhouse gas (GHG) emissions resulting from fuel, refrigerants, and electricity use, which show low values.

The indirect emissions (Scope 3), which include processes over which we have limited control or influence, constitute the most significant part in terms of their impact on climate change. Therefore, we have decided to quantify and analyze these emissions sources with the aim of monitoring them and involving product and service suppliers in their reduction in the future.

We have chosen to assess the impacts related to GHG emissions in the following categories, considered to be the most significant, following the recommendations of the GHG Protocol Scope 3 Standard:

- ▾ Purchased goods
- ▾ Upstream and downstream transportation and distribution
- ▾ Business travel and employee commuting
- ▾ Waste generated during production and sold products end-of-life treatment

It is evident from the data that GHG emissions related to product manufacturing constitute the area of greatest impact. For this reason, we are designing new products taking into account principles of eco-innovation, and over the years, we have introduced Atlantis collection products that use raw materials and production processes that reduce GHG emissions. Additionally, with the most significant suppliers in terms of the number of caps produced, we are about to initiate a collaboration aimed at monitoring energy and water consumption related to production itself.

In 2021, we also set the goal of reducing the environmental impact generated by our transportation activities. However, the effects caused by the pandemic, such as the overall increase in transportation costs and longer shipping times by sea, have forced us to choose air transport on several occasions to meet delivery deadlines, especially for custom-made goods. The gradual return to normalcy has allowed us to continue our journey towards choosing more sustainable options to offer our customers.

GRI 305-1, 305-2, 305-3	UM	2018	2019	2020	2021
Direct GHG emissions (Scope 1)	tCO2e	68	78	29	31
Indirect GHG emissions from energy consumption (Scope 2) location-based method*	tCO2e	33	33	25	28
Indirect GHG emissions from energy consumption (Scope 2) market-based method*	tCO2e	60	61	44	52
Other indirect GHG emissions Scope 3)	tCO2e	15.920	15.359	10.800	23.193
↳ Goods purchases	tCO2e	14.299	13.666	9.491	21.184
↳ Transport and upstream distribution	tCO2e	1.129	1.176	778	1.006
↳ Waste generated during operations	tCO2e	2	2	9	2
↳ Business trips	tCO2e	43	52	15	14
↳ Employee commutes	tCO2e	29	29	29	29
↳ Transport and downstream distribution	tCO2e	150	189	204	492
↳ End-of-life treatment of products sold	tCO2e	268	245	274	466
Total (location-based method)	tCO2e	16.021	15.470	10.854	23.253
Total (market-based method)	tCO2e	16.048	15.498	10.874	23.277

*The document "GHG Protocol Scope 2 Guidance" requires organizations to provide two different values for Scope 2 emissions: according to location-based and market-based methodologies. The location-based methodology considers the average GHG emissions intensity of the grids on which energy consumption occurs, primarily using data related to the average emission factor of the grid. The market-based methodology considers emissions from electricity that an organization has intentionally chosen through contractual agreements (or the lack of such choice).

To monitor emissions, we use an indicator that relates to total emissions, including both direct and indirect emissions, in relation to the number of pieces sold.

GHG emissions intensity

GRI 305-4	UM	2018	2019	2020	2021
Total GHG emissions (location-based method)	tCO2e	16.021	15.470	10.854	23.253
Total units sold	pezzi	8.117.578	7.027.075	6.542.238	8.437.071
Emissions intensity	kgCO2/pezzo	1,97	2,20	1,66	2,76

Thanks to the both direct and indirect (including through LCA analysis) data collected on our emissions we will implement projects to offset the greenhouse gas emissions produced by our activities and value chain.

Water

As for water usage, we report the consumption of water from the public water supply for domestic use.

Water withdrawal

GRI 303-3	UM	2018	2019	2020	2021
Fresh water from third-party water resources	MI	0,032	0,030	0,046	0,032

The manufacturing of products, including cultivation and production of fibers, textile processing, and dyeing, requires significant amounts of water for industrial use. These processes mainly take place in Asia, our primary sourcing region for finished products, and are complex to monitor as they are managed by indirect suppliers with whom we have no contact.

To assess which stages of the supply chain have the greatest impact, we conducted an evaluation using scientific literature data on the materials used in our products. Since we lack precise quantitative data on the supply chain, we chose to provide a qualitative assessment of the impacts. The **Waterfootprint Network**, a multidimensional indicator that measures the total volume of freshwater used directly and/or indirectly to produce a product or service, may be the most intuitive method for communicating water-related impacts.

Following this methodology, we calculated the water footprint of the most commonly used fibers in Master Italia's products. We examined the total weight of materials used in cap production (59% of materials) and estimated that the impact of the production stages amounts to several million cubic meters of water, considering an average value for the remaining materials. This confirmed that **99.99% of water is consumed and polluted during the cap production processes**, while import transportation accounts for 0.01% of the impact, and the remaining activities in the supply chain have a negligible water impact in proportion.

However, it is important to consider that the water impact of our products varies

greatly depending on the origin of the fiber. For example, cotton from China, our main supplier country, according to studies by the Waterfootprint Network, has a lower impact than the global average of 6,000 liters/kg. Other countries have different values: in the USA, it is 8,100 liters/kg, in India 22,500 liters/kg, in Pakistan 9,600 liters/kg, and in Uzbekistan 9,200 liters/kg (Mekonnen and Hoekstra, 2010, 2011). **Organic cotton** generally has **lower water consumption**, although it still depends on the production location.

In the case of polyester, the water used during fiber manufacturing is much lower than that used for natural fibers. However, the pollutants used in the production process, especially in the extraction phases of the petroleum from which it is derived, are higher and therefore result in a greater water footprint. **The use of recycled polyester can reduce the water impact** associated with the production of fabrics from this fiber. For example, a typical processing method for recycled polyester, known as **paste dyeing**, deviates from traditional water-based processes and involves the addition of colored pigments "upstream." Unlike traditional processes where yarns are produced and then dyed, paste dyeing traps the pigments inside the recycled plastic after it has cooled into a solid form, becoming part of the new, more durable yarn. With this approach, dyeing can be done through heat transfer without immersion in water.

In line with our philosophy of gradually reducing our impacts, we are **expanding product lines that utilize processes and materials with lower water consumption**. Through **SMETA audits**, we are monitoring water consumption and related impacts of our key direct suppliers.

We have also set a goal to expand collaboration with indirect suppliers in the coming years to gather more information about their environmental performance and potential local impacts.

Waste

The waste managed by Master Italia mainly consists of **packaging** waste, primarily cardboard and to a lesser extent plastic, as well as occasionally the **disposal of catalogs or display materials**.

Our activities do not involve the management of hazardous waste.

The main waste categories for Master Italia are catalogs, packaging, non-woven fabric articles, defective products, and non-segregated waste. It is not possible to compare these figures with previous years due to different reporting methods.



Waste produced by destination

GRI 306-3, 306-4, 306-5	UM	2020	2021
Incineration with no energy recovery (at an external site)	t	9,5	/
↳ Paper and cardboard	t	5,4	/
↳ Non-woven fabric	t	0,7	/
↳ Defective products	t	3,4	/
Other waste disposal operations (at an external site)	t	3,3	4,7
↳ Non-differentiated waste	t	3,3	4,7
Recycling (at an external site)	t	6,8	9,4
↳ Cardboard	t	6,8	9,4
Total	t	19,5	14,1

3.3 People

The Master Italia team, the company's driving force

Our people are the driver behind Master Italia's strategy and its ability to create and deliver long-term value. It is our priority to value and foster a covenant of trust with all our employees through continuous commitment to professional development, leadership skills enhancement, and individual performance improvement, while ensuring a safe working environment.

As of December 31, 2022, 41 people worked at Master Italia, an **increase versus 2021 (+24.24%)**. Similarly to previous years, there is a substantial gender balance, with a slight prevalence of women, including in top positions, accounting for 61% compared to men. As a testament to our commitment to valuing the work and experience of individuals, as of that date, **97% of our employees have permanent contracts, and 95% are employed on a full-time basis** (one fixed-term contract, five apprenticeships, 35 permanent contracts, two part-time contracts).

