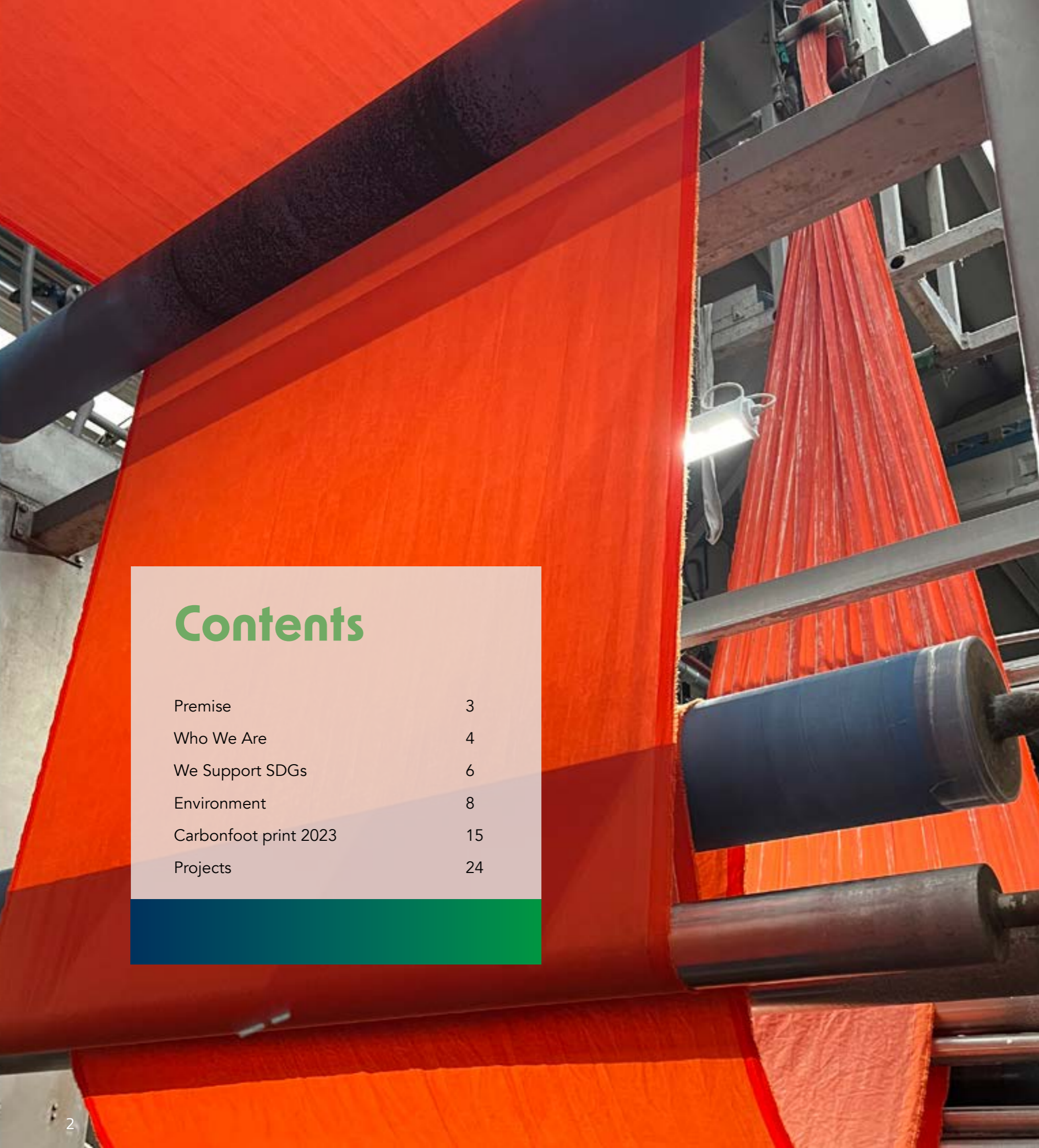




**SUSTAINABILITY
REPORT**

2023

BANELLI s.r.l.
SOCIO UNICO



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Premise

This document aims to provide an in-depth and comprehensive analysis of the sustainability and innovation journey undertaken by the company in the industrial textile sector.

The drafting of this document arises from the need to address increasingly pressing challenges, such as the adoption of sustainable practices, resource optimization, and compliance with environmental regulations.

The text explores how the company is integrating ESG (Environmental, Social, Governance) criteria into its production processes through strategies aimed at reducing environmental impact, implementing cutting-edge technologies, and committing to greater social responsibility.

The objective is to illustrate the progress made and outline future strategies to consolidate sustainable and competitive growth.

Furthermore, the document delves into the company's efforts to align its operations with the United Nations' Sustainable Development Goals (SDGs), highlighting concrete results and planned actions for continuous improvement.

WHO WE ARE

For over twenty years, Banelli has been proud to be part of the prestigious Prato industrial district, a historic epicenter of the global textile industry. Here, in the heart of a region with centuries of artisanal tradition, our company has established itself as a leader in fabric dyeing and finishing, offering solutions that combine craftsmanship and technological innovation.

Operating in such a rich environment of history and expertise has allowed us to develop a unique approach to our work. We are immersed in an industrial culture that values quality, precision, and attention to detail, which is reflected in every phase of our production. The local expertise and our passion for textiles enable us to offer clients bespoke treatments, such as our exclusive flame-retardant, stain-resistant, and water-repellent finishes.

Our commitment extends to various production sectors, each with specific needs and particular demands:

- **Apparel:** We provide dyeing and finishing solutions for fabrics intended for clothing, ensuring vibrant and long-lasting colors and finishes that enhance the quality of the final product.
- **Leather Goods:** We offer specialized treatments for fabrics and leathers used in the production of bags, shoes, and accessories, ensuring properties such as water repellency and wear resistance.

- **Home Furnishings:** Our finishing services are ideal for fabrics used in furnishings, where durability and aesthetics are crucial to meeting design and functionality needs.
- **Automotive Industry:** We specialize in providing specific treatments for fabrics used in vehicles, such as flame-retardant and stain-resistant finishes, contributing to the safety and longevity of automotive interiors.

