

DINOLE[®]



VELLUTO



Manifattura Tessile Di Nole M.T. S.p.A.

Sustainability Report

2023

— 4TH ANNUAL EDITION —

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Letter from the administrator

MANIFATTURA TESSILE DI NOLE has existed for one hundred and ten years and in its factory, it produces velvets which are appreciated all over the world, using the know-how of real artisans from the local area and the finest raw materials. The evolution of the company has been dependent on respect for people, for their knowledge and abilities together with the protection of the surrounding natural environment.

We have always worked to prize our history and textile manufacturing factories, to value the knowledge passed on from father to son, while also investing in state-of-the-art technologies, in new productive processes and in developing innovative products. All of this combines with particular care for the personnel and for safeguarding our know-how and our territory, which must be preserved and which we loathe to dissipate.

Drawing up a sustainability report is a way of setting up a system of taking note of results which can no longer be solely read in a financial key, in the present day, but which need to be framed within and without the company in a multidimensional key based on the sustainability of our choices.

This is why we have chosen to go beyond the fulfilment of regulatory obligations, towards a reporting system that represents an important document, which tracks the steps made up to now, as well as defining future ones, with a view to continuous improvement for the people we deal with daily and the local and global environment.

The 2023 sustainability report is our fourth one: the first one was made in year 2020.

Our objective is to give concrete data regarding the valorization of people and of their professionalism, regarding safety and health in the workplace, the protection of the environment and respect for the territory in which M.T. Di Nole operates.

We find the choice of drawing up a sustainability report coherent with the important international matters the United Nations is promoting with their sustainable development goals (SDGs). These goals are landmarks for any organization intending to firmly face the environmental and socio-economic challenges of our planet at whatever level.

These efforts are in line with the policies we have implemented to match the environmental objectives expected by the EU at all levels: mitigation of climate change and adaptation to the same; sustainable use and protection of waters; transition to a circular economy; prevention and reduction of pollution, protection and restoration of biodiversity and of ecosystems.

In this respect, we have decided take inspiration from the setup suggested by the Global Reporting Initiative (GRI). However, in an effort to value the multidimensional nature of our activity, we have also obtained ideas from the International Integrated Reporting Council (IIRC), which identifies six fundamental principles for companies: financial, productive, social, intellectual, human and environmental.

Luca Ferrari
CEO



DINOLE[®]

*People, planet,
clients, community.*



1.

INTRODUCTION AND REPORT BOUNDARIES

1.1 METHODOLOGICAL NOTE

DINOLE® sustainability report for 2023 was drawn up on a voluntary basis using GRI (Global Reporting Initiative) Standards, the best practice standard at a global level for sustainability reporting. Moreover, the principles set out in the European Principles of Sustainability Reporting (ESRS) have been considered in a transversal way, with regard to the operational peculiarities of the company. Therefore, this document is consistent with the requests made by the European Corporate Sustainability Reporting Directive (CSRD).

The sustainability report provides information about DINOLE®'s contribution to sustainable development and reports on its main economic, environmental and social impacts. It is based on a studied selection of the indicators proposed by GRI, with respect to the dimensions and operational peculiarities and to the company's governance, using the so-called "GRI-referenced" approach.

The Reporting Principles of content (Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness) have been applied, as well as those related to the quality of information (Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability) while editing the document. We have followed the instructions concerning the General Standard Disclosures required by the GRI's Framework: the main stakeholders have been identified and a materiality assessment has been developed. The reporting perimeter coincides with the company's workplace perimeter since the entire textile production chain is enclosed in DINOLE®. All the information of this document refers solely to the building located in Nole in Via Martiri della Libertà.

Our sustainability report is drawn up on an annual basis. The reported information and data refer to business in 2023. Where available, comparative data from the previous year are provided for a better understanding of performance trend in time.

The summary table, placed in the last pages of this sustainability report, deals with the themes of the specific indicators of performance mentioned in the text.

The sustainability report in Italian and English, is available in the Sustainability section at www.dinole.com.

To receive further information on the content of this document please contact: Luca Ferrari.

The work group that has made the sustainability report possible is composed of: Luca Ferrari, Massimiliano Guarnieri, Carla Levra, Luca Novero, Sabrina Pavese, Francesca Pettinato, Mariella Zucca, Maurizio Cisi and Roberta Napoli.

THIS REPORT HAS NOT BEEN REVIEWED BY ANY EXTERNAL ORGANIZATION.

THE DATA FROM THE PREVIOUS REPORT HAVE NOT BEEN REVISED.

2.

THE COMPANY - WHO WE ARE

2.1 OUR HISTORY

DINOLE® was established on 27th September 1913 in Nole Canavese, and with more than 110 years of experience, it is one of the most prestigious and renowned manufacturing companies of velvet and fabrics for decorating and furnishing at a global level.

Whole generations of families have worked with DINOLE® and still today, the third and fourth generations of such families still work there, making it a real family company which is well rooted in the local community.

Thanks to our traditions and ongoing investment, DINOLE® embodies one of the most efficient textile companies in Europe, providing the most exclusive international Textile Editors.

With its over 110 years of experience and the know-how passed on from generation to generation, it can boast of highly qualified production.

Fabrics and velvet are produced thanks to sophisticated machinery and vanguard technologies, which bring about the manufacture of finished products of exceptional quality.

All of this takes place in the historical building of 33.000 m² which hides the magic of the entire productive process of textile manufacture behind its rust-coloured bricks and under its rounded roofs. Indeed, what makes of DINOLE® unique and rare, is the fact that the whole textile production chain takes place in one building.

Each drawing, structure and quality takes shape, right from its beginning, in the **CREATIVE STUDIO** and then, as far as the **WARPING, WEAVING, DYEING, FINISHING, QUALITY TESTING** and **SHIPMENT** to International textile editors and wholesalers in the whole world.

SOURCE: www.dinole.com/company

DINOLE®, with its 111 years of history, has been the undisputed protagonist of the local economy, employing families from Nole and the neighbouring villages since 1913.

This fact has highlighted the company name, which had been among the best velvet and fabrics producers from the outset. However, its strong family character is intrinsically bound to Nole and has gifted a strong cohesion between the company and the territory. The surrounding villages could rely on a certain income right from the beginning of the 1900's and these benefits have continued throughout the years, turning into collective prosperity for the local economy, which has flourished.

2.2 BUSINESS MODEL AND ORGANIZATIONAL CONFIGURATION

In the historic building is preserved the secret of a secular craft that merges with tradition. Behind the rust-colored bricks and under the rounded roofs of the building the magic of the fabrics comes to life through a complete production process. Each design and quality takes shape starting from its inception in the creative studio, through to warping, weaving, dyeing, finishing, quality checking and shipping to international textile editors and wholesalers all over the world.



There were no significant changes concerning the organization of the supply chain, ownership and size of the company during the reporting period.

SOURCE: www.dinole.com/company

The legal form is SpA (Ltd.) and 100% of the Ownership belongs to the Ferrari's family that wisely carries on its traditions.

2.3 OUR VALUES

The work done in M.T. DINOLE® is carried out with respect, correctness and sense of responsibility.

LEGALITY

M.T. DINOLE® SpA operates with the utmost legality and with respect for the current legal code. All recipients are therefore required to observe each applicable legislation and to constantly update on legislative changes, while availing of the training opportunities offered by M.T. DINOLE® SpA. The company considers report transparency and accounting to be a fundamental principle in its workings and essential in order to safeguard its reputation.

CORRECTNESS

Correctness and moral integrity are an unfailing duty for all recipients. Recipients are required to refrain from having privileged relationships with others resulting in external solicitations so as to obtain improper advantages with third parties. During their activity, recipients are required to refrain from accepting donations, favours or any kind of utility (except for objects of moderate value) and, in general, to not accept any offset in order to grant advantages to third parties in an improper way. In turn, recipients must not make money or goods donations to third parties or, in any case, offer utility of illicit favours of any kind (excluding objects of nominal value or authorized commercial courtesy gifts from the company) connected with the carrying out of their work for the benefit of M.T. DINOLE® SpA.

NON DISCRIMINATION

M.T. DINOLE® SpA avoids and repudiates any discrimination concerning age, sex, race, sexual orientation, health state, political and trade opinions, religion, culture and nationality of its interlocutors in the relationships with the stakeholders and in particular in the selection and management of the personnel, in the working organization, in the choice, selection and management of suppliers, as well as in relationships with entities and institutions. Similarly, M.T. DINOLE® SpA promotes integration, allowing cross-cultural dialogue, protection of minorities' and the vulnerable's rights.

CONFIDENTIALITY

M.T. DINOLE® SpA ensures protection and confidentiality of personal data of its recipients and stakeholders, in compliance with any applicable legislation in terms of protection of personal data. The recipients are required not to use reserved information which has been garnered from their working activity for any purposes other than the practice of that activity, and to always act in respect of the confidentiality obligations undertaken by M.T. DINOLE® SpA towards all stakeholders. In particular, the recipients are obliged to maintain the utmost confidentiality on documentation which reveals know-how, transport information, commercial information and company operations.

LOYALTY

M.T. DINOLE® SpA and the recipients have agreed to promote fair competition, in respect of national and community legislation and are aware that virtuous competition constitutes a healthy incentive to innovation and development processes. It also protects the interests of consumers and the community.

DILIGENCE

The relationship between M.T. DINOLE® SpA and its employees is based on mutual trust: the employees are therefore required to work in favor of the company's interests, respecting the values referred to in the regulations. The recipients must refrain from any kind of activity that might conflict with M.T. DINOLE® SpA's interests, giving up the pursuit of any personal interests conflicting with the legitimate interests of the company. In the case of any possibility of a conflict of interest, recipients are required to approach their superior in a timely manner, so that the company can evaluate, and if possible, authorize the potentially conflicting activity. In cases of violation, the company will adopt any suitable measure to make the conflict of interest stop, reserving the right to act in its own protection.

2.4 OUR WAY OF DOING BUSINESS

The company works in the textile sector, working with very fine natural textile fibers and carrying on the centenary old tradition while distinguishing itself from competitors with its unique products, of quality and durability.

DINOLE® has been producing fine velvet and fabrics for more than 110 years in the luxury textile sector. It chooses the best natural fibers from which it creates refined jacquard velvet and textiles entirely made in Italy. Indeed, these are entirely designed and created inside the premises in Nole. The process covers all aspects of production and it guarantees the quality of the velvet and fabrics, which are 100% made in Italy.

DINOLE® textile manufacturing is convinced that an ethical, clear and shared concept is a critical factor for success and that it is necessary to pursue entrepreneurial objectives that clearly express our values and responsibilities, aware of its role in the economic and social view.

DINOLE® adopts management systems which are marked by effectiveness and environmental efficiency, by security and health of the working spaces in its premises, as its ethical code states.

In order to give our stakeholders assurance that environmental impacts are being measured and improved, in 2023 DINOLE® obtained ISO 14001 certification, useful to improve environmental management system by setting environmental KPIs and defining roles and responsibilities. ISO 14001 provides a better way to boost accounting procedures and incorporate environmental aspects in policies and strategies, identifying customers' expectations and setting requirements for suppliers, to spread awareness regarding need for conservation and valorization of natural resources.

Thus, DINOLE® engages to ensure the following:

- safeguard the environment, the health and security of people in conducting their business according to the principles of responsibility, precaution, prevention, protection and continuous improvement, respecting all obligatory conformity duties which are voluntarily undertaken;
- respect of internal and external factors, the needs and expectations of the involved subjects, conformity obligations, risks and opportunities, in a “Life Cycle” perspective;
- definition of improvement objectives and actions so as to obtain sustainable and constant improvement of our management systems and of our performance concerning health, safety and the environment. We use the best available technologies, where technically and economically possible;
- the involvement of our employees and collaborators in environmental safeguard themes through awareness building, information and training and on how to minimize the environmental impact in our activities;
- diffusion of themes concerning health, security and environment towards our partner suppliers and core suppliers who represent the supply chain;
- transparent and proactive dialogue with the institutions and local administration concerning activities and initiatives that can favor the improvement of health and safety standards and the containment of the environmental impact of the organization;
- measurement of our performance on social and environmental themes using ad-hoc indicators and conducting regular verifications to periodically check and evaluate its performance.

The company, through Unione Industriali Torino, adheres to the United Nations Global Compact which encourages companies all around the world **to create an economic, social and environmental framework to promote a sustainable world economy.**

The company adheres to the Unione Industriali Torino, a voluntary business association at territorial level adhering to Confindustria, for the representation, protection, promotion and development of companies

and their business interests. DINOLE® is also part of Sistema Moda Italia (SMI), one of the world's largest organizations representing textile and fashion manufacturers in the Western world.

OUR PRODUCTION

The company's concept is to offer a product deriving from the best raw materials and characterized by handcrafted processing that enriches and tailors it to make it everlasting.

Our fabrics:

SILK VELVETS

Thanks to its traditional craftsmanship Manifattura Tessile DINOLE® is still able to produce a unique velvet, symbol of an historical textile culture: silk velvet

COTTON VELVETS

The cotton velvet produced by Manifattura Tessile DINOLE® is extremely resistant, with a Martindale that exceeds 100,000 rubs, thanks to the quality of combed yarns, which are folded to give a smoother and shinier surface to the thread. Cotton velvets have a special finish 100% eco-friendly called imperfix®, that has joined the "Special Register of Historical Trademarks of National Interest" by appointment of the Ministry of Economic Development. From January 2023 all our cotton velvets have also been certified OEKO TEX® STANDARD 100. Our velvet is suitable for both curtains and upholstery fabrics.