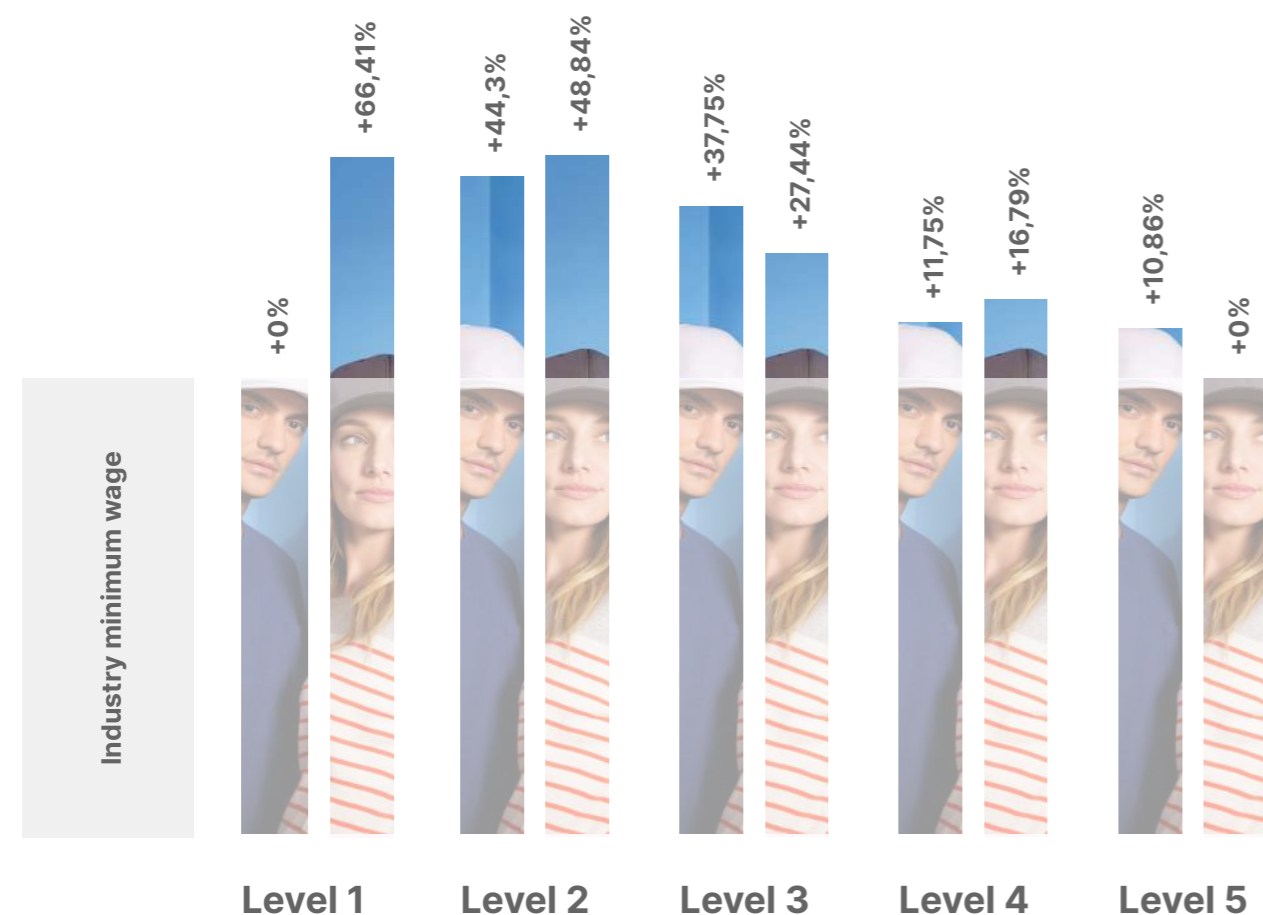
The process of selecting and hiring personnel is governed by specific procedures, and employee selection is based on the skills and professional capabilities of the candidates.

The overall **turnover** rate in 2022 stands at around **2.70%** (with only one employee leaving the company during the year).

All employees are covered by their relevant collective agreement for their protection and in compliance with legislative provisions.

	2020	2021	2022																																																												
No. employees by employment category	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>1</td> <td>4</td> <td>5</td> </tr> <tr> <td>Employees</td> <td>9</td> <td>14</td> <td>23</td> </tr> <tr> <td>Skilled laborers</td> <td>4</td> <td>1</td> <td>5</td> </tr> <tr> <td>Total</td> <td>14</td> <td>19</td> <td>33</td> </tr> </tbody> </table>		Men	Women	Total	Managers	1	4	5	Employees	9	14	23	Skilled laborers	4	1	5	Total	14	19	33	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>2</td> <td>5</td> <td>7</td> </tr> <tr> <td>Employees</td> <td>7</td> <td>14</td> <td>21</td> </tr> <tr> <td>Skilled laborers</td> <td>4</td> <td>1</td> <td>5</td> </tr> <tr> <td>Total</td> <td>13</td> <td>20</td> <td>33</td> </tr> </tbody> </table>		Men	Women	Total	Managers	2	5	7	Employees	7	14	21	Skilled laborers	4	1	5	Total	13	20	33	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>2</td> <td>6</td> <td>8</td> </tr> <tr> <td>Employees</td> <td>10</td> <td>18</td> <td>28</td> </tr> <tr> <td>Skilled laborers</td> <td>4</td> <td>1</td> <td>5</td> </tr> <tr> <td>Total</td> <td>16</td> <td>25</td> <td>41</td> </tr> </tbody> </table>		Men	Women	Total	Managers	2	6	8	Employees	10	18	28	Skilled laborers	4	1	5	Total	16	25	41
		Men	Women	Total																																																											
	Managers	1	4	5																																																											
	Employees	9	14	23																																																											
Skilled laborers	4	1	5																																																												
Total	14	19	33																																																												
	Men	Women	Total																																																												
Managers	2	5	7																																																												
Employees	7	14	21																																																												
Skilled laborers	4	1	5																																																												
Total	13	20	33																																																												
	Men	Women	Total																																																												
Managers	2	6	8																																																												
Employees	10	18	28																																																												
Skilled laborers	4	1	5																																																												
Total	16	25	41																																																												
Age groups	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>4</td> <td>2</td> <td>6</td> </tr> <tr> <td>30-50</td> <td>9</td> <td>16</td> <td>25</td> </tr> <tr> <td>>50</td> <td>1</td> <td>1</td> <td>2</td> </tr> </tbody> </table>		Men	Women	Total	<30	4	2	6	30-50	9	16	25	>50	1	1	2	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>2</td> <td>2</td> <td>4</td> </tr> <tr> <td>30-50</td> <td>10</td> <td>17</td> <td>27</td> </tr> <tr> <td>>50</td> <td>1</td> <td>1</td> <td>2</td> </tr> </tbody> </table>		Men	Women	Total	<30	2	2	4	30-50	10	17	27	>50	1	1	2	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>4</td> <td>3</td> <td>7</td> </tr> <tr> <td>30-50</td> <td>12</td> <td>20</td> <td>32</td> </tr> <tr> <td>>50</td> <td>0</td> <td>2</td> <td>2</td> </tr> </tbody> </table>		Men	Women	Total	<30	4	3	7	30-50	12	20	32	>50	0	2	2												
		Men	Women	Total																																																											
	<30	4	2	6																																																											
	30-50	9	16	25																																																											
>50	1	1	2																																																												
	Men	Women	Total																																																												
<30	2	2	4																																																												
30-50	10	17	27																																																												
>50	1	1	2																																																												
	Men	Women	Total																																																												
<30	4	3	7																																																												
30-50	12	20	32																																																												
>50	0	2	2																																																												
No. new hires	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>30-50</td> <td>0</td> <td>1</td> <td>1</td> </tr> <tr> <td>>50</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>0</td> <td>1</td> <td>1</td> </tr> </tbody> </table>		Men	Women	Total	<30	0	0	0	30-50	0	1	1	>50	0	0	0	Total	0	1	1	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>0</td> <td>2</td> <td>2</td> </tr> <tr> <td>30-50</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>>50</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>0</td> <td>2</td> <td>2</td> </tr> </tbody> </table>		Men	Women	Total	<30	0	2	2	30-50	0	0	0	>50	0	0	0	Total	0	2	2	<table border="1"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><30</td> <td>3</td> <td>3</td> <td>6</td> </tr> <tr> <td>30-50</td> <td>1</td> <td>3</td> <td>4</td> </tr> <tr> <td>>50</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>4</td> <td>6</td> <td>10</td> </tr> </tbody> </table>		Men	Women	Total	<30	3	3	6	30-50	1	3	4	>50	0	0	0	Total	4	6	10
		Men	Women	Total																																																											
	<30	0	0	0																																																											
	30-50	0	1	1																																																											
	>50	0	0	0																																																											
Total	0	1	1																																																												
	Men	Women	Total																																																												
<30	0	2	2																																																												
30-50	0	0	0																																																												
>50	0	0	0																																																												
Total	0	2	2																																																												
	Men	Women	Total																																																												
<30	3	3	6																																																												
30-50	1	3	4																																																												
>50	0	0	0																																																												
Total	4	6	10																																																												

Our compensation policy aims to fairly and tangibly recognize the commitment and contribution of individuals to the company's results. Compensation levels depend on the roles and responsibilities held by individuals, reflecting their experience and necessary skills.