In today's global context, sustainability has become an essential requirement, and Banelli is at the forefront in this area as well. With our GOTS and GRS certifications, we are committed to reducing environmental impact through responsible production processes and the use of advanced technologies, such as our robotic dye dosing systems, which ensure maximum quality with minimal waste.

Being part of the Prato district means not only keeping textile traditions alive but also leading innovation toward a more sustainable future. We continue to invest in research and development to offer our clients cutting-edge products that meet global market demands while maintaining a strong connection to our local heritage.

Tintoria Rifinitura Banelli - Where tradition meets innovation, in the heart of Prato.



WE SUPPORT SDGs

Tintoria Rifinizione Banelli SRL, founded in Prato, the heart of the Tuscan textile district, has established itself as one of the leading companies in the textile dyeing and finishing sector.

In a notoriously energy-intensive industry, where dyeing and finishing processes require substantial amounts of thermal and electrical energy as well as significant volumes of water, Banelli stands out for its commitment to sustainability and innovation.

The textile dyeing and finishing sector is traditionally characterized by a high environmental impact. Dyeing processes require high temperatures, complex chemicals, and large amounts of water. Finishing, which includes treatments such as softening, coating, and flame retardant treatments, presents additional challenges in terms of energy consumption and resource management. In this context, Tintoria Rifinizione Banelli has undertaken a virtuous path, aligning its operations with the United Nations Sustainable Development Goals (SDGs).

road to Carbon Zero

Project Mai Ndombe

Democratic Republic of the Congo, Africa

Developed by Wildlife Works



<p>08 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Adoption of a Social Responsibility Policy in compliance with ILO conventions. Investments in Industry 4.0 to optimize production processes, improving efficiency and working conditions. Continuous employee training on sustainable practices and workplace safety.</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Global Organic Textile Standard (GOTS) and Global Recycled Standard (GRS) certifications. Increasing use of organic and recycled materials. Goal to implement Life Cycle Assessment (LCA) for products and processes by 2024. Commitment to waste reduction and promotion of circular economy by 2027.</p>	<p>14 LIFE BELOW WATER</p>	<p>Implement responsible wastewater management. Achieve a significant reduction in water consumption by 2027.</p>
<p>09 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>ISO 9001:2015 certification for the quality management system. Significant investments in Industry 4.0 technologies over the past 5 years. Development of innovative dyeing and fabric finishing cycles, including advanced flame-retardant treatments.</p>	<p>13 CLIMATE ACTION</p>	<p>Use of 100% renewable energy sources for electricity. Achieve carbon neutrality for the entire company by 2025. Installation of advanced energy meters to monitor and optimize consumption. CO2 emissions reduction plan.</p>	<p>15 LIFE ON LAND</p>	<p>ISO 14001:2015 certification for the environmental management system. Ongoing commitment to reducing the overall environmental impact of its activities.</p>

ENVIRONMENT

commitment to a sustainable future. We understand that global environmental challenges require concrete and responsible actions from everyone, and we are aware of the crucial role we can play as a company. For this reason, we have integrated ESG (Environmental, Social, Governance) criteria into our operational strategies, aiming to reduce our environmental impact and promote a model of sustainable growth.

This chapter is dedicated to illustrating our approach to environmental management, an approach that is deeply rooted in Banelli's values. We will discuss our initiatives to reduce greenhouse gas emissions, optimize the use of natural resources, minimize waste, and adopt innovative and clean technologies. These efforts not only reflect our commitment to the environment but are also an integral part of our strategy to enhance competitiveness and create long-term value.

We believe that sustainability is not just a duty but an opportunity for innovation and continuous improvement. Through careful and conscious environmental management, we want to demonstrate that it is possible to reconcile economic growth with the protection of the planet, creating benefits for all stakeholders involved. This chapter provides an overview of our actions and the results achieved, with the goal of sharing best practices and inspiring positive and lasting change.

Obiettivi raggiunti e obiettivi futuri

1. Reduction of Environmental Impact

- ▶ Achieving Carbon Neutrality by 2025: Reduce CO2 emissions and reach carbon neutrality.
- ▶ Optimizing Water Consumption and Improving Energy Efficiency by 2027: Optimize water consumption and improve energy efficiency.
- ▶ Promoting Circular Economy by 2027: Reduce waste and encourage recycling and reuse of materials.

Specific Action:

- ▶ Installation of advanced energy meters to monitor consumption and identify waste by 2025.
- ▶ Increase the use of renewable energy in business operations.
- ▶ Optimize production processes to reduce water consumption, with a more efficient wastewater management plan by 2027.
- ▶ Implement Life Cycle Assessment (LCA) to evaluate and further reduce the environmental impact of products and processes by 2024.

2. Sustainable Management of Raw Materials

- ▶ Increase the Use of Certified Raw Materials by 2024: Ensure traceability and sustainability of the supply chain.
- ▶ Increase the Share of Sustainable Suppliers by 2026: Ensure that most suppliers comply with sustainability principles.

Specific Action:

- ▶ Active collaboration with suppliers to improve the sustainability of the supply chain.
- ▶ Increase the share of organic and recycled materials used in production processes.

3. Innovation and Continuous Improvement

- ▶ Increase Investments in Research and Development by 2026: Improve production processes and reduce environmental impact by 10%.
- ▶ Adoption of Innovative Technologies by 2026: Adopt technologies that promote sustainability.

Specific Action:

- Investments in Industry 4.0 technologies to optimize processes and improve operational efficiency.
- Development and implementation of new dyeing and finishing cycles that minimize the use of chemicals and natural resources.

4. Quality and Compliance

Maintain Quality Standards and ISO Compliance: Ensure quality through adherence to ISO 9001 standards and environmental compliance with ISO 14001.

Specific Action:

- Regular audits to monitor compliance and identify areas for improvement.
- Continuous updating of operational procedures to align with best environmental practices.

5. Social Responsibility

- Promotion of Safe and Fair Working Conditions: Ensure safe working conditions for all employees.
- Engagement with the Local Community by 2026: Support social responsibility initiatives.