LINEN VELVETS

The linen velvet is produced using the "linun usitatissimum" fibre, originated from the Liberia and now selected in highly specialized plantations in the north of France. Linen has always been considered an ideal fibre, not only because it is 100% biodegradable and recyclable, but also because it only needs rain water and no pesticide to grow. Once carefully selected, the fibre is extracted from the bark of the plant. It measures an average of 25 mm in length and has a diameter of 25 microns. Also our linen velvets have been certified OEKO-TEX® STANDARD 100 from January 2023.

KID MOHAIR VELVET

Is produced with precious yarns obtained from the fine hairs of young Angora goats bred in South Africa. It is considered an eco-friendly fiber, as its production is eco-sustainable and the fiber is recyclable and biodegradable. Mohair is characterized by a natural elasticity, that gives it strength and durability, and by the shiny and uniform appearance of the fibers, which have a total absence of impurities.

WOOL VELVET

Is born from a very high attention in the selection of wool, using only the parts with excellent fineness and purity. The Extra Fine Merino Wool fibre (19.5 micron) is fibre dyed with reactive dyes and mixed in spinning to obtain a characteristic mélange effect.

CASHMERE VELVET

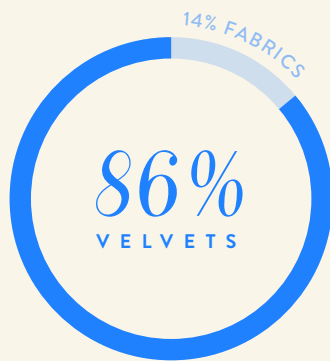
Is an extremely warm, soft and light fibre obtained from cashmere goats raised in the Asia plateau. The average diameter of the fibre, from which our velvet is obtained, does not exceed 16 microns (less than half of normal wool fibres). This fineness enhances the softness of the yarn and its lustre.

HIGH-END JACQUARD FABRICS

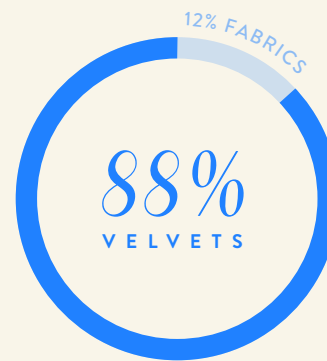
produced on cutting-edge looms, characterized by classic and modern designs made on quality brocades, brocatelle, damask fabric, and modern tapestries. Moreover, thanks to its internal Design Department, DINOLE® allows the customization of fabrics according to specific customer requests, thus giving the possibility to create unique and exclusive fabrics

SOURCE: www.dinole.com/products

% METERS 2022



% METERS 2023



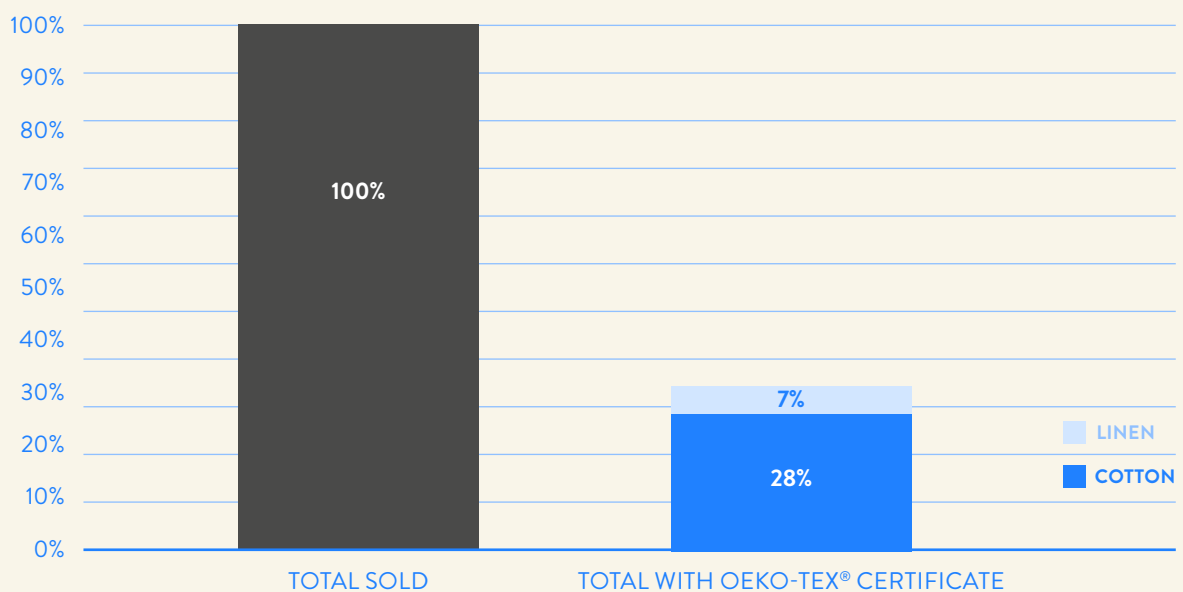
Our production is thus composed in 2023 and 2022, denoting a strong prevalence in the production of velvet compared to fabric.

Furthermore, according to our customers' requirements, we aim at manufacturing our products with certified materials that guarantee the least environmental impact or the best safety criteria. That's why, in 2023, DINOLE® obtained the OEKO-TEX® STANDARD 100 certification for products of class 2 (with skin contact): velvet fabrics white and piece-dyed, made of cotton and linen.

This certification is one of the world's best-known and independent labels for textiles tested for harmful substances, whose limit values, in many cases, go beyond national and international requirements. Standing for customer confidence and high product safety, OEKO-TEX® helps us invest more and more on the credibility of our sustainable production.

In 2023, sales of these products that were certified accounted for 35% of the total sales, as the following graph shows:

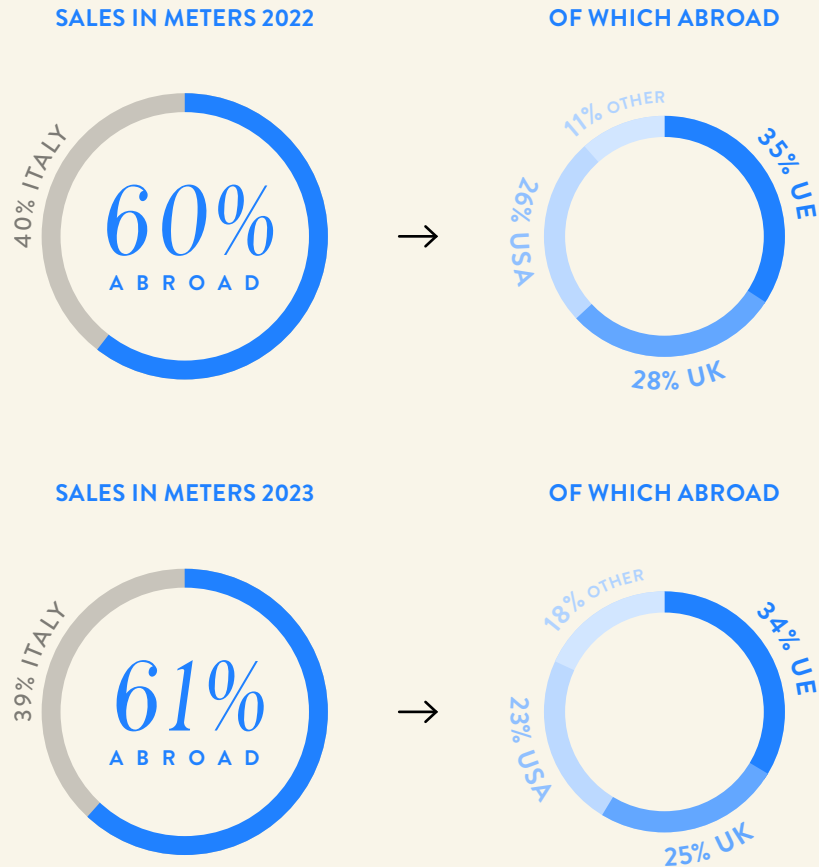
2023 SALES OF COTTON AND LINEN WITH OEKO-TEX® CERTIFICATE



MARKET SERVED

The company was set up in the Italian town of Nole, where its entire production is carried out but it has always had the entire world as a reference market.

DINOLE® sells its products to European and worldwide primary textile editors.



Manifattura Tessile DINOLE® is specialized in the sale to textile editors, who take care of the creation and selection of the product collection, the organization of their production (normally at outside companies) and their international distribution. The production is composed of prestigious **VELVET** and **JACQUARD FABRICS**.

Silk velvet, cashmere velvet as well as 'kid mohair' and linen are among our flagship products.

The entire production takes place when the customer places an order. Indeed, the company's products are handcrafted in order to meet quality requirements and are packaged with the requested characteristics.

2.5 OUR SUSTAINABILITY POLICY - THINK GLOBAL ACT LOCAL

We are conscious of our role and we operate daily with the future in mind. This is why we recognize some of the objectives of the UN's 2030 Agenda, that strengthen our commitment to environmental and social sustainability.

In our view, the SDGs (Sustainable Development Goals) touched by the company's activity are the following ones:



5. GENDER EQUALITY



6. CLEAN WATER AND SANITATION

- 6.3.1 Percentage of safely treated waste water.
- 6.4.1 Variation of water efficiency over time.



7. CLEAN ENERGY

- 7.2.1 Renewable energy consumption
- 7.3.1 Energy intensity



8. PROMOTING LASTING, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL EMPLOYMENT AND RESPECTABLE JOB TO EVERYONE

- 8.8 Safeguarding of worker's rights and promotion of safe and protected working environments for all workers



12. ENSURING SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

- 12.4.2 Dangerous waste generated pro capita and percentage of treated dangerous waste, per type of treatment
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

SUSTAINABLE DEVELOPMENT GOALS



2.6 SLOW FIBER

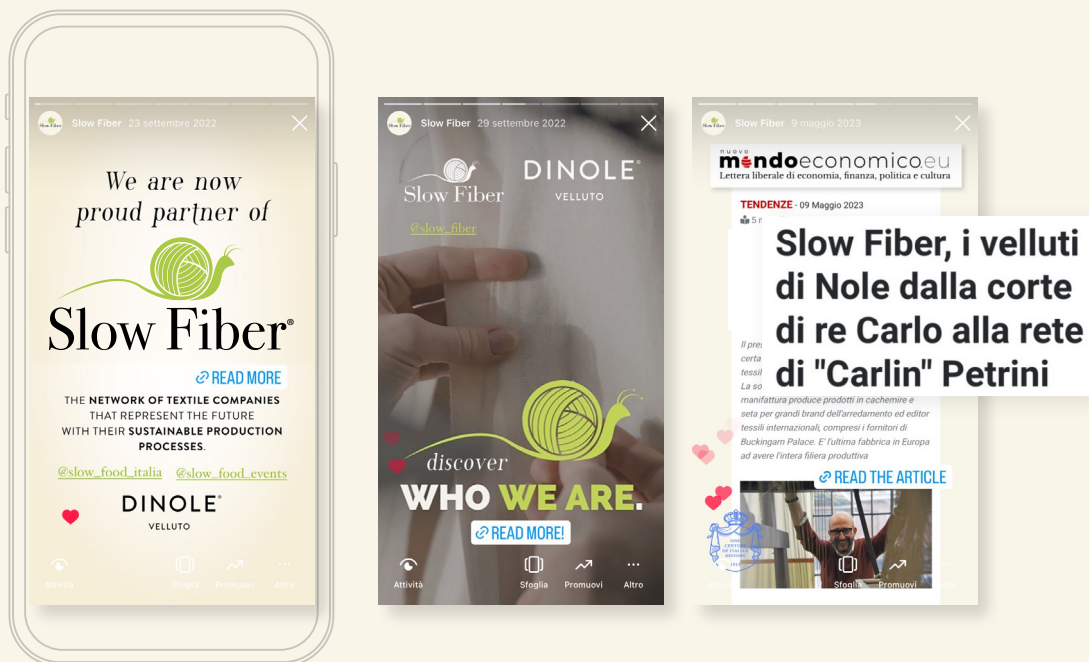
Manifattura Tessile DINOLE® has participated in the foundation of Slow Fiber® network.

On September 23rd, 2022, during Terra Madre Salone del Gusto, the new Slow Fiber® network was presented, originated from the meeting between Slow Food Italia and some virtuous companies in the textile supply chain. The goal is to represent positive change through a **SUSTAINABLE PRODUCTION PROCESS**, aimed at creating **BEAUTIFUL, HEALTHY, CLEAN, FAIR** and **DURABLE PRODUCTS**, respecting the dignity of Man and Nature in its delicate balance.

Slow Fiber® aims to disseminate knowledge of the impact that textile products have on the environment, on the workers in the supply chain and on the health of consumers, in order to spread a new ethics and culture of clothing and furnishing. Slow Fiber® promotes and supports awareness campaigns through the testimony and direct participation of companies that operate daily in compliance with **ENVIRONMENTAL AND SOCIAL SUSTAINABILITY**, and that every day work concretely to achieve real and tangible results, translating into concrete actions the values of this project: creating textile products for dressing and furnishing that are not only beautiful, but also:

- **HEALTHY** for those who use them;
- **CLEAN**, because the environmental impact of production processes is reduced as much as possible;
- **FAIR**, because they respect rights and the dignity of the workers involved in their realization, **ENHANCING THEIR TRADITIONAL SKILLS** and **KNOWLEDGE**;
- **DURABLE** and long lasting, to extend their useful life, limit waste and the production of waste.