2021 data Difference in % of the average salary of Master Italy compared to the minimum salary of the sector between women and men by contractual category (CCNL Commerce and tertiary)

Benefits and Welfare: we pay special attention to our people and their needs

We continue to invest in corporate welfare. The on top Master Italia welfare plan encompasses a range of goods and services that the company has decided to provide to employees and their families with the aim of **enhancing well-being and promoting work-life balance**. In addition to the monthly provision of meal vouchers, at the beginning of 2022, we also introduced a new welfare regulation based on revenue targets, activating a platform that grants access to a variety of services. We have increased the allocated budget for these activities by almost three times compared to 2021.



At the end of 2022, we implemented a group insurance policy for critical illnesses. For Master Italia, the introduction of this policy translates into providing real and tangible support for medical treatment, assistance, or family support. It also ensures that our employees are satisfied and loyal.

Diversity and equal opportunities, a real commitment

We have always been committed to promoting diversity and equal opportunities, fostering an **inclusive and transparent work environment** where all employees are respected and feel involved and empowered.

This commitment is also highlighted in our Code of Ethics, which emphasizes our dedication to managing human resources processes based on principles of fairness and transparency. Master Italia operates with respect for the dignity of each individual, providing equal opportunities in all stages and aspects of employment. We avoid any form of discrimination that may arise from differences in gender, age, health status, nationality, political or religious beliefs. We view diversity as an opportunity and enrichment for the company and its personnel.

No reports of discriminatory incidents have been received during the reporting period.

We have all heard about the "Great Resignation," a phenomenon that started massively in the United States and made its way across the Atlantic to Europe. It seems that the pandemic has unleashed an overwhelming trend: people's need to transform work into something that improves their quality of life. Accordingly, the role of companies and leadership is essential. With this awareness, driven by our management's desire to improve employee wellbeing and equip the company with the necessary tools to manage rapid growth in terms of revenue and personnel, **the Organizational Wellbeing project of Master Italia was launched at the beginning of 2022**. With the support of a specialized company and thanks to the participation of all, employees and management, we have started to lay the foundations of an extensive organizational wellbeing strategy that involves all interconnected dimensions, such as culture and values, climate, health, safety, leadership, trust, potential development, and collaboration.

The Organizational Wellbeing project is being implemented in multiple phases:

- The first phase of this project involved a detailed analysis of the internal climate and relationships between roles, with the aim of highlighting not only any critical issues and limiting factors but also areas of development, roles and talents of individuals, team management, and professional care;
- 2. Individual development paths through interviews, listening, and analysis;
- 3. Team meetings: The consultant supported managers in conducting meetings to establish a shared and effective method that also helped streamline time management. The organization also received support in addressing the topic of priorities, learning to focus on important matters and define them in terms of value for individuals, clients, and Master Italia simultaneously. Moments of discussion, listening, and coaching were available for anyone who wished to address work-related issues and internal relationships.

The future goal is to internalize these best practices and **build a comprehensive program that includes analytical growth plans** for individuals. This program will take into account the current state, assigned objectives, and the steps to be taken for sustainable and fulfilling personal and company growth.

Training and development, the key to growth

Training is an essential and ongoing focus for Master Italia.

We ensure that all employees have the opportunity to voluntarily access training programs aimed at updating their skills or developing new ones.

At the beginning of 2022, we reorganized the training process planning by involving managers

and asking them to identify and gather the training needs within their departments.

This approach allowed us to define a training plan that is aligned to the skill development requirements across various areas of the company. It also helped us establish an annual training budget.

2020

2021

2022

Total hours of training by genre

	Men	Women	Total
Hours	113	134	247

	Men	Women	Total
Hours	116	198	314

	Men	Women	Total
Hours	470,5	640,5	1111

Of which for H&S

	Men	Women	Total
Hours	55	24	79

	Men	Women	Total
Hours	32	30	62

	Men	Women	Total
Hours	54	52	106

Average training hours per employee by job category

	2020	2021	2022
Managers	10	53	29
Employees	8	27	30
Skilled laborers	3	5	6
Totale	21	85	75

We are committed to training and developing highly competent individuals who can, with their skills, make the organization increasingly efficient and effective in achieving its goals, by placing the most competent professionals to work alongside those joining later.

Number of training hours divided by topic provided in the year 2022

Department	Description	Women	Men	Total
Logistics, Administration, Legal	Updates on logistics and taxation	40	/	40
IT, Logistics, Marketing, Sustainability, Administration, Innovation	Team building and time management	160	120	280
Sales and custom purchases	Team building e accountability	200	60	260
Team sustainability	EU-funded program: Sustainability and Innovation	48	/	48
Team sustainability	Organizational well-being	32	/	32
IT	REACT	/	112	112
Graphics, IT	Adobe InDesign, Illustrator, Photoshop updates	24	15	39
Graphics, IT	Adobe Dimension	/	12	12
Graphics, IT	Adobe training	4	4	8
Marketing, IT	Analytics tools	40	80	120
Sales and custom purchases	Legal training: client contracts	40,5	13,5	54

Health and safety, an asset that we protect

The health and safety of individuals are an absolute priority, starting with the laws sanctioning them. We ensure the health and safety of our employees, as well as of those who are not direct employees but whose work or workplace is under the control of Master Italia, by complying with all the requirements of Italian law (Legislative Decree 81/2008).

We are committed to providing a safe and healthy work environment by implementing effective measures to prevent potential accidents, injuries, or illnesses. To this end, we have developed specific documents for the management of health and safety at work, prepared following an analysis of potential risks associated with the activities carried out by employees, and implemented through specifically designated individuals responsible for their protection (e.g., the person responsible for prevention and protection, one in charge of fire safety, first aid personnel).

More in depth, the assessment was carried out through the analysis of workplaces, the identification of existing hazards and tasks, risk analysis for each task, and the study and implementation of mitigation measures based on its results. Risks considered range from those related to the facilities and work environments to the equipment used, work-related stress, and pregnancy in the workplace.

The participation of workers is an important part of health and safety management, as they and their representatives have more in-depth experience and knowledge about how the work is performed and its potential consequences. In compliance with current regulations, we have a **Health and Safety Committee**, which represents the management and workers in a balanced way and that meets regularly.

At Master Italia, all workers receive sufficient and adequate training in health and safety, not only to comply with current laws but also to fulfill our commitment to disseminate and consolidate a safety culture among all employees and collaborators. This includes developing risk awareness and promoting responsible behavior among staff (see section on Training and Development, the key to growth).

It is worth noting that during the reporting period, there have been no incidents of any kind.



The people around us

Our local presence is also characterized by **projects that combine environmental enhancement with consideration for the territory and the community.**

This is precisely the meaning we attribute to the concept of “**Corporate Social Responsibility**,” the intention of extending our attention to the impact that the company has the surrounding areas. Since 2020, we have initiated multiple collaborations:



- ↘ The opening of the “**Bosco dei Racconti**” (Forest of Tales) to schools in collaboration with the association “**Il Pendolino O.d.V.**” (see dedicated section).
- ↘ Support to the “**Emporio Solidale Basso Piave San Vincenzo De Paoli O.d.V.**” in San Donà di Piave. The collaboration with San Vincenzo started in December 2021 and was strengthened a year later when Master Italia employees donated essential goods to the families assisted by the association during Christmas 2022. For 2023, Master Italia and San Vincenzo have agreed to a monthly supply of frozen meat, which will be distributed at the Emporio Solidale.
- ↘ We have ongoing collaborations with local high schools and we support of **Ca’ Foscari University**. In recent years, Master Italia has participated in a hackathon involving local students, and it has acted as a company partner in the Simulimpresa project organized by a technical institute in the city, it has participated in promotional events for degree courses promoted by Ca’ Foscari, and it has hosted internships for both high school and university students.