Specific Action:

- Continuous training of employees on sustainable practices and workplace safety.
- Raising awareness among suppliers

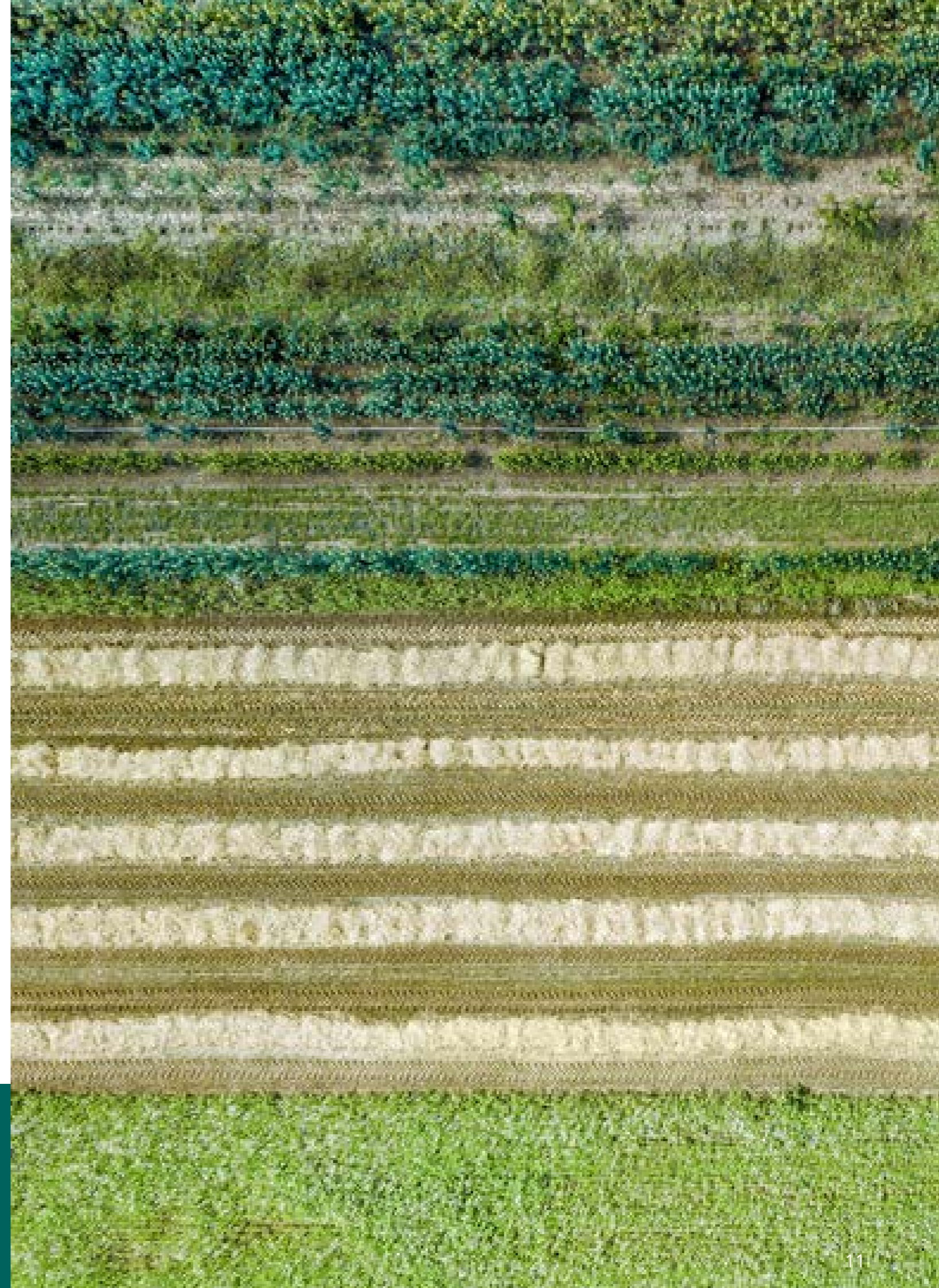
and customers about the importance of sustainability, with communication and engagement activities by 2025.

6. Monitoring and Reporting

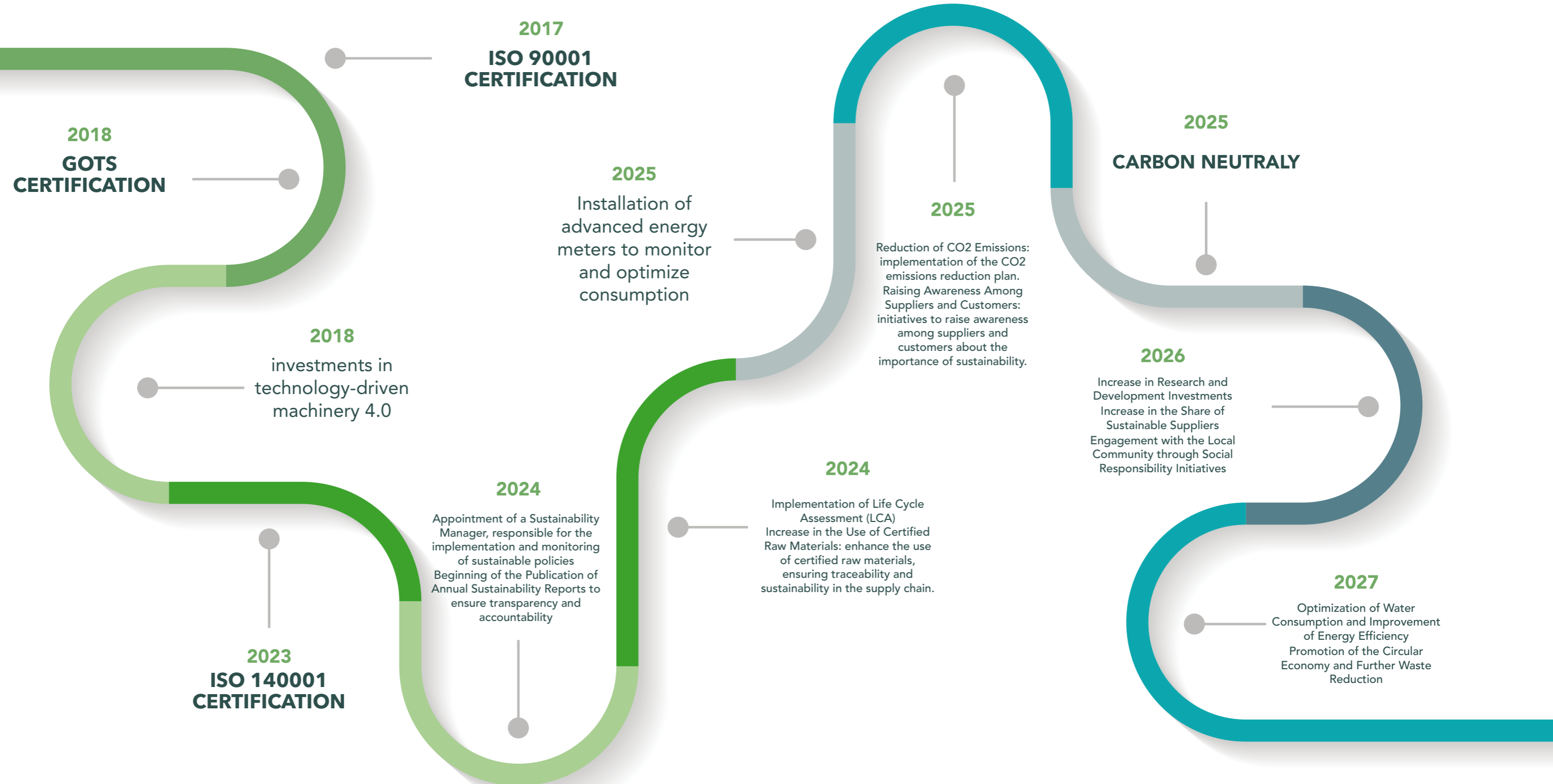
- Publication of Sustainability Reports: Ensure transparency and accountability through periodic reports.
- Annual Monitoring of Sustainability KPIs starting in 2024: Measure and monitor sustainability KPIs.