DINOLE®, together with the Slow Fiber® network is committed to change the old paradigms of industrial textile production. Even in the fast fashion era, a production and commercial model based on **QUALITY, CIRCULARITY** and **DIGNITY** is still possible. We continue offering to the market durable and high-quality products, also having a big impact on local community: our ethical production process allows workers **TO REMAIN IN TOUCH WITH THEIR TRADITIONS**, thus enhancing and nurturing the knowledge and skills of the territory, patiently developed and handed down from generation to generation.



3.

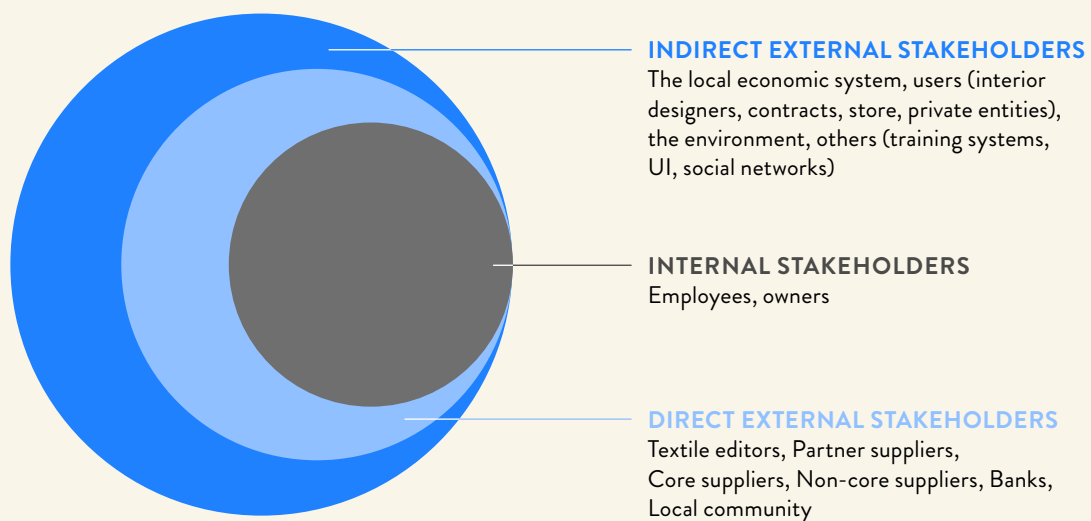
OUR APPROACH TO SUSTAINABILITY: REPORT 1.0

3.1 THE STAKEHOLDERS' MAP

The choice of drawing up a sustainability report, highlighting both strong and weak points, followed the mapping of the stakeholders.

The subjects on which to evaluate the economic, social and environmental impact of the activity have been identified.

- International textile editors
- Users of the product (interior designers, contractors, stores, private entities)
- Owners
- Banks
- Partner suppliers
- Core suppliers
- General suppliers
- The local community
- Local economic systems
- The environment
- Social networks and training-educational systems (technical institutes, PoliTo, UniTo), Torino Industrial Union



The internal stakeholders are at the core of the company: the owners, who are the cornerstone of the firm, as well as the employees, who especially in this case, represent the main component of the organization, have all been identified as this core. Indeed, we may say that over the years and the generations, they have kept the company and its traditions going, passing on more than a century of quality and know-how. The direct external stakeholders are the people who have a stake which is directly traceable to the company's progress and in this specific case can be identified as: Textile editors, partner suppliers, core suppliers, general suppliers, banks and the local communities.

The textile editors represent the clientele. The partner suppliers are those who give a collaborative contribution to the company. The core suppliers are the ones who can be effectively defined as fundamental and essential for the enterprise activity, while the general suppliers are those who are useful but not essential.

Banks are also involved as direct external stakeholders, together with our insurance company. Our consolidated and long-terms relationship enable us to share our objectives and our environmental policy with them.

The local community is part of this category as it influences and is influenced by the company, which is not only situated in the territory, but which has also given work to the neighboring municipality's inhabitants for more than a century. In conclusion, the indirect stakeholders include all of the figures which have an indirect interest in the company like the Industrial Union of Turin.

STAKEHOLDER TABLE AND INVOLVEMENT METHODS

STAKEHOLDER	EXPECTATIONS	INVOLVEMENT METHODS
LOCAL ECONOMIC SYSTEM	<ul style="list-style-type: none"> • Value creation • Employment opportunities • Distribution of value 	<ul style="list-style-type: none"> • Participation and objectives sharing • Job opportunities offer and employment protection • Meetings with S.M.I. and U.I. Textiles to create locally social and cultural projects
USERS	<ul style="list-style-type: none"> • Quality and durability of the product • Product safety and compliance with environmental regulations • Reliability • Competitiveness 	<ul style="list-style-type: none"> • Participation in events • Long-time relationship • Transparent communication of the company's activities • Creation of an annual Sustainability Report published on the institutional website
ENVIRONMENT	<ul style="list-style-type: none"> • Environmental sustainability • Improve the environmental practices of its business and of suppliers • Responsible management of waste and its recycling • Compliance with the limit values of emissions into the atmosphere and of water discharges 	<ul style="list-style-type: none"> • Developing products and processes with a low environmental impact • Select eco-friendly materials, correct management of chemicals, protection of biodiversity, optimization of the end of life • Minimize environmental impacts along the value chain • Periodic communication of the results of the self-checks of atmospheric emissions and water discharges to the bodies in charge • UNI EN ISO 14001: 2015 certification (achieved in March 2023 with the issue of the relevant certification) • OEKO-TEX 100 certification (achieved in January 2023 with the issue of the relevant certification)

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EMPLOYEES	<ul style="list-style-type: none"> • Occupational stability • Job safety • Fair remuneration • Skills upgrade • Transparency and involvement regarding the company's objectives and performance 	<ul style="list-style-type: none"> • Communication • Team building activities • Familiar climate • Internal communication activities (e-mails, bulletin boards and periodic meetings) • Publication of the Code of Ethics on the institutional website • Organization of periodic training and refresher courses
OWNERSHIP	<p>Long-term vision:</p> <ul style="list-style-type: none"> • Value distribution • Risk management • Social sustainability • Environmental sustainability 	<ul style="list-style-type: none"> • Participation and sharing of objectives • Definitions of strategies
TEXTILE EDITORS	<ul style="list-style-type: none"> • Long-term product quality, safety and continuity • Good quality-price ratio • Traceability of the production chain • Reliability and flexibility of production processes so that business continuity and compliance with delivery times are guaranteed • Guarantees of exclusivity of the products purchased, confidentiality and customer privacy 	<ul style="list-style-type: none"> • Institutional website with reserved customer area for sharing order production progress • Periodic visits, virtual meetings and assistance channels via dedicated e-mail box • Participation in trade fairs in the sector • Digitization of the production process to guarantee the traceability of the processes
PARTNER SUPPLIERS	<ul style="list-style-type: none"> • Improve environmental and social practices • Long-term relationship • Reliability • Promotion of work and rights • Value creation 	<ul style="list-style-type: none"> • Periodic meetings to share new practices for the improvement of environmental and social performance • Periodic surveys to plan long and medium term purchases • Timely and correct compliance with contractual conditions
CORE SUPPLIERS	<ul style="list-style-type: none"> • Improve environmental and social practices • Long lasting relationship • Reliability • Value creation 	<ul style="list-style-type: none"> • Periodic meetings to share new practices for the improvement of environmental and social performance • Periodic surveys • Timely and correct compliance with contractual conditions
NON-CORE SUPPLIERS	<ul style="list-style-type: none"> • Reliability • Value creation • Consolidation of the relationship 	<ul style="list-style-type: none"> • Timely and correct compliance with contractual conditions
BANKS, INSURANCES	<ul style="list-style-type: none"> • Solvency • Safety • Economic sustainability • Environmental sustainability • Contractual requirements and legislative compliance 	<ul style="list-style-type: none"> • Sharing of objectives • Targeted consultancy • Consolidated relationships with a long-term vision
LOCAL COMMUNITY	<ul style="list-style-type: none"> • Value creation • Employment opportunities • Legislative compliance • Respect for the territory • Participation 	<ul style="list-style-type: none"> • Recruitments • Updates and certifications • Publication of documents on the institutional website and social media
OTHERS (Training system, UI Torino, Social networks), Regulator institutions (Conai, ARPA - Region - Province - District)	<ul style="list-style-type: none"> • Value distribution • Risk management • Social sustainability • Environmental sustainability • Legislative compliance 	<ul style="list-style-type: none"> • Participation in events and training programs • Fulfillments and Communication • Participation in the founding of Slow Fiber network

3.2 OUR PRIORITIES AND THOSE OF THE STAKEHOLDERS: THE MATERIALITY MATRIX

MAIN THEMES OF MATERIALITY

With the materiality analysis, the company identifies the main distinctive features of its activity, evaluating them according to a relevance scale, clarifying which activities are to be considered fundamental for its own business' sustainability and highlighting the elements it needs to focus its resources on.

The definition of reporting themes and checking mechanisms included in the sustainability report has been carried out according to the following steps:

1. Identification and analysis of the main aspects that effect value creation.
2. Pinpointing of the most relevant aspects for internal and external stakeholders through focus groups for internal stakeholders. Relevant identified themes are shared.
3. Internal validation by the administrator in order to ensure that the identified elements represent a reasonable and balanced reflection of the situation.

In 2023, a major revision of material themes has been performed, leading to a more accurate definition and analysis, in order to best represent our business reality and the sustainability context in which we operate and set politics and objectives. The approach adopted followed the “double materiality” paradigm, in line with ESRS, involving an assessment of the strategic relevance of each material theme and evaluating the importance of:

- **impacts** - positive or negative - **generated**, or potentially generated, directly or indirectly, by the company on the external environment, people and the whole society (inside-out, or “impact materiality” perspective);
- **potential opportunities and potential risks** undergone by the company – in terms of effects on financial and operative performance (outside-in, or “financial materiality” perspective).

For each theme, clustered in three macro areas - **ENVIRONMENTAL**, **SOCIAL** and **GOVERNANCE** - potential impacts - positive and/or negative - risks and opportunities were proposed, with an assumption on the level of relevance - in a scale from 0 to 5.

The assessment of double materiality of the main aspects connected to the activity is represented in the following materiality table.

The materiality table names the areas that the company has identified as more urgent and on which it is necessary to engage in a short period, taking into consideration the double perspective of **INSIDE-OUT** and **OUTSIDE-IN** impacts and opportunities.

MATERIAL THEMES

ESG IMPACTS, RISKS AND OPPORTUNITIES

INSIDE-OUT

Positive / negative potential level of impact

OUTSIDE-IN

Potential level of opportunity / risk

ENVIRONMENTAL AREA		
SUPERIOR QUALITY AND SUSTAINABLE NATURAL RAW MATERIALS	<ul style="list-style-type: none"> Production of high-quality fabrics, with a particular focus on raw materials sustainability 2,5 	<ul style="list-style-type: none"> Product differentiation and competitive advantage resulting from the use of superior raw materials 2,5
WATER MANAGEMENT FROM GROUNDWATER TO SLUDGE	<ul style="list-style-type: none"> Reduction of the environmental impact, with regard to the local territory 3 	
	<ul style="list-style-type: none"> Consumption of water 1,5 	<ul style="list-style-type: none"> Normative compliance Optimal management to face possible water scarcity 2
ZERO-IMPACT LOGISTICS OF LOCAL TEXTILE PRODUCTION CHAIN	<ul style="list-style-type: none"> Reduction in GHG emissions 3,5 Promotion of local production 3,5 	<ul style="list-style-type: none"> Reduction of environmental impact 3
CIRCULAR APPROACH TO OPERATIONAL MANAGEMENT	<ul style="list-style-type: none"> Reduction of the environmental impact 1,5 	<ul style="list-style-type: none"> Efficiency in resource use 2
		<ul style="list-style-type: none"> External push for transition towards circular patterns 1,5
MONITORING OF EMISSIONS AND ENERGY EFFICIENCY	<ul style="list-style-type: none"> Identification and control of major emission sources Reduction of overall environmental impact 3 	
	<ul style="list-style-type: none"> Lack of a full GHG emissions inventory 2,5 	<ul style="list-style-type: none"> Efficiency measures to face energy prices fluctuations Possible request for attention to adaptation and combating climate change 2,5
MANAGEMENT AND VALORIZATION OF TEXTILE WASTE	<ul style="list-style-type: none"> Textile wastes valorization Improvement of the environmental performance 1,5 	<ul style="list-style-type: none"> Strategic collaborations concerning textile waste reuse 2
	<ul style="list-style-type: none"> Production of irrecoverable textile wastes 1,5 	<ul style="list-style-type: none"> External push for transition towards circular patterns 1,5
SUPPLIER ENVIRONMENTAL ASSESSMENT	<ul style="list-style-type: none"> Improvement in supply chain overall sustainability 2,5 	
	<ul style="list-style-type: none"> Lack of a full supply chain environmental assessment 2 	<ul style="list-style-type: none"> Supply chain resilience 1,5