- ↘ Master Italia also maintains relationships with the Municipality of the city where it operates and is involved with events aimed at the community, especially at the younger generations. In 2022, we started sponsoring the “**Sport in Piazza**” event series, which brings together local sports associations and schools.
- ↘ For several years now, the company has sponsored the “**CaRtastorie**” project organized by the **Mental Health Center (CSM)** of the city. These therapeutic-rehabilitative workshops play a valuable role in the care paths of the center’s users. In 2022, Master Italia also donated instrumental goods to the **AITSaM association (Italian Association for Mental Health Protection)**, which, in collaboration with the CSM, organizes writing workshops for the users of the center.
- ↘ Since 2022, we have been collaborating with “**Solidarietà Dicembre 79 ETS**,” a recovery community for people with substance abuse problems, and we entrust them with some of the simpler tasks performed on our caps.
- ↘ Master Italia promoted the publication of the book “**Rotta su Venezia**” (Sailing towards Venice) written by its founder, **Gianni Pasin**. The book explores the Venetian coast by boat and bicycle routes, narrating and highlighting the environmental treasures and beauties of the territory.

Territorial Projects: A Forest for the Community



Between **2021** and **2022**, we conducted a census and geolocalization of all the trees present at the **Bosco della Casa dei Racconti**, an inn located in Ceggia and owned by the founder of Master Italia, with the support of Divisione Energia Srl, a company specialized in energy and environmental projects. These **trees** were then **represented** in an **online-accessible GeoDatabase**. This activity allowed us to estimate the ecological regulation function carried out by the forest, particularly in terms of the greenhouse gas absorption that occurs in the area through the biological activity of the plants. It has been calculated that the nearly **600 trees** have **absorbed approximately 182 tons of CO₂** since they were planted. Furthermore, this project allows visitors to explore and learn about the flora and fauna that characterize the Bosco dei Racconti, both on-site through informative panels and remotely through internet-enabled devices.

After completing the georeferencing and calculation project, we wondered how we could make the forest a vibrant and open place for the local community, beyond the stories we already told. We decided to **share the project with schools and institutions in the area**. Additionally, we initiated a collaboration with **"IL PENDOLINO-ODV," a local cultural and environmental association** that has been active on the territory for over 30 years and that has extensive experience in educational activities with schools. Together, we developed six routes/workshops aimed at children and teenagers, ranging from preschool to lower secondary school. The themes vary, taking into account the age groups: from sensory games and treasure hunts to the concept of ecosystems and the importance of biodiversity. The free workshops of this initial pilot project that the company offered to schools between March and May 2023, have the aim of establishing an ongoing relationship.



Master Italia promotes the preservation of biodiversity by participating in the **"Pollinate the Planet" initiative by 3bee**, an agri-tech company that develops **intelligent monitoring and diagnostic systems for bee health**. We have adopted a beehive in the local area equipped with special "HiveTech" technology, thereby supporting the beekeeper's work as well.

Bees are a crucial in the food chain and are responsible for approximately 80% of the food we eat every day! With climate change, pesticides, parasites, and predators posing challenges to these small insects, they face significant difficulties. 3bee is committed to protecting them while also assisting producers.

What are the benefits of adoption?

The project has a significant environmental impact that directly contributes to the preservation of biodiversity.

The **HiveTech device protects 300,000 bees, responsible for pollinating 300 million flowers**. The project also has a strong social impact as it provides the beekeeper with a device that reduces management costs and time by up to 70%, increasing honey production by up to 20%, and decreasing bee mortality by an incredible 30%!

We have chosen to support a **beekeeper in the Venice area**, and we can monitor the impact generated by the apiary, the protected bees, and the pollinated flowers.



3.4 Activities planned for 2023

Corporate

1. Project: Path to becoming a Benefit Corporation

Background

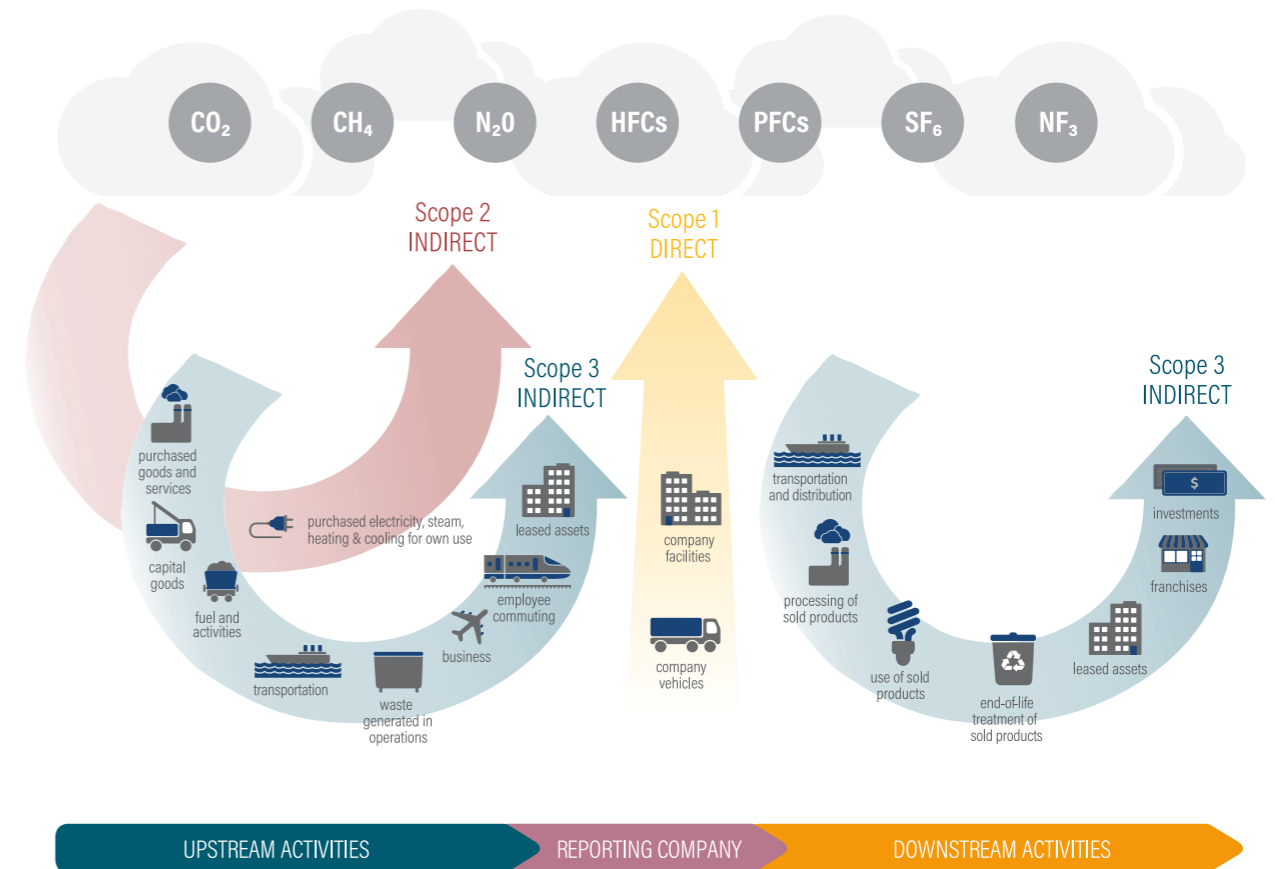
June 2022: Italy has a total of 2,146 benefit corporations, a number that appears to have grown exponentially in the past two years. It is worth noting that in 2020 this figure was much more modest, standing at 511. Among these, are the companies led by young entrepreneurs who are more sensitive to social and environmental issues. A **benefit corporation is a for-profit corporate entity that, in addition to generating profits, pursues one or more common good purposes and operates responsibly, sustainably, and transparently towards all its stakeholders.** It is a company that understands that it is not possible to act alone to reach certain objectives.

WHAT'S NEXT:

Our company's management is strongly committed to embarking on this path as the natural evolution of our journey: we aim to **become a Benefit Corporation by 2024.** Why? On the one hand, for the sake of coherence with the sustainability path that the company has undertaken. Coherence is an invaluable tool and our best defense against any accusations that may be brought against us. On the other hand, we must acknowledge the strategic value of this choice, which further formalizes the company's commitment and sends a clear signal to all stakeholders.

For a retailer, this could involve cooperating with suppliers to promote sustainable practices in product manufacturing and transportation, collaborating with customers to encourage the adoption of green practices, and working with

governments and other stakeholders to promote public policies that support the transition to a low-carbon economy..



Emissions

Background

The Paris Agreement established a global framework to prevent the dangerous effects of climate change, aiming to limit **global warming preferably to below 1.5 degrees Celsius.** To achieve this goal, **COP26 has set the target to achieve net-zero global emissions by 2050.**

To reach these ambitious global climate objectives, it is necessary to implement **measures that minimize greenhouse gas emissions** resulting from human activities and **offset any remaining or unavoidable emissions** through CO2 offsetting or carbon offset projects. In addition to the actions we intend to take to reduce emissions along our production chain, we want to align ourselves with global climate goals by going beyond and investing in projects to offset residual emissions.