Specific Action:

- Conduct regular internal audits to monitor environmental and social performance.
- Appoint a Sustainability Manager by 2024, responsible for implementing and monitoring sustainable policies.



Our Journey



CARBON FOOTPRINT 2023

In line with our sustainability policy, we present a comprehensive and detailed report of our commitment to reducing environmental impact.

This report provides a complete summary of the Carbon Footprint audit of Tintoria Banelli conducted for the year 2023.

The audit includes detailed calculations and analyses of the overall production of the facility. The results are based on rigorous data collection and assessment, ensuring precise and actionable recommendations for improving the facility's resource performance.

All calculations were performed considering the total production of the facility for the year 2023.

Methodology

The methodology followed for calculating the carbon footprint is based on the GHG Protocol, which classifies emissions into three categories: Scope 1, Scope 2, and Scope 3.

Scope 1 emissions include direct emissions from the company, such as those resulting from the combustion of natural gas. Scope 2 emissions encompass indirect emissions associated with purchased electricity. Scope 3 emissions cover all other indirect emissions, such as those related to transportation and purchased materials. The calculations were performed using the IPCC 2021 method.

Riepilogo

Characterization Factors

The results were calculated using the IPCC 2021 characterization method and its characterization factors. The specific version used is GWP100, excluding CO2 absorption, which is divided into the following categories:

GWP - Fossil	GWP - Biogenic	GWP - Land transformation
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The GWP100 - total si refers to the sum of these categories.

Allocation by Scope

The impacts associated with each resource have been assigned to the 3 Scopes of the GHG Protocol.



Scope 1: Emissions are influenced solely by the combustion of **natural gas** for heat production, as this is **the only direct emission** produced by the company.

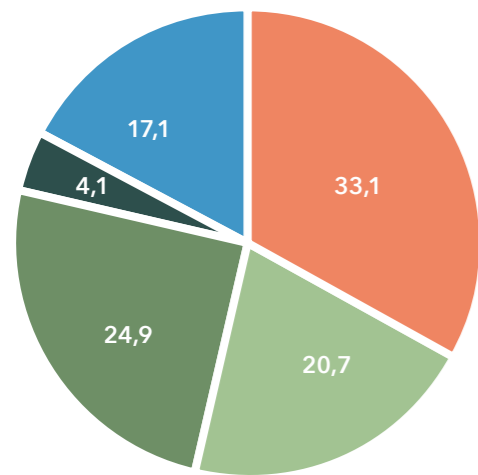


Scope 2: Emissions include, in each process, the **electricity** consumption due to the **indirect emissions** from electricity production, which is not under the company's control.



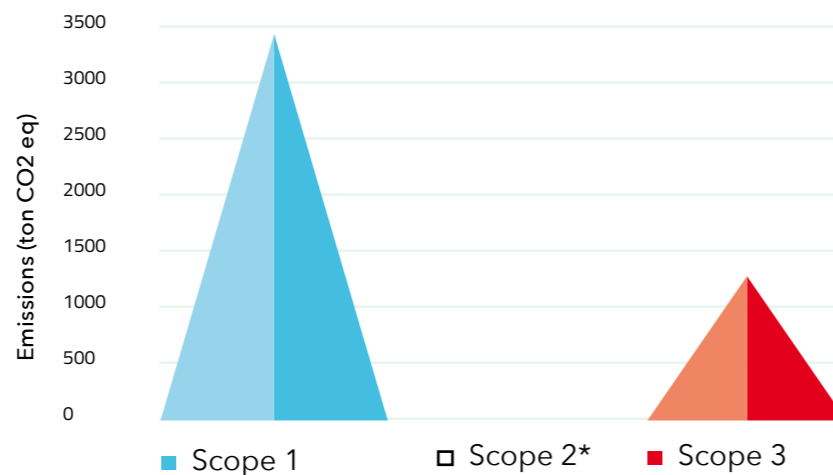
Scope 3: The remaining resources, namely the use of **fuels, water, materials,** and transportation, all fall under Scope 3 of the carbon footprint, as they represent indirect emissions.