MATERIAL THEMES	ESG IMPACTS, RISKS AND OPPORTUNITIES	
	INSIDE-OUT Positive / negative potential level of impact	OUTSIDE-IN Potential level of opportunity / risk
GOVERNANCE AREA		
QUALITY, SAFETY AND DURABILITY OF THE PRODUCT	<ul style="list-style-type: none"> Reduction of textile waste and overall environmental impact 2,5 	<ul style="list-style-type: none"> Client satisfaction 3 Normative compliance 2
ETHICS AND SUSTAINABLE BUSINESS	<ul style="list-style-type: none"> Sustainability considerations in business conducting 3,5 	<ul style="list-style-type: none"> Attractiveness and soundness 3 Company reputation improvement 3 No attention towards sustainability issues in business conducting 1,5
MAINTAINING STRUCTURAL CAPITAL	<ul style="list-style-type: none"> Preserving historical equipment 3 	<ul style="list-style-type: none"> Quality products differentiation 2
PASSING ON THE COMPANY'S HERITAGE OF KNOWLEDGE	<ul style="list-style-type: none"> Preserving the traditional skills 3 	<ul style="list-style-type: none"> Attraction of human resources 2 Facing possible losses of critical skills 2,5

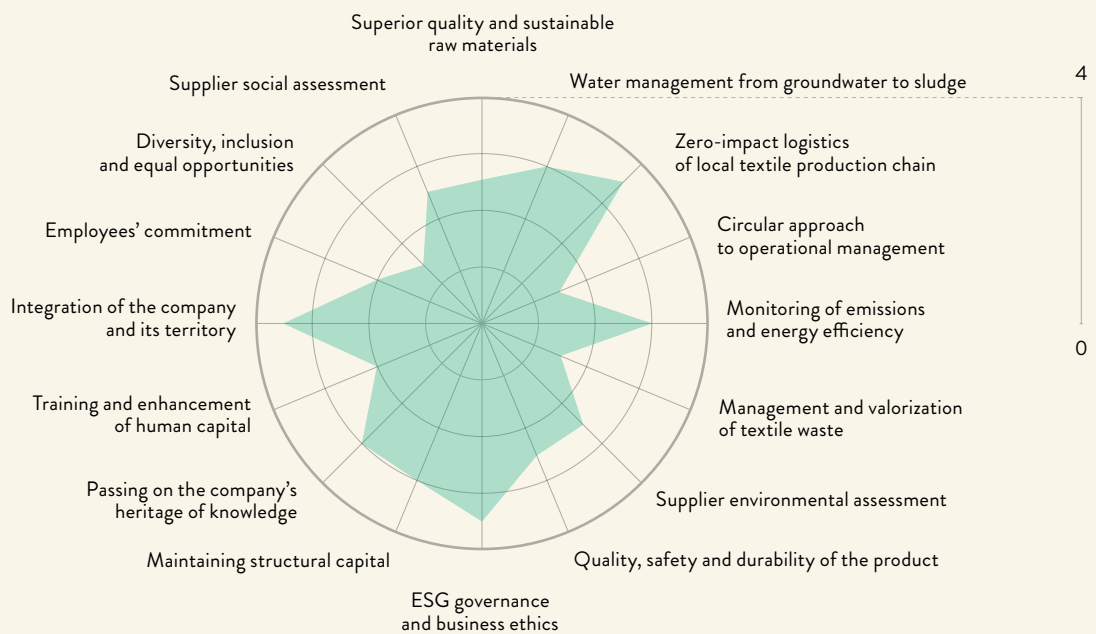
MATERIAL THEMES	ESG IMPACTS, RISKS AND OPPORTUNITIES	
	INSIDE-OUT Positive / negative potential level of impact	OUTSIDE-IN Potential level of opportunity / risk
SOCIAL AREA		
TRAINING AND ENHANCEMENT OF HUMAN CAPITAL	<ul style="list-style-type: none"> Engagement and development of human resources' skills 2 	<ul style="list-style-type: none"> Preserving competitiveness 1
INTEGRATION OF THE COMPANY AND ITS TERRITORY	<ul style="list-style-type: none"> Local employment creation 3,5 Community engagement 3,5 	<ul style="list-style-type: none"> Local partnership 2
EMPLOYEES' COMMITMENT	<ul style="list-style-type: none"> Positive working climate 2 Human resources development 2 	<ul style="list-style-type: none"> Attraction of human resources 2 Facing possible losses of human resources 2
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES	<ul style="list-style-type: none"> Positive working climate 1,5 	<ul style="list-style-type: none"> Competitiveness enhancement through human resource diversity 1,5 Reputational risks 1
SUPPLIER SOCIAL ASSESSMENT	<ul style="list-style-type: none"> Improvement in supply chain overall sustainability 2,5 Lack of a full supply chain social assessment 2 	<ul style="list-style-type: none"> Supply chain resilience 1,5

Last, a graphic representation through radar charts is provided to facilitate understanding of the analysis.

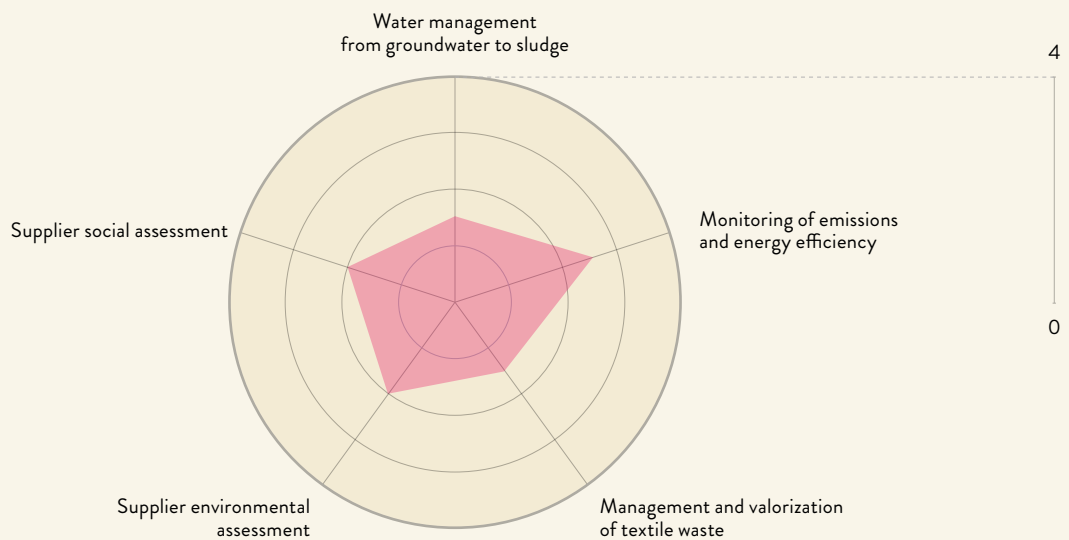
INSIDE-OUT ANALYSIS

The following two radar charts depicts positive and negative potential impacts from the inside-out perspective - potential impacts that business activities could have on the external environment and on the society as a whole. In particular, we can see the positive effect regarding local roots and supply chain - our zero-impact and completely integrated logistics is a long-standing key point of DINOLE® production - as well as ethics and values that are fundamental in our way of doing business: this is the reason why DINOLE® keeps - though not eliminate - negative impacts at low level.

POSITIVE POTENTIAL IMPACTS



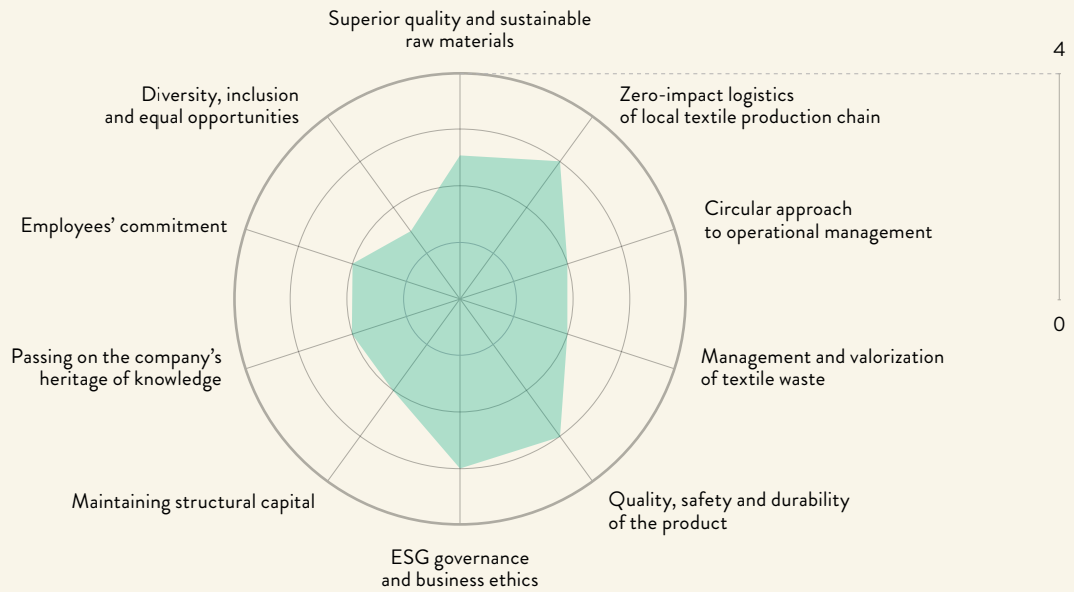
NEGATIVE POTENTIAL IMPACTS



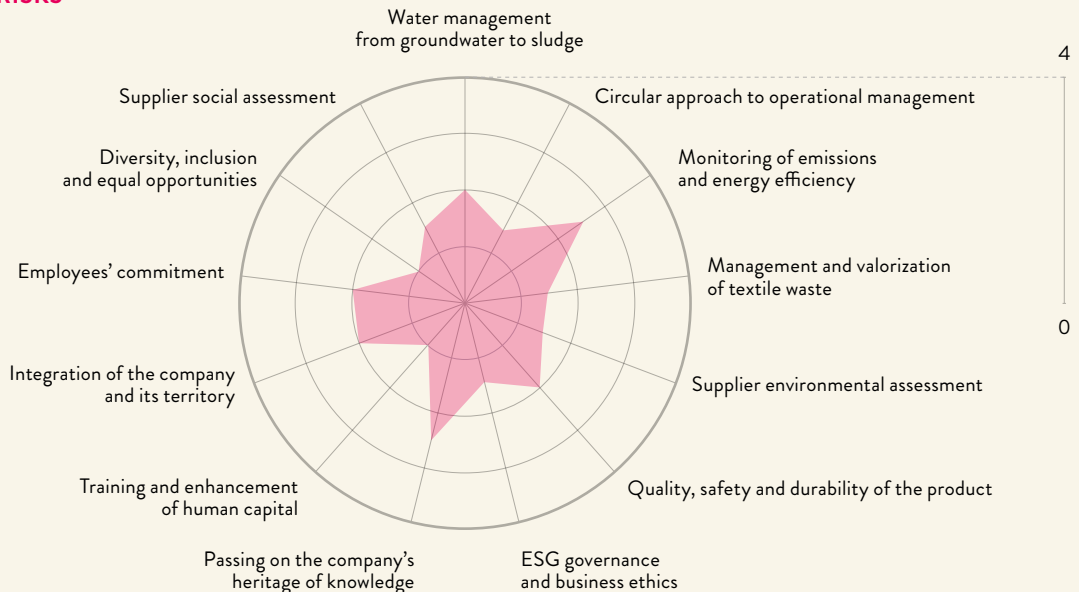
OUTSIDE-IN ANALYSIS

In these other two radar charts, a representation of potential risks and opportunities from the outside-in perspective - looking at how external environment could affect financial and operative performance. In particular, DINOLE® keeps environmental risks at low level thanks to constant monitoring and operative good practices, whereas the biggest opportunities come from our heritage of critical skills that, combined with the use of superior natural raw materials and a zero-impact logistics, ensure a high-quality, durable and unique product.

POTENTIAL OPPORTUNITIES



POTENTIAL RISKS



The identified themes are coherent with some of the sustainable development goals promoted by United Nations and by Global Compact. These goals are considered to be a commitment, albeit local and circumscribed and this commitment is inserted in the widest scene of politics promoted on a worldwide scale of the International community.

WITH THE CIRCULARITY OF OPERATION MANAGEMENT AND THE DURABILITY OF THE PRODUCT OVER TIME, WE CONTRIBUTE TO THE REACHING OF SOME GOALS FOR SUSTAINABLE DEVELOPMENT.

Here, a brief description of the main materiality themes, in coherence with the values expressed in the company's ethical code and with the operational politics of the company.

SUPERIOR QUALITY AND SUSTAINABLE NATURAL RAW MATERIALS

The company takes great pride in the high quality natural raw materials that are used in its productive processes, which guarantee a timeless, unique product, that has always been esteemed and appreciated by our clientele.

WATER MANAGEMENT FROM GROUNDWATER TO SLUDGE

The water supply necessary to the productive processes comes directly from a local water table. The water flow is supervised from extraction to purification. Indeed, once the water has been used, it is treated, so as to be newly introduced into the aqueduct, devoid of any substance deriving from the productive process and in line with current regulations.

ZERO-IMPACT LOGISTICS OF LOCAL TEXTILE PRODUCTION CHAIN

The company's peculiarity is that the entire production chain is contained within the walls of DINOLE®.

Not only does this mean a competitive advantage and increased quality control, but also a remarkable reduction in consumption, packaging and emissions derived from internal process logistics.

CIRCULAR APPROACH TO OPERATIONAL MANAGEMENT

The circular approach to operational management is a theme that has made itself more relevant in the last few years, yet has far reaching historical foundations. By circular approach, an efficient use of resources is meant, such as choice of raw materials, waste management and also production of superior quality, longer lasting goods.

MONITORING OF EMISSIONS AND ENERGY EFFICIENCY

The company has always been committed to the efficient use of energy to fight against waste and to raise awareness on the theme for its employees. Moreover, to enhance environmental performance, DINOLE® pledges to efficiently monitoring of GHG emissions sources, with the future objective to take into account indirect Scope 3 emissions.