The Science Based Targets initiative (SBTi), a partnership between CDP, the United Nations Global Compact, the World Resources Institute (WRI), and WWF, aims to **drive the private sector to act on climate change through science-based emission reduction** targets aligned with the level of decarbonization necessary to keep global temperature increase below 1.5 degrees Celsius compared to pre-industrial levels. The Science Based Targets Initiative **emphasizes the importance of collaboration** with other stakeholders, including suppliers, customers, competitors, and governments, to reduce greenhouse gas emissions throughout the supply chain.

An organization's emissions are defined as the sum of greenhouse gas emissions (Scopes) and emissions along the value chain.

<h4>Scope 1</h4> <p>Emissions associated with the use of fossil fuels for company vehicles or boilers for heating or production, leaks of refrigerant gases used in cooling systems, or emissions from the production process.</p>	<h4>Scope 2</h4> <p>Emissions due to the production of electricity, steam or heat produced by third parties and in places other than those of use, but in any case at the expense of the Company, as end user.</p>	<h4>Scope 3</h4> <p>Emissions generated within the Company's value chain, in the upstream and downstream phases. Even if generated by assets or plants or processes not directly controlled by the Company, they are attributable to business activities - they are often the most relevant category in quantitative terms.</p>
--	--	---

WHAT'S NEXT:

1. Project: Science-Based Targets and communication Near term goals

Based on the available data (2021), we will **identify the most impactful activities** in terms of **Scope 1, 2, and 3** emissions. Through the simulation of reduction scenarios, we will establish in 2023 objectives for the absolute reduction of Scope 1 and 2 emissions necessary

to align with the near-term mandatory SBT targets for SMEs. Additionally, we will define a plan to reduce Scope 3 emissions. The **roadmap for setting near-term SBT** targets will follow the required action sequence outlined:

COMMIT

Submit a letter establishing your intent to set a science-based target



DEVELOP

Work on an emissions reduction target in line with the SBTi's criteria



SUBMIT

Present your target to the SBTi for official validation



COMMUNICATE

Announce your target and inform your stakeholders



DISCLOSE

Report company-wide emissions and progress against targets on an annual basis



WHAT'S NEXT:

2. Project: Photovoltaic System and New Logistics Hub

In **2023**, we will commence **works for energy efficiency** in our headquarters, starting with the installation of a **100kW photovoltaic system**.

We hope to lay the foundation stone for our new logistics hub adjacent to the current warehouses within yearend. This new hub will enable us to make our internal logistics more efficient and measurable.



3. Project: Offsetting Emissions

We want to invest in offsetting our residual emissions by supporting **environmental conservation projects** through the **purchase of carbon credits**.

It should be emphasized that this activity will be complementary and not a substitute for our emissions reduction plan, which includes measures to reduce environmental impact in raw material production, collaborations with suppliers to minimize environmental impact in production processes, and actions to extend the lifespan of materials used (Atlantis Product Sustainability Framework).

Specifically:

- We will define a group of products on which we have already implemented impact reduction measures to focus on for offsetting.
- We will purchase certified credits to offset the residual emissions from these products, in addition to our reduction efforts.
- We will communicate which products have achieved carbon neutrality.

4. Project: Product Carbon Footprint Calculation Tool

In order to determine the environmental impact reduction measures of our products, we need to be able to calculate their CO₂ footprint. After conducting our first Life Cycle Assessment, **we aim to develop a Carbon Footprint Systematic Approach ISO 14067 calculation tool in 2023.**

This tool will allow us to calculate the footprint of any cap for which we need to assess the impact, unlike the Carbon Footprint analysis we have conducted on specific products. This initial Carbon Footprint analysis will serve as the foundation for our tool, which will be tailored specifically to the headwear we develop.

Product

Background:

We have seen how material **selection, along with energy use throughout the supply chain, is the most important factor in reducing emissions** according to the Science Based Targets Initiative's guide for the apparel sector. Therefore, whenever possible, we strive to use materials with a lower environmental impact, preferably recycled materials. In the sustainable Atlantis product line, **we use preferred fabrics and yarns such as organic cotton or recycled materials. The organic cotton** we use is **certified according to the GOTS standard**, which ensures cultivation with fewer chemicals, pesticides, and fertilizers. The seeds are not genetically modified, and natural management and protection tools are used in the cultivation process.

The recycled fabrics we use are produced according to the **GRS standard** and represent the most used group of *preferred* materials. They include pre- and post-consumer recycled materials, depending on the nature of the material, such as recycled PET used in recycled polyester or hard plastic components, as well as recycled nylon, cotton, polyethylene, etc. The standard requires that the recycled content be at least 50%.

Both the GOTS and GRS standards do not allow Master Italia to associate finished products with GOTS and GRS logos when only the material is certified. To promote a finished product in relation to the GOTS or GRS standard, Master Italia must certify itself. This will only be possible when our suppliers can also certify themselves. Certification on the finished product is a valid guarantee that the material used in specific products and batches is as claimed, according to the standard.

We have dedicated time and effort to raise awareness among the companies that produce for us, **and now we are ready to initiate a certification process for our products made with organic cotton or recycled materials.** It is a challenging journey because it involves each individual component of our caps (consider that the details on baseball caps are not easy to fit within the GOTS standard), **but we see it as an opportunity to improve and further evolve our business.**

WHAT'S NEXT:

1. Project: Obtaining Product Certification for organic and recycled Items

Master Italia strives **to obtain GRS and GOTS certifications for the trading and warehousing of finished products by end 2023.**

2. Project: Atlantis Product Sustainability Framework

The Product Sustainability Framework is the tool that will enable us to achieve our 2025 goal of creating 100% of Atlantis items with reduced environmental impact elements. The publication of the Framework in 2023 and sharing it with our customers and suppliers marks a turning point in our sustainable transition journey, and we are committed to updating this guide as we gain knowledge and awareness of practices that help us reduce the impact of our materials and production processes. It is not a static document but rather subject to verification and quarterly updates in collaboration with our advisor **Cikis**, an expert in sustainable fashion. Specifically, the internally used document includes a responsibility allocation matrix to outline the functions of various departments in aligning collections with the Framework, with key responsibilities held by the sustainability, product, and purchasing departments of Atlantis. The document also defines a roadmap with annual targets to progressively achieve our macro 2025 goal.

3. Project: Digitalization of our various product databases (BOM)

To understand the impact of the articles purchased and, therefore, the upstream products, one must have a thorough understanding of the composition and materials of each item, including their weight. In the past, companies like Master Italia focused on the details necessary for product design, such as fabric composition, technical characteristics, shape and quality details, accessory functionality, measurements, and color charts—essentially, all the information found in the product specifications. However, as Master Italia delves deeper into non-financial reporting and impact calculation, we are expanding our scope to include upstream processes, thereby increasing traceability. This has become possible through the collaboration with our suppliers and, in some cases, direct contact with Tier 2 and 3 suppliers.

To calculate material consumption more accurately for each product, it is essential to develop an automated tool that can provide consistent data linked to the number of units ordered since the impact is generated during the production of the items. Given that Atlantis has approximately 1200 SKUs, this task requires time. However, our goal is to **have a digitalized bill of materials by September 2023**, which will allow for essential automation in other planned projects, such as the creation of a Product Carbon Footprint calculation tool. Once we achieve this objective, we can also work on the subsequent implementation of the bill of materials for custom-made products, which, by nature, have no limits regarding to customization.

Quality and safety

WHAT'S NEXT:

1. Project: Strengthening our Quality Department and Service in these terms

Background:

The production of clothing has doubled in the last 15 years, while the average lifespan of garments has decreased by 36%. According to the Ellen MacArthur Foundation's report "A New Textile Economy" in 2017, 87% of the total fiber used in clothing ends up in landfills or is incinerated, and only 1% is recycled into new garments. This high level of resource waste not only harms the environment, but also represents a cost for the fashion industry. For this reason, one of the Sustainability Principles in our Framework will focus on **extending the lifespan of our materials**. We believe it is essential to fulfill the first promise made to our customers: delivering a quality product that does not harm people or the environment.

To enhance our focus on the quality and safety of our products, we have decided to **expand the Quality and Compliance team in 2023** to improve its management and monitoring. Additionally, we will conduct tests to determine the wear and tear of our caps, both to calculate their indicative end-of-life and to identify areas for improvement in order to maximize performance and extend their lifespan without compromising usability and aesthetics. We will also establish product care guidelines for consumers.