Scope 3 | Distribution of emissions

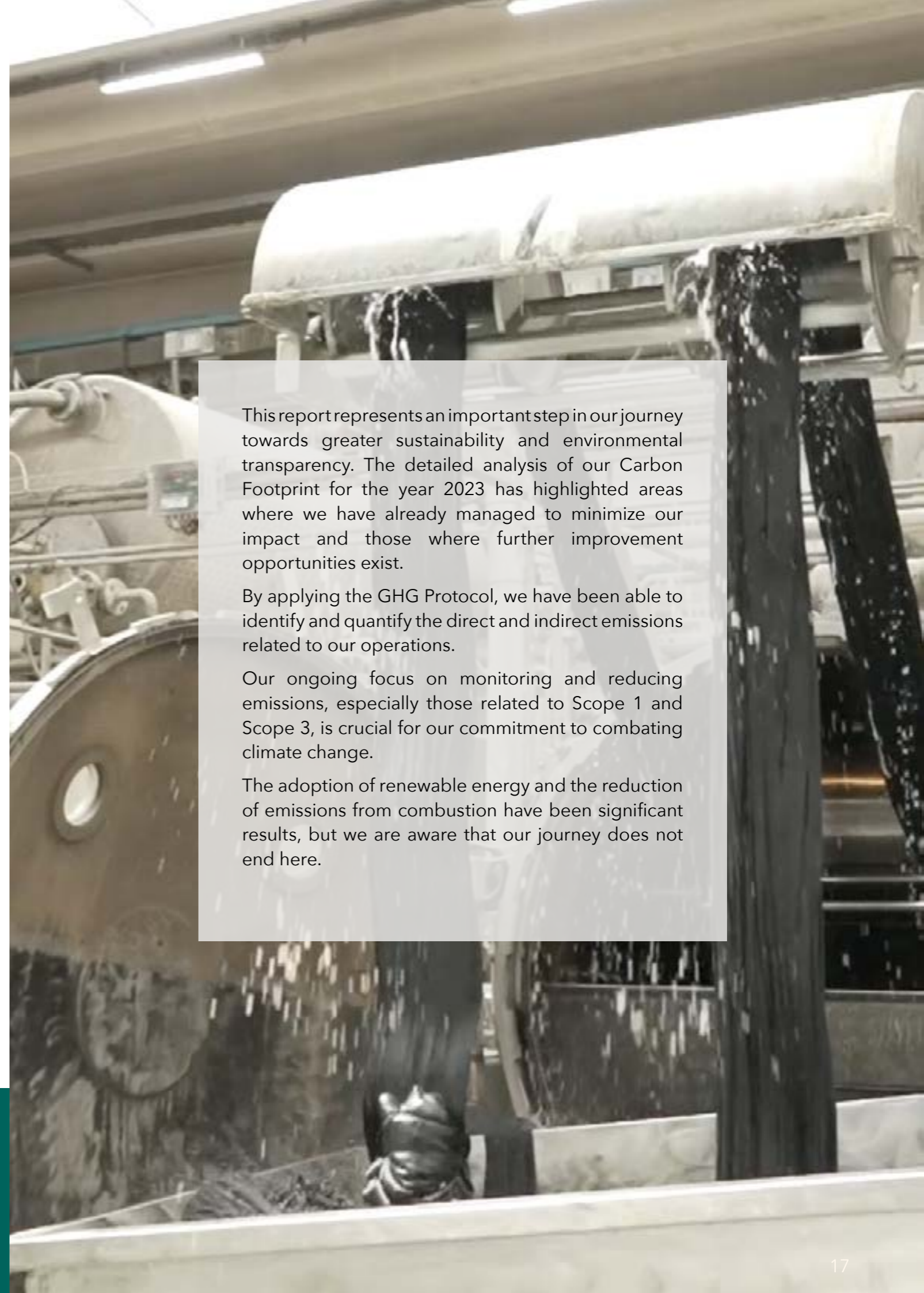


■ Transport
 ■ Waste
 ■ Other
■ Materials
 ■ Water

Emissions by Scope | Analysis



*Scope 2 emissions include the indirect emissions associated with electricity purchased from 100% renewable sources.



This report represents an important step in our journey towards greater sustainability and environmental transparency. The detailed analysis of our Carbon Footprint for the year 2023 has highlighted areas where we have already managed to minimize our impact and those where further improvement opportunities exist.

By applying the GHG Protocol, we have been able to identify and quantify the direct and indirect emissions related to our operations.

Our ongoing focus on monitoring and reducing emissions, especially those related to Scope 1 and Scope 3, is crucial for our commitment to combating climate change.

The adoption of renewable energy and the reduction of emissions from combustion have been significant results, but we are aware that our journey does not end here.

Resources

Chemicals

Chemicals KPI	Quantity	Unit
Consumo totale	374.700	kg
Consumo per metro	0,048	kg/mt

The carbon footprint of chemical products pertains to the products purchased by the company; it refers to the production of these chemical products.

The calculation utilizes a proprietary database and algorithm that assigns a specific impact to

each product based on type and application (following the ZDHC classification) or on the product composition if data is available.

Emissions are classified in category 1 of Scope 3 since they are goods purchased by the company and count as indirect emissions.

Scope 3 Category 1 - Purchased goods and Services			
GWP- Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq):	GWP - Biogenic (ton CO2 eq)	GWP - Land transformation (ton CO2 eq)
11,16	8,28	0,0338	2,84

Here are the carbon emissions for the chemicals used per unit of output of the plant.

Carbon Intensity		
Emission per unit of output	0,0014	kg CO2/mt

Wastewater

Wastewater KPI	Quantity	Unit
Wastewater total	148.422	m ³
Wastewater per metre	0,019	m ³ /mt

The emissions from wastewater arise from the treatment of wastewater accumulated during company operations.

The approach used for wastewater is similar to that of a "Zero Liquid Discharge" system, as the plant

is connected to a closed industrial wastewater system.

The treatments are classified in category 5 of Scope 3 for waste management.

Scope 3 category 5 - Wastewater			
GWP - Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq)	GWP - Biogenic (ton CO2 eq)	GWP - Land transformation (ton CO2 eq)
44,49	35,39	9,07	0,036

Here are the carbon emissions for wastewater management per unit of output of the plant.

Carbon Intensity		
Emission per unit of output	0,0056	kg CO2/mt

Waste

Below are the wastes generated from company operations, categorized by type.

Waste KPI	Quantity	Unity
Paper and paper board	133.825	kg
Mixed materials	50.430	kg
Hazardous substances	6.716	kg
Total	190.971	kg
Totale per unit of output	0,024	kg/mt

The total GWP for each type of waste is reported below.