MANAGEMENT AND VALORIZATION OF TEXTILE WASTE

The theme of the management and valorization of textile waste is essential. As the company must keep up very high-quality standards, it cannot re-use waste textiles. However, to keep faith with the adopted policy, it has developed a network of companies downstream of the productive processes that re-use and professionally recycle these products.

SUPPLIER ENVIRONMENTAL ASSESSMENT

The company finds that it is essential to make a supplier environmental assessment, in order to guarantee more transparency and better environmental performances of the supply chain. Environmental certification ensures the company that the product is sustainable and socially acceptable, respecting the current regulations and above, as well as having minimal impact on the environment.

QUALITY, SAFETY AND DURABILITY OF THE PRODUCT

The company has always had the health aspect of the product at heart and even surpasses legal standards, both for its employees and its users. For more than twenty years, the company has decided to completely exclude the use of formaldehyde in its processes. Furthermore, product durability over time has a twofold nature: not only is it in the interest of the user to have a long-lasting product, which does not decrease in value over time, but it also distinguishes and differentiates the company.

ETHICS AND SUSTAINABLE BUSINESS

The company is committed to respecting ethical principles and observing the regulations in business conduct, promoting fairness, ethical values and collaboration both inside and outside the company.

MAINTAINING STRUCTURAL CAPITAL

Maintaining structural capital goes beyond the mere economic aspect. Indeed, being able to use the 'old' equipment, whose usage has been handed down by employees as a tradition, is a strategic element for the company, creating fine finishes with an age-old flavor and products which have been best sellers for decades.

PASSING ON THE COMPANY'S HERITAGE OF KNOWLEDGE

Another crucial aspect for the company lies in passing on our business knowledge heritage, which has allowed production continuity, amid innovation and tradition and which is a real "cultural" and "local" element. If this knowledge were not valued through the company's products, it would be lost.

TRAINING AND ENHANCEMENT OF HUMAN CAPITAL

The company wishes to grant high quality and welfare standards of its employees and their training and enhancement is a crucial point. It is important for employees to receive instructions from the company when they first start working, that show them all the phases that make up the productive process, in order to better understand any critical issues of each internal sector and to stimulate teamwork, while maintaining a harmonious atmosphere in the company.

INTEGRATION OF THE COMPANY AND ITS TERRITORY

DINOLE® has always been a landmark for the small town and the neighboring municipalities, because not only has it given work to local families, bringing general well-being, but it has also been able to grant prestige to the experts who have been passing on their craft for generations, due to our view of the product.

EMPLOYEES' COMMITMENT

The commitment and the involvement of the employees is still a crucial theme, as well as a priority for the company, insomuch as, being handcrafted products, they require competent and trained personnel, who are endowed with a critical spirit and a culture of the beautiful. It's not about the human capital, which is easily quantifiable in an objective way, but rather that we "subjectively" perceive it as sense of membership.

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

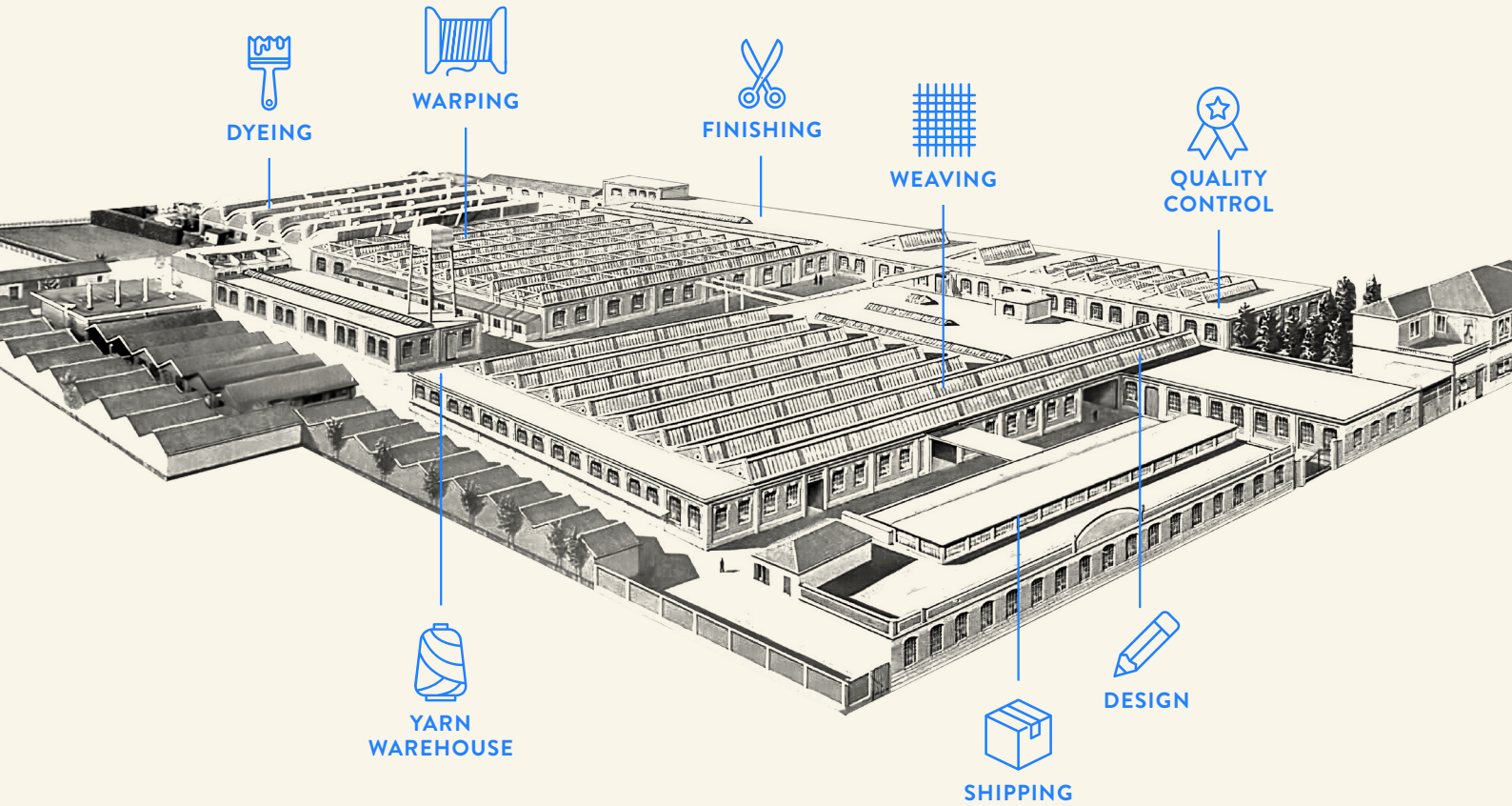
DINOLE® is committed to building and guaranteeing a more inclusive and peaceful working environment by adopting focused policies and raising the awareness of employers and employees. Gender equality is a fundamental theme for DINOLE®. Indeed, the personnel is selected without discrimination and there are no tasks that exclude one or the other sex.

SUPPLIER SOCIAL ASSESSMENT

The assessment of social sustainability requirements is part of the criteria on the basis of which the company selects its suppliers, ensuring respect for human rights, workers' rights, protection against the exploitation of minors, guarantees of safety and health in the workplace.

3.3 LOCAL SUPPLY CHAIN

DINOLE® works with trustworthy suppliers, having established relationships that have been going on for more than 10 years and guaranteeing raw materials of very high quality and selected products over time. Logistics does not have any weight for the company, as the entire productive process happens within it, thus avoiding displacements, transport and the use of packaging.



We consider our suppliers to be real strategic partners. This is why we usually privilege continuity with our Core Suppliers: nearly half of them have had a commercial relationship with us for more than 30 years!

OUR LOGISTICS ARE ZERO (IN KM)

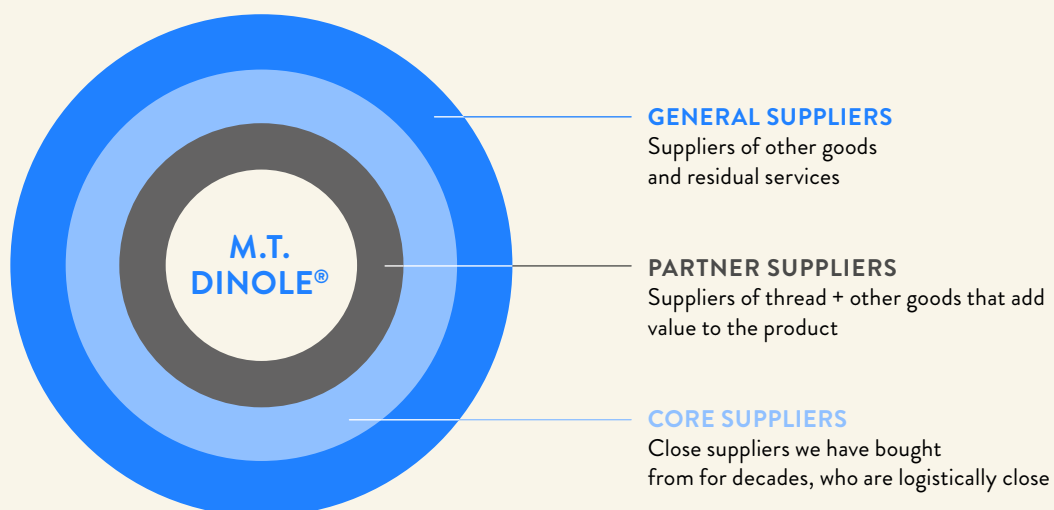
7 PRODUCTIVE PHASES



3.4 OUR SUPPLIERS

strategic suppliers for our procurement, so as to be able to always guarantee the best choice. On the other hand, with other suppliers, defined as “core” suppliers, we are constantly in touch, making decisions according to their logistic proximity and the duration of our relationship.

FOCUS: partner, core and general suppliers



Where our suppliers are

ORIGIN OF SUPPLIERS	2022		2023	
	IMPACTS OF PURCHASED VALUE	NUMBER OF SUPPLIERS OUT OF TOTAL	IMPACTS OF PURCHASED VALUE	NUMBER OF SUPPLIERS OUT OF TOTAL
PROVINCE OF TURIN	20%	41%	23%	40%
PIEDMONT	40%	18%	31%	15%
LOMBARDY	31%	26%	26%	28%
ITALY	3%	9%	9%	11%
ABROAD	6%	6%	11%	6%

Manifattura Tessile DINOLE® considers the contribution of our selected and valued suppliers as fundamental. They are chosen on the basis of possession of the necessary technical requirements, as well as for their reliability and safety. Doing business in a responsible way, working and improving only inside the company is not enough. Therefore, the choice of suppliers, who in turn have to apply virtuous behaviour in the supply chain, is fundamental. It is possible to rely on the certification held by suppliers as recognition of such virtue, so as to be able to better know the origin of the product we are going to work on.

For our partner and core suppliers, we not only believe that the presence of undisputed technical and qualitative characteristics are fundamental, but also that they can guarantee high environmental and social standards.

82% of our partner and core suppliers owns one or more environmental or social certificates. In 2023, all new core suppliers have been screened using environmental and social criteria. Specifically, as an environmental certification of process, ISO 14001 ensures the adequacy of environmental impacts' control and management system, and the constant pursuit of sustainable and efficient enhancement. As environmental certification of product, Oeko-Tex® standard 100 assures that products are free from substances which can lead to environmental or health damages, while suppliers holding GOTS (Global Organic Textile Standard) certificate can provide yarn with, at least, 70% of fibers from organic farming, free from harmful chemical substances, ensuring the respect of environmental criteria through the whole value chain. Finally, OHSAS 18001 is a social certification for an adequate control system on workers' safety and health.

Recurring certification in our partner and core suppliers include:

ENVIRONMENTAL CERTIFICATION OF PRODUCT	2022	2023
OEKO TEX® standard 100	15	20
GOTS	5	13

ENVIRONMENTAL CERTIFICATION OF PROCESS	2022	2023
ISO 14001	10	13

SOCIAL CERTIFICATION	2022	2023
OHSAA18001	2	2

4.

STRUCTURAL & MANUFACTURING CAPITAL

“Manufactured physical objects (as opposed to natural physical resources) that an organization can use to produce goods or provide services. Productive capital is often created by other organizations, but it includes goods produced by the one which draws up the report for the sale or for internal use.”



4.1 TEXTILE MANUFACTURE

OUR PROCESS FLOW



OUR PROCESSES: INPUT AND OUTPUT

PROCESS PHASES	PRIMARY INPUT	AUXILIARY INPUT	PRIMARY OUTPUT	SECONDARY OUTPUT
DESIGN			INSTRUCTIONS TO BE ATTACHED TO LOOMS	
WARPING	THREAD		BEAM	
WEAVING	BEAM + THREAD ON CONE		ROLLS OF FABRIC / VELVET (raw or dyed yarn)	FRAYING, CONES, PLASTIC / CARDBOARD, EXCESS THREAD
DYEING	TEXTILE / VELVET ROLLS (raw or dyed yarn)	DYEING AUXILIARIES + DYES + WATER	COLOURED PATCHES	DYEING WASTE, PACKAGING (returnable empties)
FINISHING	COLOURED PATCHES	WATER + METHANE	TREATED FABRICS + READYMADE VELVET	WATER + WRINGING WASTE + POWDERS
QUALITY CONTROL	TREATED FABRICS + READYMADE VELVET		READYMADE FABRICS/VELVET/ JACQUARD	SECOND RATE FABRICS AND VELVET + SCRUB (salvaged and reused)
SHIPPING	JACQUARD / VELVETS	CARDBOARD BOXES + PLASTIC WRAP	PACKAGED FABRICS	CARDBOARD AND PLASTIC WASTE + PALLETS

The productive process starts in the design department with the **DESIGN OF FABRICS AND VELVET**. The design department is equipped to personalize our customer's fabrics by coordinating the weaving of unique velvet and textiles with personality. Subsequently, the designs are programmed with software for each single loom. Inspiration, designs and colours can be taken from the company's historical archives, one of our most important and exclusive resources. These resources are rigorously catalogued, classified and passed on from one generation to the next.