Supply chain

WHAT'S NEXT:

1. Project: creating a supplier rating

Background:

Industrial production processes (such as the production of synthetic and artificial materials, spinning, weaving, wet processes, and packaging) **require large amounts of energy, water, and chemicals**. Based on the Carbon Footprint calculation of Master Italia's products, priorities differ depending on the type of product:

- For baseball caps, the second most impactful phase after the fabric production is the packaging phase, which accounts for approximately 7% to 23% of the entire lifecycle.
- For beanies, the second most impactful phase is the dyeing process, contributing between 23% and 29% of the total environmental impact.

The use of environmentally friendly production processes and technological innovations, such as closed loop dyeing processes and transitioning from wet processes to dry processes, can significantly reduce the use of harmful chemicals, water, and energy, as well as minimize pollutants and waste. Given their significant environmental impact, the **consumption of energy, water resources, and chemicals is an area where we consider it a priority to act and focus on**.

To increase suppliers' awareness of environmental impact reduction opportunities and conduct a holistic assessment of their sustainability level, we will **implement a supplier rating system for direct suppliers (Tier 1)**. This system will go beyond focusing solely on individual *preferred* practices, such as the use of environmentally friendly materials or possession of specific certifications. The goal is to strengthen attention to sustainability aspects. We aim to activate this rating system by 2023. Specifically:

- We will review and update the supplier questionnaires, considering the collection of life cycle assessment (LCA) data;
- We will establish rating rules to promote sustainable purchasing practices towards suppliers who achieve a positive score in the assessment and collaborate with Master Italia to develop and share an annual improvement plan.

Our commitment extends beyond direct suppliers. Once the initial design phase for the main Tier 1 suppliers is completed, we will **gradually expand the rating system to indirect suppliers**.



WHAT'S NEXT:

Background:

The fashion supply chain employs 85 million people worldwide. Clothing and accessories sold globally are often produced in factories located in Asia, Southern and Eastern Europe, Africa, and Latin America. **Production in developing countries entails that companies must address a range of social risks** (International Labour Organization 2020). The supply chain ripple effect: How COVID-19 is affecting garment workers and factories in Asia and the Pacific). Thus, for Atlantis it is crucial to pursue an environmental transition that upholds principles of justice and ethics. This means promoting an inclusive work environment where discrimination and exploitation are not tolerated, and equal opportunities and dignified wages are ensured, as stated in our Supplier Code of Conduct.

2. Project: Monitoring worker protection

Given that it is crucial for Atlantis to pursue an environmental **transition that respects criteria of justice and ethics, in 2023:**

- We commit to increasing awareness and understanding of the issue of fair wages through the collaboration with various players in the supply chain.
- We will establish a 2025 target regarding the percentage of indirect suppliers who can demonstrate guarantees for the protection of workers.

Traceability

WHAT'S NEXT:

Background:

The supply chains in the fashion industry are long and complex, making it challenging to trace their operations. However, considering that a significant portion of emissions is concentrated upstream in the supply chain, tracing becomes essential for companies to address human rights violations, identify key environmental impacts, and manage reputational risks. Furthermore, the European Commission is set to review the regulation on textile product labeling, introducing sustainability and circularity parameters, as well as aspects related to the supply chain. The ongoing discussions revolve around the concept of a **digital passport**, which entails a unique and identifiable barcode or QR code physically present on the product, packaging, or accompanying documentation. Users can access the information associated with the product, its origin, and the responsible parties involved in its production through electronic devices. The unique code allows for the **identification of the product, the batch it belongs to**, and gathers valuable information regarding the production supply chain, materials used, manufacturing processes, environmental impacts, as well as maintenance, repairability, and disposal of the product.

1. Project: Improving upstream traceability and transparency

We will gradually enhance the understanding and traceability of the upstream supply chain by administering **questionnaires to suppliers** and potentially utilizing **traceability software**.

In addition, we will embark on a process to **update the information contained in Atlantis' digital passports, which have been present on our products since 2018**, to include more details regarding the production supply chain, processes, and materials used.

People



Background:

We have recognized how the employees of Master Italia are the driving force behind its growth and long-term projection. Moreover, being a living presence in the local community generates a tangible sense of responsibility for us. We are mindful of the demographic data that highlights significant needs and deep social divides in the area. The territory requires our contribution, not only from an ethical standpoint but also in generating shared values. Therefore, prioritizing the development and well-being of the people at Master Italia is essential. They are the people who spread our presence at a local level, acting as our ambassadors.

- ▾ **Basic measures**
- ▾ **Welfare measures**
- ▾ **Measures to support parenting and work-life balance**

WHAT'S NEXT:

1. Employee well-being

We will continue to invest in the Master Italia team, aiming at continuous growth. Our focus will be on nurturing professionalism and valuing skills through training programs and growth plans. We also prioritize the well-being of our employees by supporting work-life balance and providing company welfare benefits, goods, and services. To further enhance these efforts, we will publish a new company regulation by the first half of 2023.

The 2023 company regulation will not only update the existing basic measures but also introduce new initiatives to support parenthood and work-life balance for employees. Furthermore, it will encourage participation in extracurricular activities such as volunteering. While we acknowledge that the regulation may not address all workers' needs, especially those we are not currently equipped to handle, such as complete schedule flexibility or remote work for all, it is a testament to an organization that has always demonstrated and continues to demonstrate a deep commitment to its employees and their needs. Social sustainability is a tangible and integral part of our corporate vision.

Another aspect we want to work on starting in 2023 is **improving communication among various departments**. Through discussions and feedback, it has become apparent that as the company has grown, it has become increasingly challenging for colleagues to collaborate with one another outside of their own department workflow. This is a deficiency that we believe could significantly weaken our sustainability strategy, as it can only be truly effective if embraced throughout the entire company. Everyone should feel like a responsible and active part of a clear common objective. To address this, we have scheduled sharing sessions, facilitated by the Sustainability and HR departments, called "Talking Hats".

The Talking Hats are monthly sharing sessions where the company takes a few hours to engage in meetings led by internal teams and external speakers. These sessions cover various topics, including a series of meetings aimed at deepening employees' knowledge of local social and environmental issues, with the goal of acquiring skills to generate benefits for the community.

The initiative, launched by Master Italia at the end of 2022, will continue with a busy schedule of meetings starting from the first quarter of 2023. The main purpose is to share the company's strategy and ongoing projects across different departments, as well as to provide cultural and educational opportunities for the entire team at Master Italia. Guest speakers from various fields such as social and environmental spheres to fashion and geopolitics, will be invited to contribute to these sessions.

From a corporate perspective, in addition to being a powerful sharing moment, the Talking Hats sessions will help solidify the principles of corporate social responsibility that the company is working on, with the aim of becoming a Benefit corporation by 2024.

In 2023, we feel the need to increase our presence in the local community.

To achieve this, we commit to strengthening collaborations with local organizations working in the social sector. This includes providing tangible support, such as supplying food products in partnership with San Vincenzo De Paoli, a volunteer organization with whom we have been collaborating since 2021. They provide continuous assistance to many families in our area, particularly through their Solidarity Emporium in Basso Piave. We will also allocate assembly and refurbishment work to Solidarietà Dicembre '79, an organization we learned about in 2022 that operates a daytime therapeutic community for individuals facing addiction-related vulnerabilities. They are working on increasing collaborations with businesses within their occupational center. Working with the local community also involves supporting events organized by the local administration. We will continue our sponsorship of the Sport In Piazza event in 2023 and provide support for the CaRtastorie project, which is resuming after the pandemic hiatus. The CaRtastorie project originated from therapeutic-rehabilitative workshops at the Mental Health Center (CSM) in San Donà, focusing on personalized care paths involving a triple collaboration between the social, art, and technology spheres.

Another connection that we intend to revive, which was significantly impacted by the complexities of the pandemic period, is our relationship with schools and universities. In 2023, we aim to resume hosting activities in our company that involve students, a source of innovation and the dissemination of the sustainability culture.

Transparency and authentic communication

WHAT'S NEXT:

Background:

Sustainability is often talked about, sometimes too much, with the risk of losing its true meaning in a sea of temptations and misleading actions known as **greenwashing**. That's why we want to raise the bar within our company when it comes to this issue, providing our communication team with the most solid tools to promote our company accurately. Consequently, we aim to offer customers who choose our brand and services clear and transparent guidelines in this regard.

1. Project: Report and training for proper dissemination

In the first months of **2023**, our Communication and Sustainability departments will receive important **legal training on the topics of greenwashing and best practices to keep in mind when communicating about sustainability**. This training is particularly relevant considering the new regulations that are emerging, such as the Green Claim Initiative by the European Commission, which aims to harmonize the legislation of EU member states on unfair commercial practices to combat greenwashing. Subsequently, we will further review our communication to comply with these obligations. To support our internal team and distributors in sustainability communication, we will also develop **Sustainability Communication Guidelines**.