Carbon Intensity		
Paper and paper board	174,5	Ton CO2
Mixed materials	65,76	Ton CO2
Hazardous substances	7,62	Ton CO2
Totale	247,89	Ton CO2

Here are the carbon emissions for waste management per unit of facility output.

Carbon Intensity		
Emission per unit of output	0.0314	kg CO2/mt

The emissions from waste come from the treatment of waste accumulated during the reported business operations. The treatments are classified under category 5 of Scope 3 related to waste management.

Scope 3 category 5 - Waste			
GWP - Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq)	GWP - Biogenic (ton CO2 eq)	GWP - Land transformation (ton CO2 eq)
247.89	26.75	221.14	1.23

Water

The water used by the company is partly drawn from nature and partly sourced from the zero liquid discharge system. When calculating the carbon footprint, the water extracted from nature is

Water type	Quantity	Unit
Withdrawn from nature	3.348	m ³
Zero liquid discharge system	152.886	m ³
Total	156.234	m ³
Water per metre	0,0198	m ³ /mt

considered to have zero emissions. The impacts from the zero liquid discharge system are attributed to the wastewater emissions. For this reason, the contribution to the carbon footprint from the water used in operations is zero.

Energy

The company uses a natural gas boiler for heating. For electricity consumption, both electricity purchased from the grid and renewable energy purchased are utilized.

Energiy type	Quantity	Unit
Electricity purchased renewable - total	2.553.988	kWh
Fuel consumption (NG) - total	1.608.260	m ³
Eletricità rinnovabile acquistata - per metro	0,32	kWh/mt
Fuel consumption (NG) - per metre	0,2	m ³ /mt

The total GWP for each type of waste is reported below.

Carbon Indicators		
Total GWP Energy	4.444,63	Ton CO2
Total GWP per metre fabric	0,56	kg CO2/mt

Energy | Breackdown by Scope

Emissions from energy production are divided into different scopes depending on the type. For stationary combustion emissions from heat production in the boiler, the emissions are counted in Scope 1, which refers to direct emissions.

Scope 1			
GWP - Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq)	GWP - Biogenic (ton CO2 eq)	GWP - Land trasformation (ton CO2 eq)
3.489,92	3.489,92	0	0

For purchased electricity, the emissions are counted in Scope 2. The company only purchases renewable energy, therefore, according to GHG protocol guidelines, it is considered to have zero

Scope 2			
GWP - Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq)	GWP - Biogenic (ton CO2 eq)	GWP - Land trasformation (ton CO2 eq)
0	0	0	0

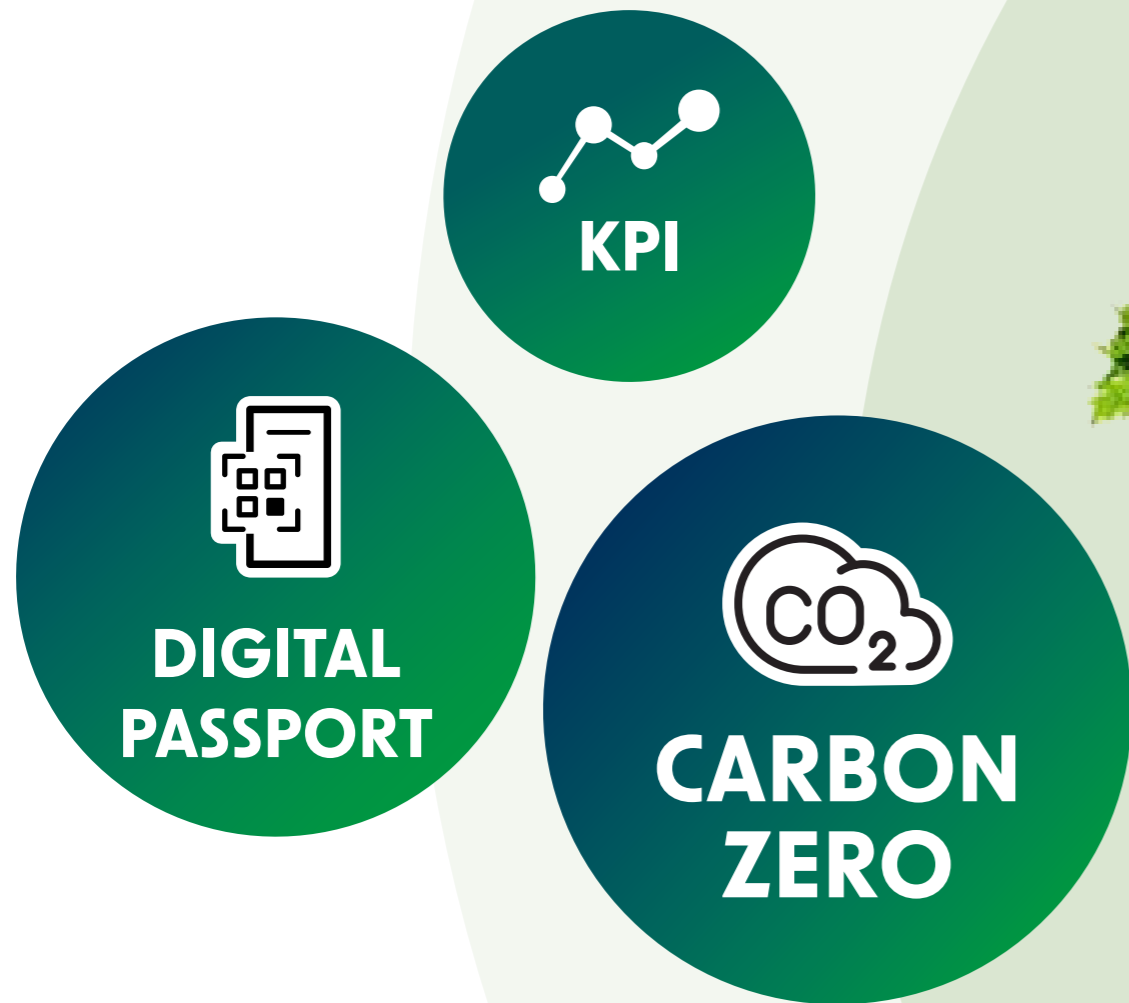
emissions. The fuel used in the boiler is assigned to another scope as it is an indirect emission in the form of purchased goods. These emissions account for the production of natural gas.