Our stylists and international textile creators are another important component of this phase; they are entrusted with the task of creating new models to be transformed into velvet and jacquard fabrics.

In the **WARPING** phase, thread is transferred from the cones to the warp beam so as to be loaded behind the loom, ready to be woven. Doing this process on site means higher versatility and quick response, guaranteeing maximum efficiency and quality for smaller scale production, satisfying the customer's every need.

Each phase of velvet production is managed in minute detail in order to give a continuous sense of pleasure. The phases with their care for every detail make the product unique and (IDEA of how to feel the product).

The third phase is **WEAVING**, where the velvet awards maximum versatility according to the type of fiber, structure and composition. All of this happens with a weaving process on a special “face to face” loom that produces a double layer of thick velvet at one time.

The velvet weaving department has a reputation for passionate care for details, and it is evident in all aspects of creation and in each phase. The temperature and the humidity level of the departments are continuously checked in order to guarantee optimal working conditions in the production area as well as optimal quality.

The **JACQUARD FABRICS**, which are produced on a special loom, have complex intertwined designs, and often have large repetitive motifs or tapestry effects. They include modern brocades, brocatelle, damask fabrics and tapestries. The jacquard fabric department, where production takes place on avant-garde looms, can provide wider fabrics, producing both 140 cm and 290 cm sizes.

The **DYEING** phase is very precise and is important in the determination of the length and the quality of the final product. It is carried out in the factory using avant-garde machinery and fully respecting the environment.

A powerful depuration system is continuously monitored through periodic checks, while it filters and purifies water and waste from the dyeing process. More valuable velvet can be created to serve the best wholesalers and textile international editors thanks to the maximum care and attention of the experts during the dyeing process.

The **FINISHING OF THE VELVET** phase is surely the most important phase and the one that most defines the quality and the look of the “made in Nole” velvet. During this phase, with the combination of venerable knowledge which has been passed on from generation to generation, classical machinery dating back to the mid 1800’s and very modern, 4.0 technologies, the velvet is repeatedly brushed (CARDED) and cut (TOPPED) in order to make it appear consistent and homogeneous, soft to the touch and with bright and deep colors.

QUALITY CONTROL insists on the highest production standards. The velvet and fabrics are meticulously checked, meter by meter, by highly qualified personnel and by automatized and computerized processes, Maximum quality is reached through stringent control of the whole production process in order to perfect the yarn. All of this allows the company to rank first as prestigious velvet and fabric weavers all over the world.






The **FINISHED WAREHOUSE** is completely automatized and is the ideal conclusion to the manufacturing process. Our modern warehouse permits rational management of the final product, guaranteeing efficiency and precision to clients.

The fundamental data of each productive lot is collected through an encoding system which allows for its storage and handling. It is supported by very refined air management technology that guarantees the best treatment of the product and keeps the quality intact when the product must be moved within the warehouse.

SOURCE: www.dinole.com/the-process



KEY:

- | | | | |
|---|--------------------|---|---------------------|
|  | YARN WAREHOUSES |  | FABRICS |
|  | RAW WAREHOUSE |  | YARN DYED VELVET |
|  | FINISHED WAREHOUSE |  | VELVET PIECE DYEING |

4.2 OUR PLANT

Textile machinery dating from the 1800's has been maintained and is still being used today in DINOLE®, so as to knowingly pass on the high quality which has distinguished the company for more than 100 years.

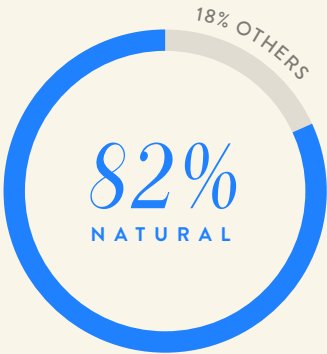
OUR STRUCTURE IS CAPITAL

Moreover, high quality and care are reaffirmed and strengthened through our approach to environmental responsibility.

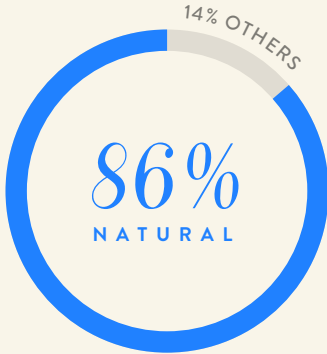
4.3 OUR APPROACH TO THE CIRCULAR ECONOMY

CIRCULARITY LIES IN THE DURABILITY OF THE PRODUCT

FIBERS USED 2022



FIBERS USED 2023



DINOLE® has embraced the concept of the circular economy that is based on a production and consumption model which reconditions and recycles existing materials and products, as well as making them durable. In this way, the company has strived to make the life cycle of the product as long as possible, starting from the very high quality that ensures its performance over time.

Each textile waste has a specific procedure to reduce waste to a minimum. The textile cuts deriving from the productive process and second-rate goods are bought by other companies, who use them as raw material, while irrecoverable waste is correctly disposed of by professional waste managers.

Obviously, having the whole production chain on the premises, we avoid plastic wrap, packaging and cardboard being used to transport the goods.

As for pallets, a returnable policy has been agreed so that a precious resource like wood doesn't get wasted.

A similar policy has been adopted for the leftover thread spools: any thread left on the spool is sold like the textile waste, while if only the bare spool remains, it is disposed of correctly.

5. NATURAL CAPITAL

“All processes, as well as renewable and non-renewable environmental resources, that provide goods or services for the past, present and future success of an organization. It includes air, water, earth, minerals and forests, biodiversity and integrity of the ecosystem.”

5.1 RAW MATERIALS

DINOLE® only uses first-class raw material and it relies on very precious natural fibers like silk, cotton, linen, wool and cashmere in the making of its products.

YEAR	YARN CONSUMPTION IN KG
2022	334.740
2023	281.422



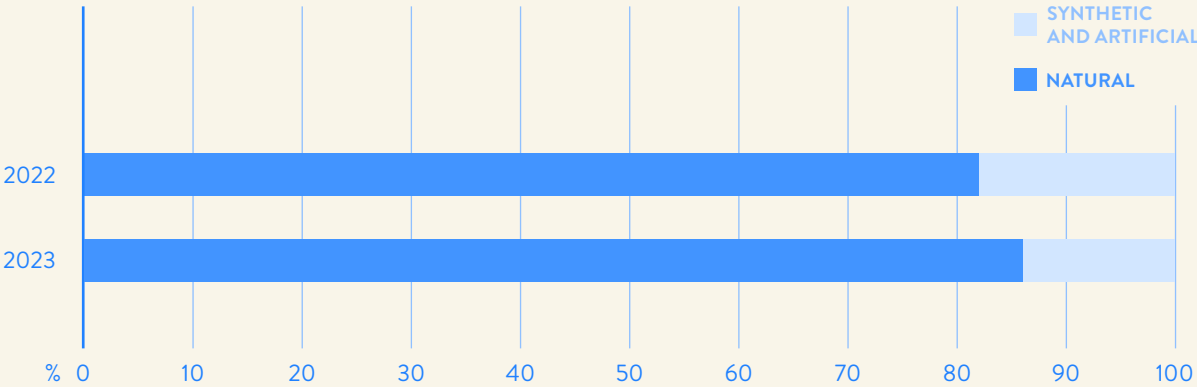
Our high quality is achieved through extensive sourcing of raw material and by the skillful workmanship that can take days of processing. This guarantees respect for the material as a natural fiber, which is then processed by a craftsman according to specific requests from the client.

DINOLE®, has principally consumed yarn of natural origin in the biennium 2022-2023, as indicated in the table below.

YARN CONSUMPTION

TYPE OF YARN	2022	2023
NATURAL YARN	82%	86%
SYNTHETIC AND ARTIFICIAL YARN	18%	14%
TOTAL YARN	100%	100%

YARN CONSUMPTION IN % KG BY TYPE OF FIBRE



CONSUMPTION OF CHEMICAL PRODUCTS AND DYES

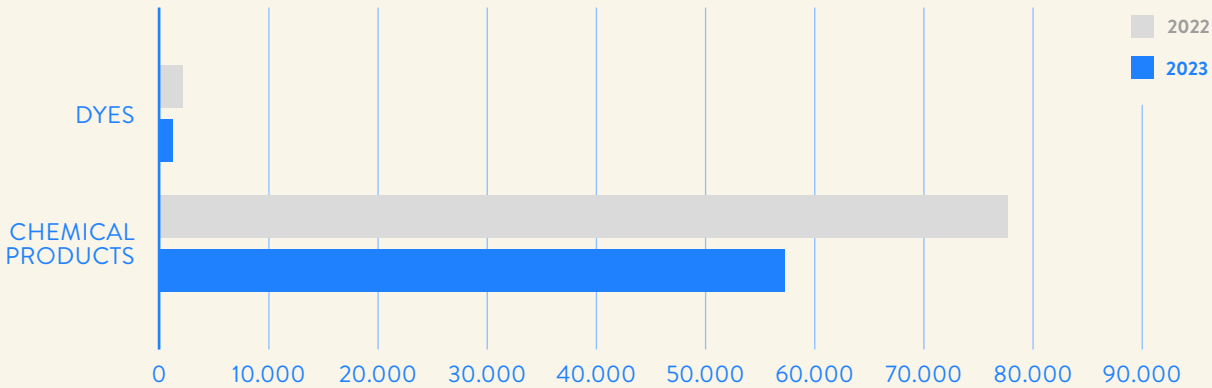
The consumption of chemical products and dyes in the company is a secondary input. They help to fulfill the requests of the clientele and to guarantee the exact desired gradation. They also guarantee that the consistency of the fabric persists over time.

YEAR	CHEMICAL PRODUCTS	DYES	TOTAL KG
2022	75.212	2.154	77.366
2023	55.598	1.324	56.922



DINOLE® behaves in a responsible and loyal fashion by using these chemical products and dyes. We search for products that give a better yield and which guarantee health and safety for both its employees during the working phase and for the end user in the prolonged use of the product. These products are disposed of correctly, along with the wastewater, from the dyeing, thanks to an activated sludge system that allows the elimination of pollutants while cleaning the water used in the process.

CONSUMPTION OF CHEMICAL PRODUCTS AND DYES IN KG



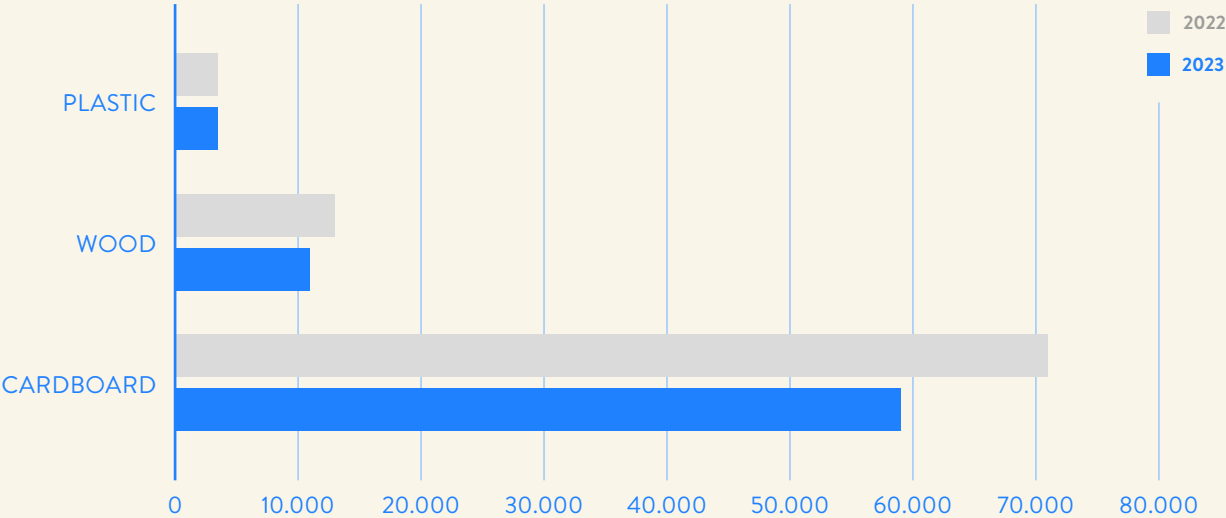
ANNUAL CONSUMPTION OF PACKAGING

DINOLE® supply chain becomes a competitive advantage insomuch as using the historical building that contains the entire production chain has reduced the impact of logistics to zero. The company only consumes the strictly necessary packing material. Other competitors need to transport it from one company to the other, incrementing packaging and transport at each phase of the productive process.

ANNUAL CONSUMPTION	KG 2022	KG 2023
CARDBOARD	71.422	59.521
WOOD	12.975	11.142
PLASTIC	3.450	3.400



PACKAGING CONSUMPTION IN KG



As the company has environmental themes at heart and wishes to consume as little packaging as possible, it has established relationships with “returnable” suppliers, in order to return some materials after their use. For example, the wooden pallets used by the company return to the producer, avoiding waste as much as possible.