At the same time, we want to continue to transparently share our company's progress, as well as the goals we haven't achieved, with our stakeholders. This includes our ESG targets, which will be disclosed through our Sustainability Report (currently voluntary). We will enhance the quality of data collection by strengthening our existing IT tools.



Structure of the Report – Methodological Note

In our ongoing commitment to promote increased transparency in our relationship with stakeholders, we have deemed the Sustainability Report as the most suitable tool to present the activities, **projects, and results achieved during the 2021 and 2022** fiscal years (January 1st - December 31st) **in the economic, social, and environmental domains.**

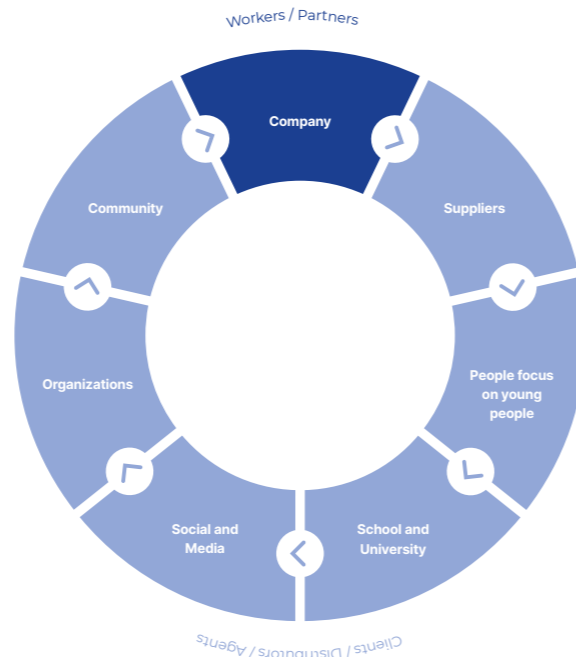
The report also highlights the initiatives undertaken and commitments made to our key stakeholders.

Our stakeholders

As organizations carry out their activities, they constantly interact with customers, communities, institutions, other businesses, and individuals - known as stakeholders - both internally and externally. These interactions have an impact on the socioeconomic context and the territories in which the organization operates, extending beyond the economic dimension.

Proper engagement with different stakeholders is a necessary step in the journey towards sustainable development. It allows the organization to consider their evolving needs, future perspectives, and ever-changing priorities.

In relation to the areas of activity, in **2022, Master Italia conducted a review of its Stakeholder** mapping, focusing on both internal stakeholders - individuals within the company - and external stakeholders, including those along the value chain or that are indirectly influenced or affected by the company's activities.



Materiality analysis

Materiality analysis is a verification **process that, on the one hand, considers those themes and impacts of greater interest to stakeholders, and on the other hand, the most relevant themes for the company**, that reflect the areas on which Master Italia is focusing its strategic and managerial efforts to prevent risks or seize opportunities.

The output of the analysis is a synthesis of these two perspectives in the form of a materiality matrix, **which allows verifying whether the relevance attributed by the organization to each theme is greater, equal, or lower than that attributed by stakeholders.** This evaluation helps assess the coherence between the organization's strategic positioning and the expectations of the reference context.

1 Identification of the relevant topics

Identification of potentially relevant topics for stakeholders and the organization, organizing the topics in a hierarchical structure, from general to specific.

2 Relevance assessment for external stakeholders (Stakeholder)

Involvement of external stakeholders in order to assess the relevance for them in terms of impact, needs, expectations and choices.

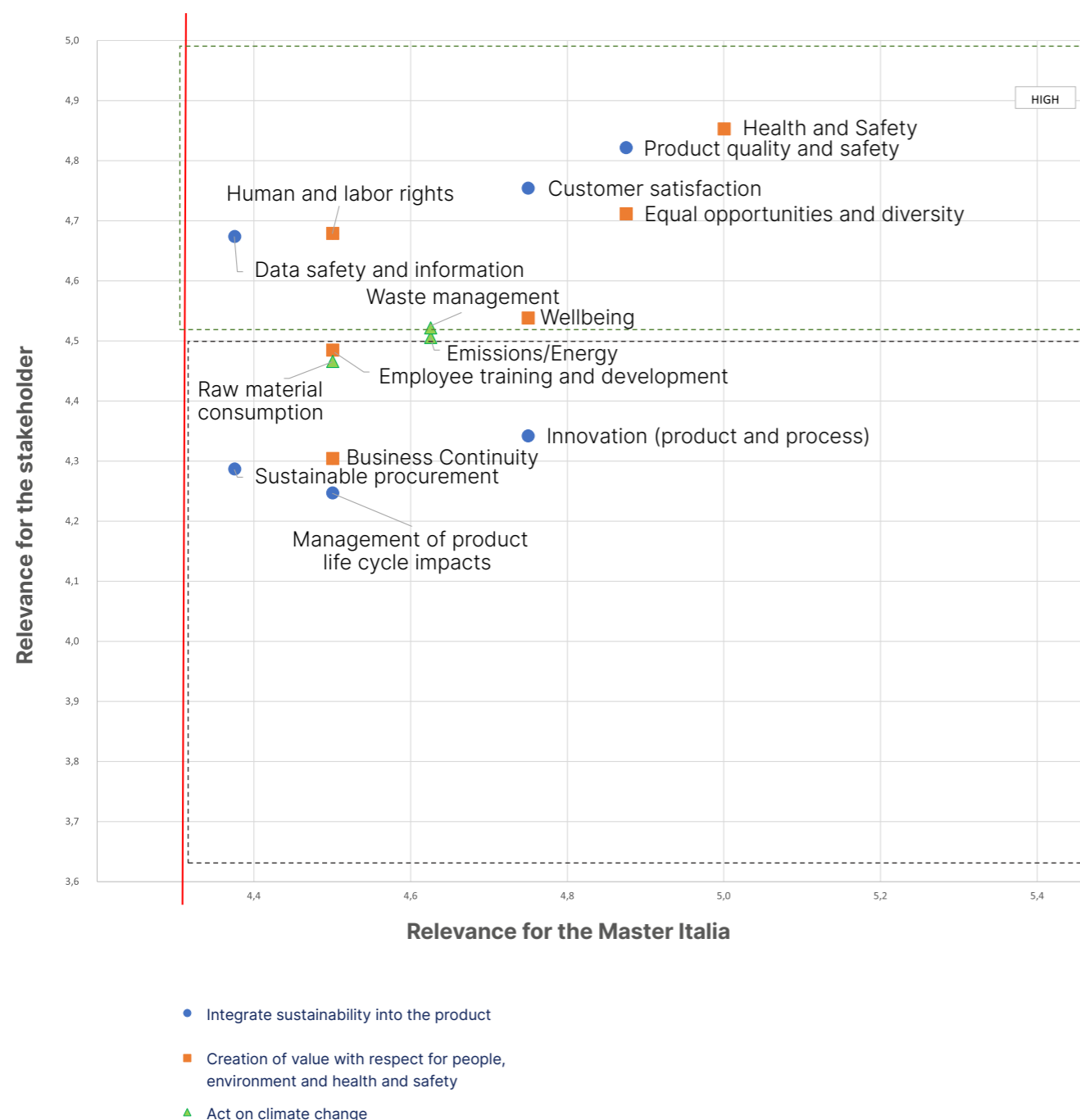
3 Relevance assessment for internal stakeholders (Master Italia)

Prioritization of topics for the organization, involving internal stakeholders (employees/collaborators), asking them to consider how important it is for MI to address the topic in terms of impacts, needs, expectations, and future choices.

4 Development of the materiality matrix

Development of the materiality matrix and definition of the threshold based on which a topic is considered relevant (material). Final validation by management.

Material aspects



The positioning of material topics is the result of the importance attributed to each of them based on analyses conducted from both the management and stakeholder perspectives

Calculation methodology

The following are the methodological indications for some indicators reported in this document. The data for the year 2022 represents the best estimate possible with the available data at the time of preparing this report.

The energy data is derived from invoices and has been converted into MJ using conversion factors.

GHG emissions are calculated based on energy consumption and refrigerant leaks and converted into tons of CO₂ using emission factors.

The water data is derived from invoices.

Reporting perimeter and sustainability context

This document represents the **second edition of Master Italia's Sustainability Report and includes data and related trends, initiatives, and activities for the three-year period of 2020 – 2021 - 2022.**

The collection of performance indicators and reporting frequency are set on an annual basis.