Scope 3 Category 1 - Purchased goods and Services			
GWP - Total (ton CO2 eq)	GWP - Fossil (ton CO2 eq)	GWP - Biogenic (ton CO2 eq)	GWP - Land trasformation (ton CO2 eq)
954,71	954	0,38	0,32

PROJECTS

In today's context, characterized by a growing focus on sustainability and environmental responsibility, companies are called upon to demonstrate a concrete commitment to reducing their environmental impact and improving transparency. In this scenario, Banelli stands out for its dedication to creating value not only for its stakeholders but also for the environment and society.

To achieve these objectives, Banelli has initiated a series of strategic initiatives in collaboration with specialized partners, such as the Sustainable Brand Platform (SBP) and GFS Consulting.



Creating Value

These collaborations aim to integrate innovative and sustainable solutions at every stage of the product lifecycle through monitoring emissions and consumption, conducting Life Cycle Analysis (LCA), and creating a digital passport for products.

Monitoring emissions and consumption, using key performance indicators (KPIs), is essential for optimizing energy efficiency and reducing environmental impact. At the same time, Life Cycle Analysis (LCA) allows for a detailed assessment of the environmental impact of products, providing a holistic view that guides production practices towards greater sustainability.

The implementation of the Digital Passport ultimately enhances product transparency and traceability, enabling consumers to make more informed decisions. Additionally, the collaboration with GFS Consulting focuses on carbon footprint reduction, an ambitious goal that involves detailed measurement of emissions, adopting strategies to reduce them, and offsetting residual emissions.

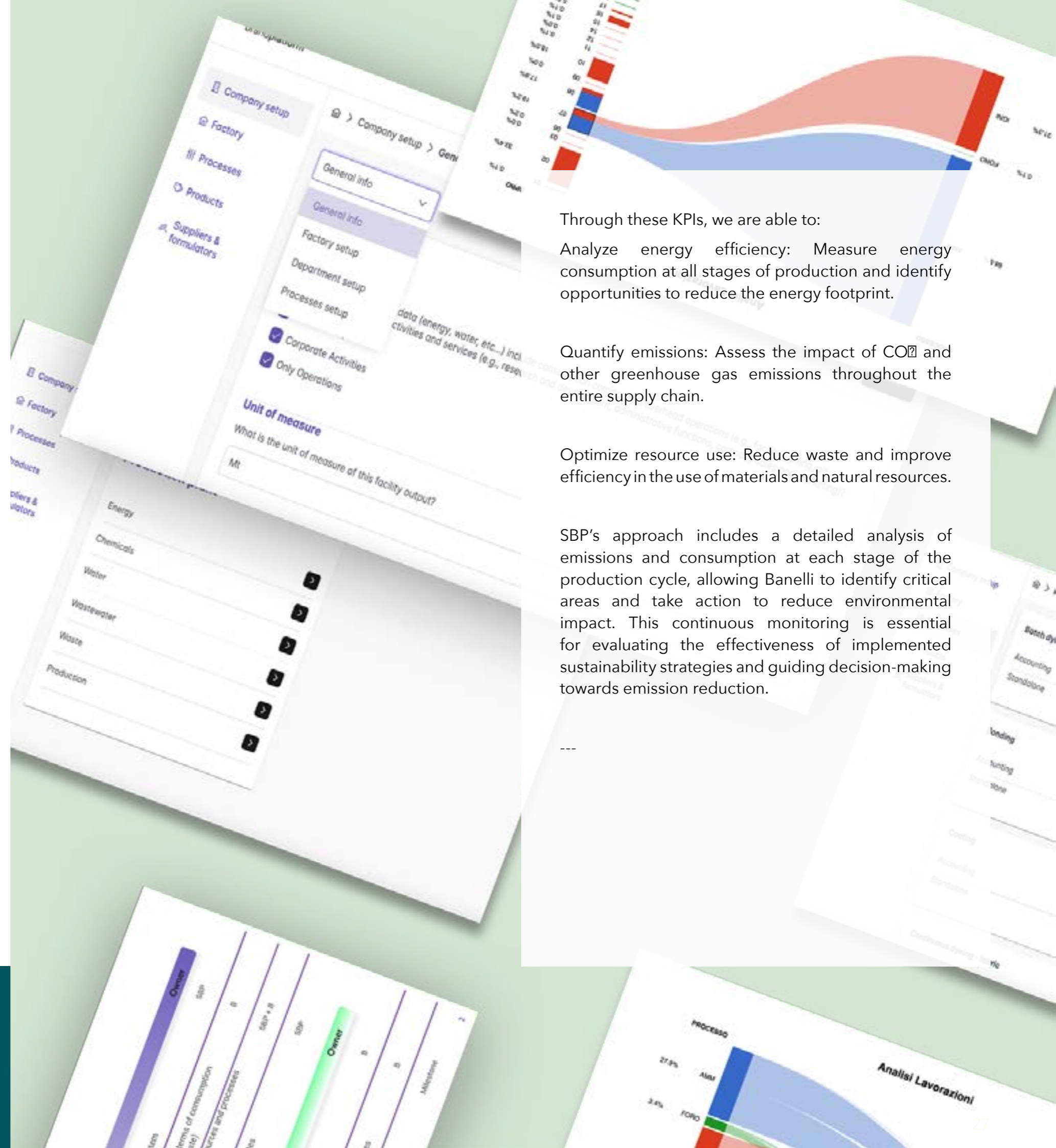
This integrated approach reflects a deep awareness that permeates every level of the company, from internal processes to resource management, contributing to a more sustainable and responsible future.

KPI

We have initiated a strategic collaboration with Sustainable Brand Platform (SBP), a digital platform specializing in sustainability. The goal is to integrate innovative solutions to enhance the transparency and sustainability of products throughout the entire supply chain. The project is organized around three main initiatives: monitoring emissions and consumption (KPIs), life cycle assessment (LCA), and creating a digital passport for products.

Monitoring Emissions and Consumption (KPIs)

Monitoring emissions and consumption is a central aspect of Banelli's sustainability strategy. By utilizing the SBP platform, the company can measure and monitor a series of key performance indicators (KPIs) related to sustainability in real-time.