5.2 ENERGY

“Minor good practices.

The company has been habitually against any waste including energy waste, and through the years it has tried to raise awareness among its employees by teaching them to “turn the light off.”

ENERGY AND GAS CONSUMPTION

The use of electric energy is essential during the various processing phases. Gas consumption is fundamental for the company, as it enables some processing phases like finishing and together with water, has a big impact on production.

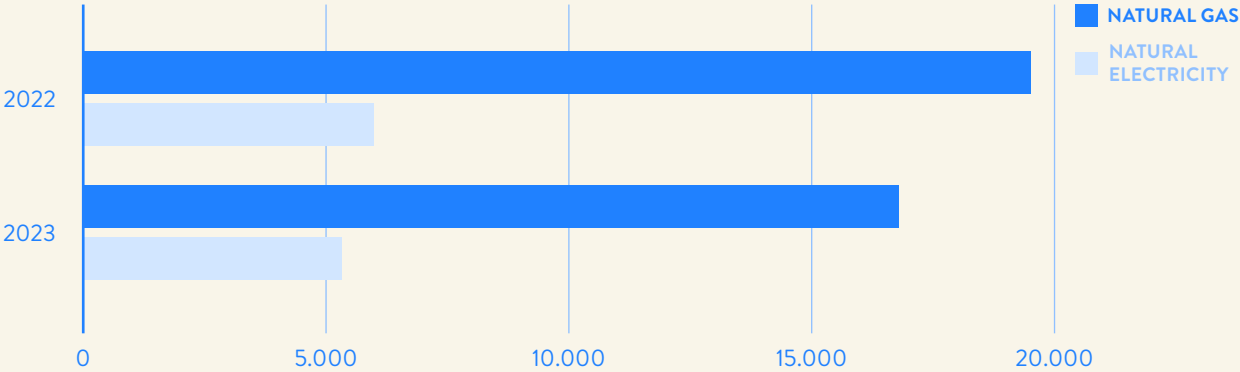
In a particular way, the velvet and the fabrics are woven by some machinery which gives them that distinctive and unique look as well as maximum durability during the finishing phase. In this phase, gas heats the water in order to create enough steam for fabric’s manufacturing. The water is then cooled down, to avoid emitting hot water into the environment. The wise management of the energy resources of the company favors conscious and sustainable consumption from both an environmental and social point of view. To confirm our attention and our actions towards energy efficiency, from a productive and environmental point of view, in 2023 the ongoing optimization of our machinery and activities of revamping on our looms helped us reaching a reduction in energy consumption. Obsolete motors on velvet looms were replaced with new inverter motors. This process was carried out on nine looms in 2023. Our calculations showed considerable energy savings (estimated 83% every year for each loom). Considering the positive outcome, the revamping was also carried out on our water-treatment plant where the installation of a 30kW inverter for controlling three blowers that generate oxygen in the settling tanks has led to a significant energy efficiency improvement.



This is the data on actual electricity and gas energy consumption in the 2022-2023 biennium:

TYPE OF CONSUMPTION (GJ)	2022	2023
ELECTRICITY ACQUIRED	6.055	5.373
NATURAL GAS FOR HEATING AND PRODUCTION PROCESSES	19.564	16.834

CONSUMPTION OF ELECTRICITY AND NATURAL GAS IN GJ



ENERGY INTENSITY

In recent years, the data resulting from the impact have shown a positive trend with respect to specific energy consumption (per unit of product and per unit of staff) which have been reduced in a relative sense.

ENERGY / METERS PRODUCED = ENERGY INTENSITY

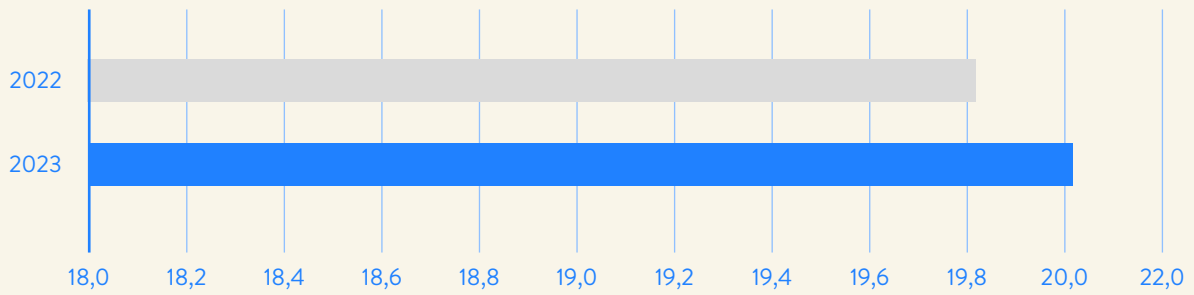
ENERGY / N. OF EMPLOYEES = ENERGY INTENSITY

Energy intensity is calculated considering total energy, which is given by the sum of electric energy and of gas. It is necessary to convert cubic meters of gas into kWh to get to the total energy intensity and it corresponds to:

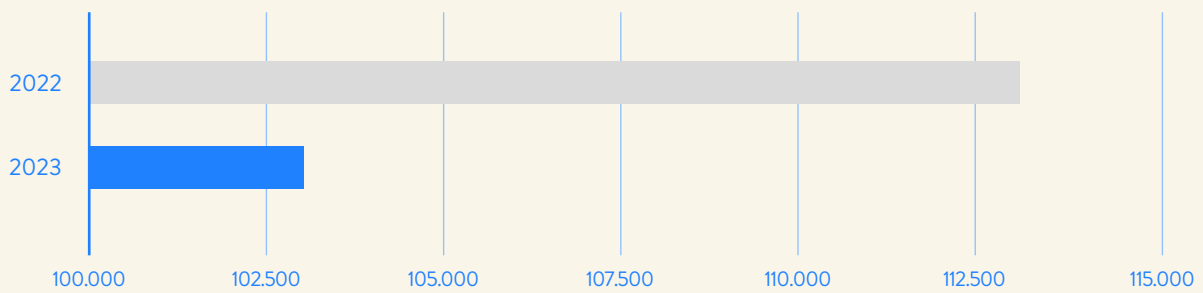
ENERGY INTENSITY	2022	2023
ENERGY/PRODUCED METRES (KWH/M)	19,81	20,14
ENERGY/NUMBER OF EMPLOYEES (KWH/DIP)	112.956,89	102.808,86



ENERGY INTENSITY IN KWH/M PER PRODUCTION



ENERGY INTENSITY IN KWH/EMPLOYEE PER EMPLOYEE

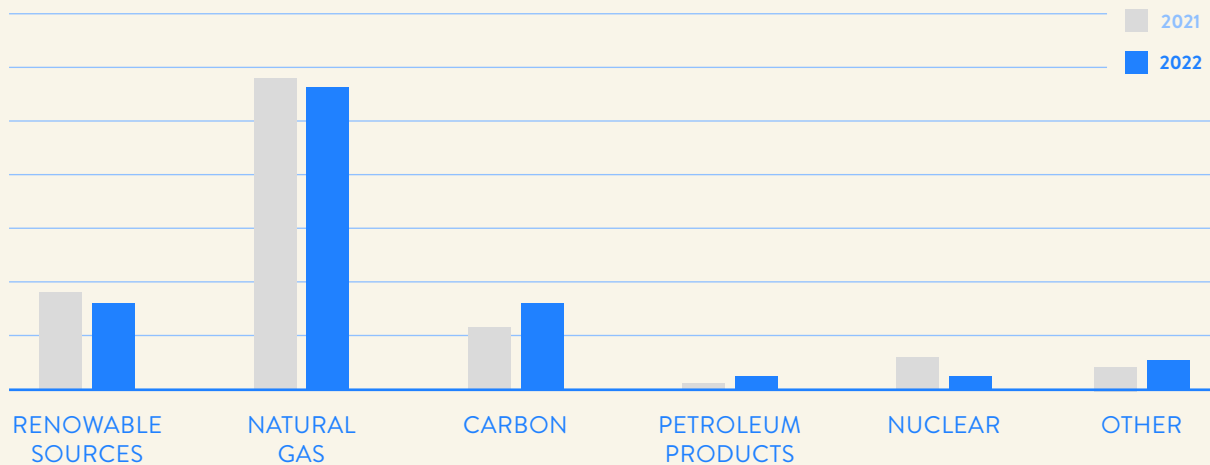


ENERGY FROM RENEWABLE AND SUSTAINABLE SOURCES

ENERGY SOURCES	2021	2022
RENEWABLE SOURCES	17,88%	16,26%
NATURAL GAS	58,18%	56,71%
CARBON	11,70%	16,14%
PETROLEUM PRODUCTS	1,25%	2,48%
NUCLEAR	6,32%	2,53%
OTHER	4,67%	5,88%

2023 DATA WILL BE AVAILABLE IN SEPTEMBER 2024

ELECTRIC ENERGY SOURCES



2023 DATA WILL BE AVAILABLE IN SEPTEMBER 2024

With a view to conscientious energy consumption, the company has verified supply sources that guarantee production performance every day, partly using energy from renewable sources and partly from natural gas. The latter is one of the least impactful for the environment when compared to other sources. The energy from renewable sources is obtained from natural and inexhaustible resources, as they are able to re-generate themselves continuously. These sources are a big advantage and a resource for both for the environment’s safeguard and for human well-being. They are used to produce electricity as an alternative to fossil fuels.

5.3 WATER AND WATER STEWARDSHIP

For Manifattura Tessile DINOLE®, the stewardship of water has always been a priority because company policy recognizes the importance of its correct use in both quantity and in the treatment of waste.

The company avails of an aquifer and respects municipal consumption regulations. Water is taken from the aquifer, used in productive processes like dyeing and finishing and then put into special tubs with activated sludge inside, which are suitably treated and maintained in order to purify the water.

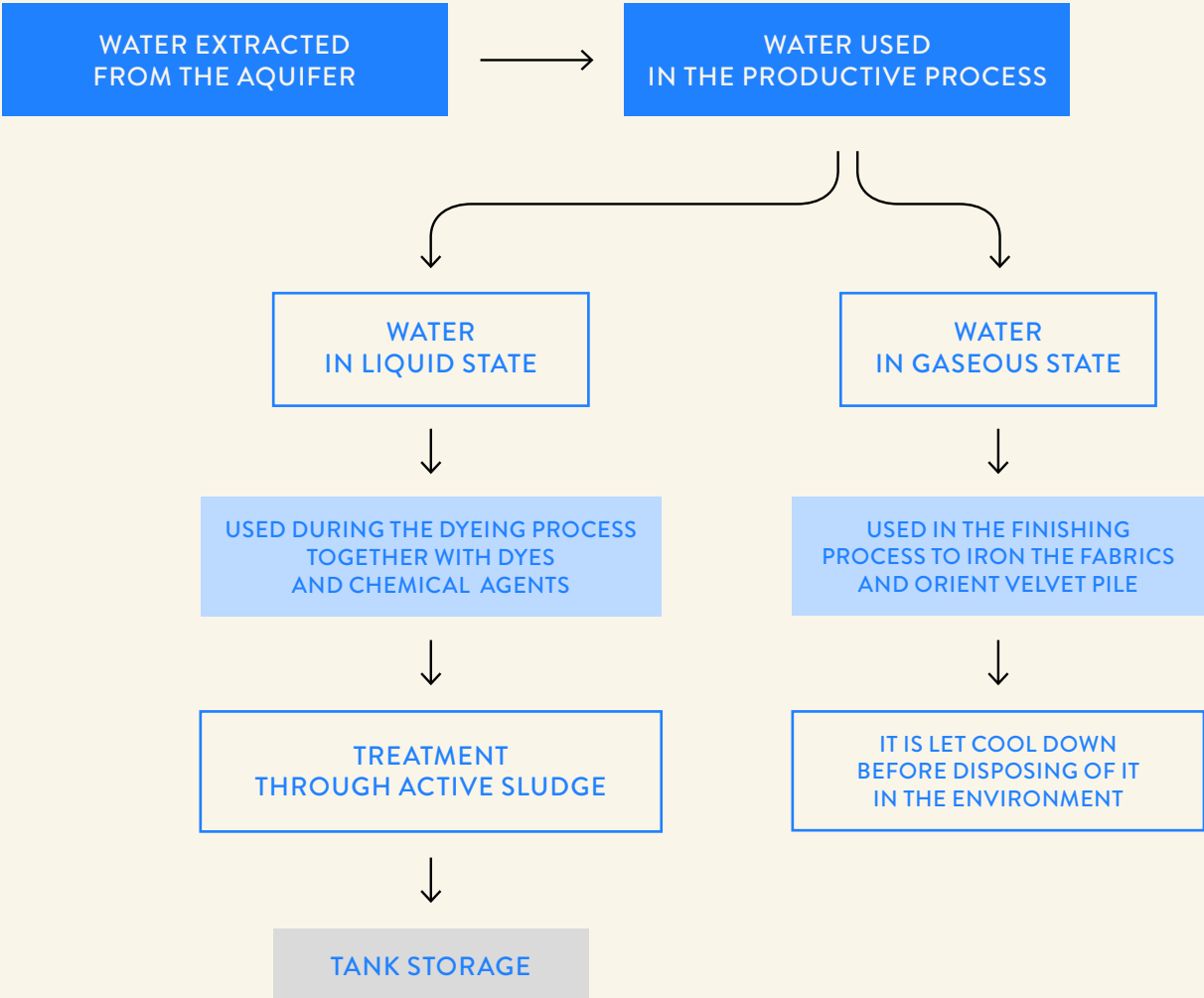
Purification through the active sludge biological process is an aerobic treatment using prolonged ventilation of the wastewater in a biological reactor. The bacteria used to purify come in flakes and are suspended by air insufflation. The active sludge is composed of microorganisms such as bacteria, protozoa, metazoans, etc. which are constantly produced by reactions deriving from the degradation of organic carbon and thanks to the nutrients. The active sludge system is composed of a reaction tank where the bacterial population meets the wastewater to purify it. Once the blend has been aerated, it goes through a sedimentation process where the active sludge flakes get separated from the purified effluent. This is then discharged from the decanter while the sludge is recirculated in the loop again.