At the time of publication of this document, data related to environmental topics for the year 2022 were not yet available.

Principles of quality assurance in reporting

The data reported has been collected with the objective of providing a balanced and clear overview of the actions and characteristics of the company.

GRI STANDARD	INDICATOR	PAGE	COMMENTS
102-01	Name of the organization	29	
102-02	Activities, brands, products, and services	13,15,29,111	
102-03	Location of headquarters	29	
102-04	Location of operations	23, 29	
102-05	Ownership and legal form	29, 31	
102-06	Markets served	35-39	
102-07	Scale of the organization	31	
102-08	Information on employees and other workers	91	
102-09	Supply chain	71	
102-10	Significant changes to the organization and its supply chain	27	
102-11	Precautionary Principle or approach	//	Master Italia adopts a prudential approach in the management of environmental, social and governance risks
102-12	External initiatives	43	
102-13	Membership of associations	43	
102-14	Statement from senior decision-maker	5	
102-16	Values, principles, standards, and norms of behavior	13, 17, 41	
102-18	Governance structure	31	
102-40	List of stakeholder groups	121	
102-41	Collective bargaining agreements	//	100% of employees covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	121	
102-43	Approach to stakeholder engagement	121	
102-44	Key topics and concerns raised	15, 19	
102-45	Entities included in the consolidated financial statements	31, 121	
102-46	Defining report content and topic Boundaries	121	
102-47	List of material topics	121, 123	
102-48	Restatements of information	121, 123	
102-49	Changes in reporting	121, 123	
102-50	Reporting period	121	
102-51	Date of most recent report	//	2020
102-52	Reporting cycle	121, 123	
102-53	Contact point for questions regarding the report	//	sustainability@atlantisheadwear.com
102-54	Claims of reporting in accordance with the GRI Standards	121	
102-55	GRI content index	125	
102-56	External assurance	//	Not subject to External Assurance

GRI STANDARD	INDICATOR	PAGE	COMMENTS
300: ENVIRONMENT			
Materials			
GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary 103-02 The management approach and its components 103-03 Evaluation of the management approach	47, 49	//
GRI 301 Materials	301-01 Materials used by weight or volume 301-2 Recycled input materials used	49-55	
Energy			
GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary 103-02 The management approach and its components 103-03 Evaluation of the management approach	47, 77	//
GRI 302 Energy	302-01 Energy consumption within the organization 302-02 Energy consumption outside of the organization 302-03 Energy intensity	77-79	
Water and effluents			
GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary 103-02 The management approach and its components 103-03 Evaluation of the management approach	77, 87	//
GRI 303 Water and effluents	303-01 Interactions with water as a shared resource	85, 87	The water used in MASTER ITALIA is only for civil use and is not reused or recycled. No water source is significantly affected by the withdrawal or discharge of water by MASTER ITALIA, the discharged water is collected and treated by the public sewage system. Water is not drawn or discharged from or into areas of water stress
Emissions			
GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary 103-02 The management approach and its components 103-03 Evaluation of the management approach	47, 77	//
GRI 305 Emissions	305-01 Direct (Scope 1) GHG emissions 305-02 Energy indirect (Scope 2) GHG emissions 305-03 Other indirect (Scope 3) GHG emissions	81-85	
Waste			
GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary 103-02 The management approach and its components 103-03 Evaluation of the management approach	89	//
GRI 306 Waste	306-02 Waste by type and disposal method	89	

GRI STANDARD	INDICATOR	PAGE	COMMENTS
--------------	-----------	------	----------

300: ENVIRONMENT

Supplier environmental assessment

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	69	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 308 Supplier Environmental Assessment	308-01 New suppliers that were screened using environmental criteria	69	
	308-02 Negative environmental impacts in the supply chain and actions taken	69	

400: SOCIAL

Employment

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	47, 91	//
	103-02 The management approach and its components	47, 91	//
	103-03 Evaluation of the management approach	47, 91	//
GRI 401 Employment	401-01 New employee hires and employee turnover	91	

Occupational Health and Safety

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	99	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GR 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	99	
	403-2 Hazard identification, risk assessment, and incident investigation	99	
	403-3 Occupational medicine services	99	
	403-4 Worker participation, consultation, and communication on occupational health and safety	99	
	403-5 Worker training on occupational health and safety	95	
	403-6 Promotion of worker health	93	A group insurance policy for critical illnesses has been implemented in 2022.
	403-9 Work-related injuries	99	
	403-10 Work-related ill health	//	No work-related illness have been recorded in the last 3 years

Training and education

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	95	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 404 Training and education	404-01 Average hours of training per year per employee	95-97	
	404-02 Programs for upgrading employee skills and transition assistance programs	95-97	

GRI STANDARD	INDICATOR	PAGE	COMMENTS
--------------	-----------	------	----------

Diversity and equal opportunity

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	93	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 405 Diversity and equal opportunity	405-02 Ratio of basic salary and remuneration of women to men	93	
GRI 406 Non discrimination	406-01 Incidents of discrimination and corrective actions taken	//	During the reporting period there were no cases of discrimination identified by or notified to MASTER ITALIA

Human rights assessment

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	47	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 412 Human rights assessment	412-02 Employee training on human rights policies or procedures	//	All MASTER ITALIA employees receive training in human rights (Master Italia is a Sedex member)

Supplier social assessment

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	47, 71	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 414 Supplier social assessment	414-01 New suppliers that were screened using social criteria	71-75	
	414-02 Negative social impacts in the supply chain and actions taken	71-75	

Customer Health and Safety

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	69	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 416 Customer Health and Safety	416-01 Assessment of the health and safety impacts of product and service categories	69	During the reporting period there were no cases of non-compliance regarding impacts on the health and safety of products and services identified by or notified to MASTER ITALIA
	416-02 Incidents of non-compliance concerning the health and safety impacts of products and services	69	

Marketing and Labeling

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	69	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	69	During the reporting period there were no cases of non-compliance regarding impacts on the health and safety of products and services identified by or notified to MASTER ITALIA
	417-2 Incidents of non-compliance concerning product and service information and labeling	//	

Socioeconomic compliance

GRI 103 Management Approach	103-01 Explanation of the material topic and its Boundary	41	//
	103-02 The management approach and its components		
	103-03 Evaluation of the management approach		
GRI 419 Socioeconomic compliance	419-01 Non-compliance with laws and regulations in the social and economic area	//	MASTER ITALIA has not received any significant pecuniary and non-pecuniary sanction for non-compliance with laws and/or regulations in the social and economic field

GRI STANDARD	INDICATOR	PAGE	COMMENTS
ADDITIONAL GRI DISCLOSURE			
Economic performance			
GRI 201 Economic performance	Direct economic value generated and distributed	33	
Procurement practices			
GRI 204 Procurement practices	204-01 Proportion of spending on local suppliers	71	
Anti-corruption			
GRI 205 Anti-corruption	205-01 Operations assessed for risks related to corruption	33	There were no corruption-related incidents during the reporting period and no employees or business partners were dismissed due to corruption issues.
	205-02 Communication and training about anti-corruption policies and procedures	33	
	205-03 Confirmed incidents of corruption and actions taken	//	
Anti-competitive behavior			
GRI 206 Anti-competitive behavior	206-01 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	//	During the reporting period, there were no pending or concluded legal actions in relation to anti-competitive conduct and violations of antitrust and monopoly practices in which MASTER ITALIA was identified as a participant.
Local Communities			
GRI 413 Local Communities	413-01 Operations with local community engagement, impact assessments, and development programs	101-103	
Public policy			
GRI 415 Public policy	415-01 Political contributions	//	MASTER ITALIA does not support any political party or political entity with donations.
Customer privacy			
GRI 418 Customer privacy	418-01 Substantiated complaints concerning breaches of customer privacy and losses of customer data	//	In the reporting period there were no cases of complaints relating to violations of customer privacy and loss of customer data identified by or notified to MASTER ITALIA.



Master Italia Spa has chosen to voluntarily report on non-financial aspects. This Sustainability Report has been prepared by the personnel of Master Italia, coordinated by the Sustainability Committee, with the collaboration of **SGS Italia**.

Contacts
Master Italia Spa
Registered office: Via Giorgio La Pira, 19
30027 San Donà di Piave (VE)
Italy

Tel. **+39 0421 57 11 11**
Mail: **sustainability@atlantisheadwear.com**

Editorial consulting: **Cikis Studio**

Graphic design: **Loris Tosello**

Layout: **Master Italia SpA**



Sustainability
Report
2022



www.atlantisheadwear.com