Through these KPIs, we are able to:

Analyze energy efficiency: Measure energy consumption at all stages of production and identify opportunities to reduce the energy footprint.

Quantify emissions: Assess the impact of CO₂ and other greenhouse gas emissions throughout the entire supply chain.

Optimize resource use: Reduce waste and improve efficiency in the use of materials and natural resources.

SBP's approach includes a detailed analysis of emissions and consumption at each stage of the production cycle, allowing Banelli to identify critical areas and take action to reduce environmental impact. This continuous monitoring is essential for evaluating the effectiveness of implemented sustainability strategies and guiding decision-making towards emission reduction.

LCA

Life Cycle Assessment (LCA) is a methodology used to evaluate the environmental impact of a product across all phases of its life cycle. The process is systematically developed, allowing the identification and quantification of environmental impacts associated with each stage of production, from raw material extraction to the end of the product's life.

The LCA process, integrated into the project, follows these key steps:

Goal and Scope Definition: Establishing what is to be analyzed and which environmental impacts are to be measured.

Life Cycle Inventory (LCI): Collecting detailed data on all material and energy flows involved in the product's life cycle.

Life Cycle Impact Assessment (LCIA): Quantifying environmental impacts, such as global warming potential, acidification, and eutrophication.

Interpretation of Results: Analyzing the results to identify improvement opportunities and make recommendations for reducing environmental impact.

This approach provides a holistic and scientifically-based view of the environmental impact of products, enabling the use of this information to improve production and distribution practices.

Product Impact

Water footprint
Land Use

A GOTS 12



100% CO GOTS

Peso gr. 550

Alt. 140

MADE IN ITALY

65% CO GOTS

Peso gr. 620

MADE IN

DIGITAL PASSAPORT

The Digital Passport is a central element in Banelli's sustainability project. Through the application of an advanced data collection and analysis system, we are able to monitor and document every stage of the product's life cycle, enhancing transparency and traceability for consumers.

Complete Traceability: Allows tracking of the product journey from raw material production to the final consumer. The information covers every life cycle stage, including details on suppliers and sustainable practices adopted.

Detailed Material Information: The digital passport includes data on the materials used, including sustainability certifications and the environmental impact associated with their production. This helps consumers better understand the origin and sustainability of the products they purchase.

Integrated Environmental Impact: Utilizes the results of the LCA to provide clear information on the product's overall environmental impact, including metrics such as carbon footprint, water usage, and other key indicators.

Accessibility and Interactivity: The digital passport is accessible via a QR code, allowing consumers to interactively explore product information, fostering greater awareness and more informed decision-making.

Regulatory Compliance: Adherence to emerging regulations, such as the EU Digital Product Passport, ensuring Banelli stays at the forefront of transparency and sustainability.

The implementation of the Digital Passport translates into access to products that not only meet high-quality standards but are also certified for their commitment to sustainability. As a result, purchasing decisions become more informed and conscious, contributing to a more responsible and sustainable market.

Road to CARBON ZERO

Project Mai Ndombe

Climate change represents an unprecedented challenge, requiring decisive action from companies to reduce their greenhouse gas emissions and achieve Carbon Footprint neutrality. In this context, Banelli has initiated a strategic partnership with GFS Consulting, a leader in environmental sustainability, with the goal of offsetting the carbon footprint associated with its activities.

The primary goal of this partnership is to achieve Carbon Footprint neutrality for all company operations. This milestone will be reached through a systematic and transparent approach, structured in various phases.

Initial Analysis: Detailed measurement of carbon emissions, using internationally recognized methodologies.

Reduction Plan: Identification and implementation of targeted actions to reduce emissions, including energy efficiency measures and the adoption of renewable energy sources.

Offsetting: Purchase of carbon credits through reforestation projects, renewable energy, and other initiatives certified by international bodies.

Continuous Monitoring: Regular assessment of progress and updating of the action plan to ensure the maintenance of Carbon Footprint neutrality.



Participating in such an impactful initiative as the Mai Ndombe project is not only a strategic opportunity but a deep commitment to a more sustainable and equitable future. This project, dedicated to the preservation and regeneration of the rainforests in the Democratic Republic of the Congo, is much more than an environmental initiative; it is a symbol of hope, resilience, and global responsibility.

Engaging in an initiative of this significance means embracing a path that goes beyond mere regulatory compliance. Every action taken positively contributes to the lives of millions of people and to the health of our planet. Participation in this cause helps combat climate change, support biodiversity, and aid local communities, aligning with SDG 13 (Climate Action) and SDG 15 (Life on Land).

In this way, we have the opportunity to be part of a larger narrative—a future in which industry and sustainability can coexist harmoniously. Every step towards sustainability, every carbon footprint reduction initiative, is not just a corporate achievement but a contribution to a better world.

Ultimately, supporting such a crucial project offers us the chance to leave a positive and lasting impact. It means choosing to make a difference and working towards a tomorrow where sustainability and responsibility are at the core of our actions.

Embracing this cause means being part of a story of hope and change. It means contributing to a future where harmony between humanity and nature is finally realized.



THE MAI NDOMBE REDD+ PROJECT

DEMOCRATIC REPUBLIC OF THE CONGO, AFRICA

Developed by Wildlife Works

In the western reaches of the Congo Basin, home to some of the most important wetlands anywhere on Earth, the Mai Ndombe REDD+ Project is working to restore nearly 300,000 hectares of rainforest which were zoned for commercial timber extraction. By halting logging and supporting reforestation programmes, such as agroforestry nurseries and sustainable farming crops, the project protects habitats for native flora and fauna and has prevented 2.4 million tonnes of carbon from being released into the atmosphere to date.

Carbon revenues also fund sustainable development in local communities, providing education, training and access to improved healthcare.



*All information taken from project developer's materials, correct as of March 2022

24.2 million tonnes of CO2 emissions avoided to date

6 species protected including the Bonobo Monkey and Forest Elephant

Over 100 local people employed for project activities

3,000 people have received health services

12 schools have been built, providing education for thousands of children

SUSTAINABLE DEVELOPMENT GOALS



METHODOLOGY: REDD+ (VM0009)

REGISTRY ID: VCS ID: 934