The water management adopted by DINOLE® is planned, with the water being sent to the various process areas according to need. Indeed, the water is first drawn from the underlying water table. It is then divided according to its productive process; some will go in a liquid state to the dyeing process and some in a gaseous state to the finishing process. It is used to dissolve dyes and chemical agents in the dyeing process. Once used, it is put into tanks with bacterial populations (active sludge) which are in charge of purifying the wastewater from the dye. The bacteria are then set aside and put back into circulation, while the purified water is collected and put into a tank. Water is also used in vapor form for ironing the fabrics and brushing the velvet fibers in the finishing process. Once used, this water is let cool down before being released into the environment. Through these two treatments water is free of pollutants and let cool down in order to not entail environmental damage to protect flora and fauna.

Manifattura Tessile DINOLE® operates in accordance with the principles of responsible and sustainable consumption and is studying methods to reduce water consumption more and more, both directly and indirectly and through reusing it in different productive cycles.

For the future, DINOLE® is considering strategies that would allow the reuse of the same water, thus reducing the waste even more, as per a circular economy.

OUR WATER MANAGEMENT PROCESS

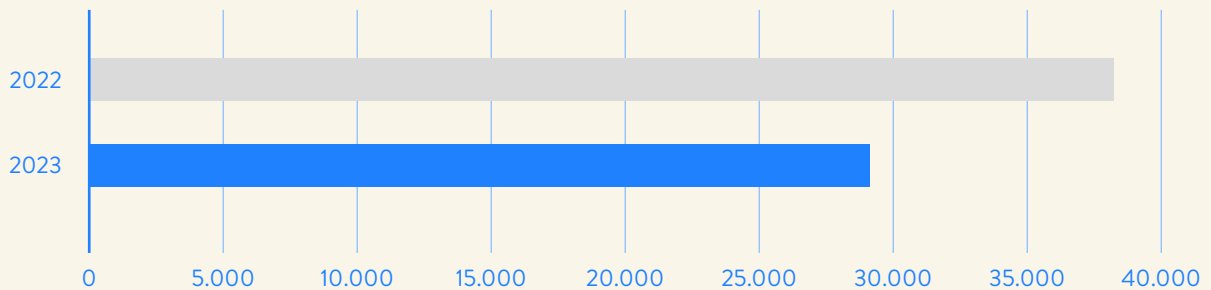


WATER WITHDRAWAL

The water withdrawals measured in the two-year period were as follows:

WATER WITHDRAWAL BY SOURCE (m ³)	2022		2023	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
SURFACE WATER (M ³)	0	0	0	0
GROUNDWATER (M ³)	36.440	0	28.380	0
THIRD PARTY WATER (M ³)	0	0	0	0
TOTAL	36.440	0	28.380	0

WITHDRAWALS OF WATER IN M³ FROM GROUNDWATER

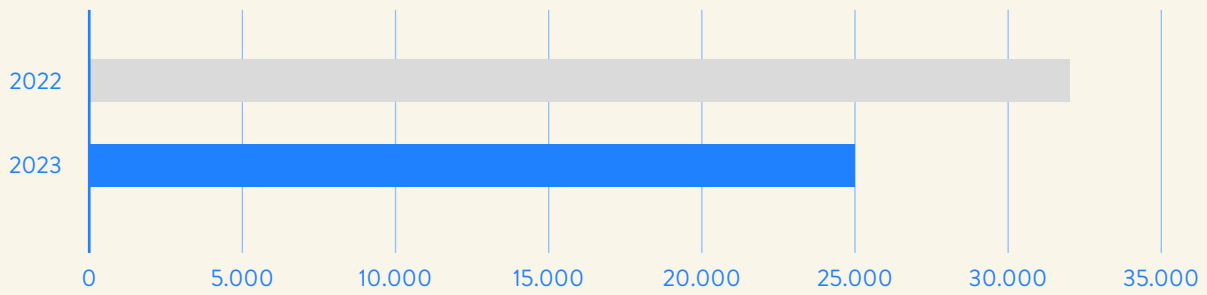


WATER DISCHARGES

the water discharges measured in the two-year period were as follows:

WATER DISCHARGE BY TYPE OF DESTINATION	2022		2023	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
SURFACE WATER (M ³)	0	0	0	0
GROUNDWATER (M ³)	0	0	0	0
THIRD PARTY WATER (M ³)	0	0	0	0
FRESH WATER (≤ 1000 M ³ TOTAL DISSOLVED SOLIDS)	32.095	0	24.970	0
OTHER WATER (> 1000 M ³ TOTAL DISSOLVED SOLIDS)	0	0	0	0
TOTAL	32.095	0	24.970	0

WATER DISCHARGES IN M³

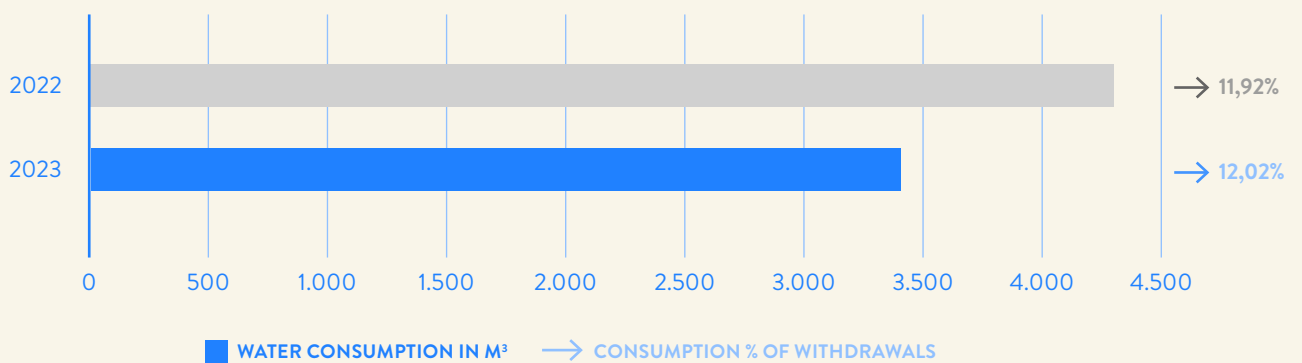


WATER CONSUMPTION

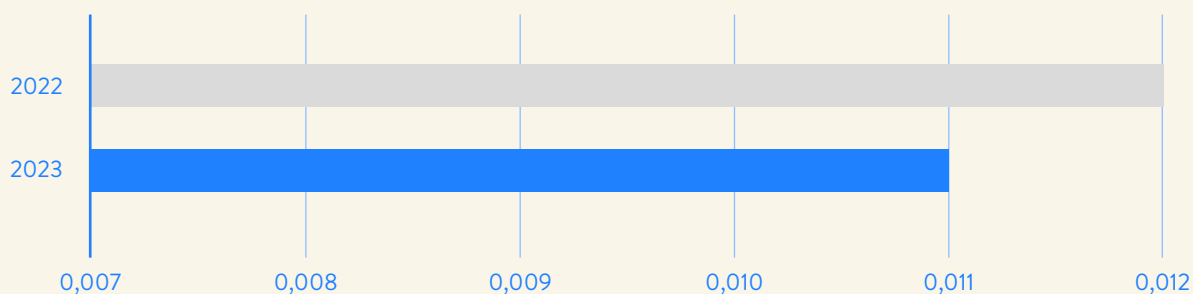
Water consumption detected in the two-year period:

WATER CONSUMPTION	2022		2023	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
TOTAL WATER CONSUMPTION (M³)	4.345	0	3.410	0
CONSUMED WATER PER METRE PRODUCED (M³/M)	0,012	0	0,011	0
DIFFERENCE BETWEEN CONSUMPTION AND WITHDRAWALS	11,92%	0	12,02%	0

WATER CONSUMPTION IN M³ AND % OF WITHDRAWALS



WATER CONSUMPTION / METRES PRODUCED



5.4 EMISSIONS

DIRECT GHG EMISSIONS (SCOPE 1)

The SCOPE 1 direct emissions that have been calculated for the two-year period 2022-23 are the following:

INPUT (TCO ₂ e)	2022		2023	
	PROCESS FUEL	HEATING FUEL	PROCESS FUEL	HEATING FUEL
PETROL	0	0	0	0
GPL	0	0	0	0
DIESEL	0	0	0	0
NATURAL GAS	0	1.026,88	0	891,7
TOTAL	0	1.026,88	0	891,7

INDIRECT (SCOPE 2) GHG EMISSIONS FROM ELECTRICITY CONSUMPTION:

The indirect GHG emissions (SCOPE 2) from electricity consumption that have been calculated for the two-year period 2022-23 are the following:

INPUT (TCO ₂ e)	2022		2023	
	LOCATION BASED	MARKET BASED	LOCATION BASED	MARKET BASED
ELECTRICITY ENERGY ACQUIRED	437,31	557,08	381,4	682,2

Data for the year 2023 have been calculated using a different and more reliable methodology, based on a specific toolkit developed by Center4SharedValue - Department of Management, University of Turin. For the sake of correctness, DINOLE® has restated Scope 1 and Scope 2 emissions for 2022 following the new approach. We believe it's our duty to improve the way we calculate data, in order to make them more and more precise and to give our stakeholders a better understanding of our impacts. More details are available at 8.1 Note on GHG emissions calculation.

In the evaluation of emissions DINOLE® has estimated the following concentration of pollutants NO2 and CO:

OTHER EMISSIONS	2022			2023		
	MEAN CONCENTRATION + STANDARD DEVIATION (MG/NM ³)	THRESHOLD VALUE (MG/NM ³)	%	MEAN CONCENTRATION + STANDARD DEVIATION (MG/NM ³)	THRESHOLD VALUE (MG/NM ³)	%
NITROGEN OXIDES (NO2)	91,41	150	60,90%	109,62	150	73,10%
CARBON MONOXIDE (CO)	3,34	100	3,30%	5,94	100	5,90%

MINIMUM LIMITS ARE NOT REACHED
(FOR THE POLLUTANTS)

Considering 100 as the minimal value defined by the regional and national laws for the direct GHG emissions, M.T. DINOLE® emissions have turned out to be much lower than the imposed limit for the two major pollutants and has reduced and contained them from one year to the other.

- ↳ The percentages given in the table refer to the values compared to the concentration limit of mg/Nm³.
- ↳ The values are the result of an estimate made by an external company which is specialized in the sector.

DINOLE® has amply respected the limit of permitted emissions in the years considered, avowing sharp improvement and a positive trend for each pollutant. Furthermore, the company's chimneys are subject to periodical checks and revision by both employees and by external third parties, in order to guarantee the correctness of the data.

This emission containment is particularly virtuous for the company, not only for having widely respected the imposed limits, but also for having taken care of the health of the local communities and the surrounding environment. Indeed, nitrogen dioxide (NO2) considerably affects the air quality and its reduction involves an easily perceptible benefit. The fact that only 5.9% carbon monoxide is emitted is particularly relevant. Indeed, if carbon monoxide is released in uncontrolled quantities, it can lead to severe latent damage to human health. It is released when combustion is incomplete.

Moreover, our business field is becoming more and more conscious about the huge impact, particularly in terms of emission, consequent to all activities upstream and downstream, from the production of purchased materials to the use and disposal of final products. DINOLE® has acknowledged how important it is to take into account all phases, on the pathway to Carbon Neutrality. That's why DINOLE® will undertake a process to track Scope 3 indirect emissions, in addition to the accurate inventory of Scope 1 and Scope 2 emissions. In accordance with the international principles



presented in GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, DINOLE® is setting the future goal of mapping indirect emissions, starting from an accurate identification of the most relevant Scope 3 categories, considering business field and peculiar activities of the company:

UPSTREAM ACTIVITIES

- Purchased goods and services: emissions associated with purchased goods and services used in operations;
- Transportation and distribution: emissions associated with distribution and transportation of goods and materials to the organization;
- Employee commuting: emissions associated with employees commuting to and from work - though our human capital lives predominantly nearby, this should be a category worth including in the inventory.

DOWNSTREAM ACTIVITIES

- Transportation and distribution: emissions associated with distribution and transportation of goods and materials to customers;
- End-of-life treatment of sold products: emissions associated with activities such as recycling, disposal or treatment of products.

The emissions can also have an indirect impact, such as which materials are used in the production of the fabric. Indeed, it is clear that the choice of natural raw materials (cotton, wool, silk, cashmere...) is much more sustainable and eco-friendlier, as a survey conducted on the textile companies shows.

Naturally, these materials do not have petroleum, unlike synthetic fiber. In addition, in terms of CO₂eq, the impact is much lower. For example, producing 1 kg of cotton causes 0,89 kg of CO₂eq, compared to how 1 kg of polyester causes 4,85 tons of CO₂eq. A similar parallel can also be made based on energy consumption, where cotton, a natural fibre, is much more sustainable. It consumes 45MJ for 1 kg, while polyester consumes 85MJ per kg.

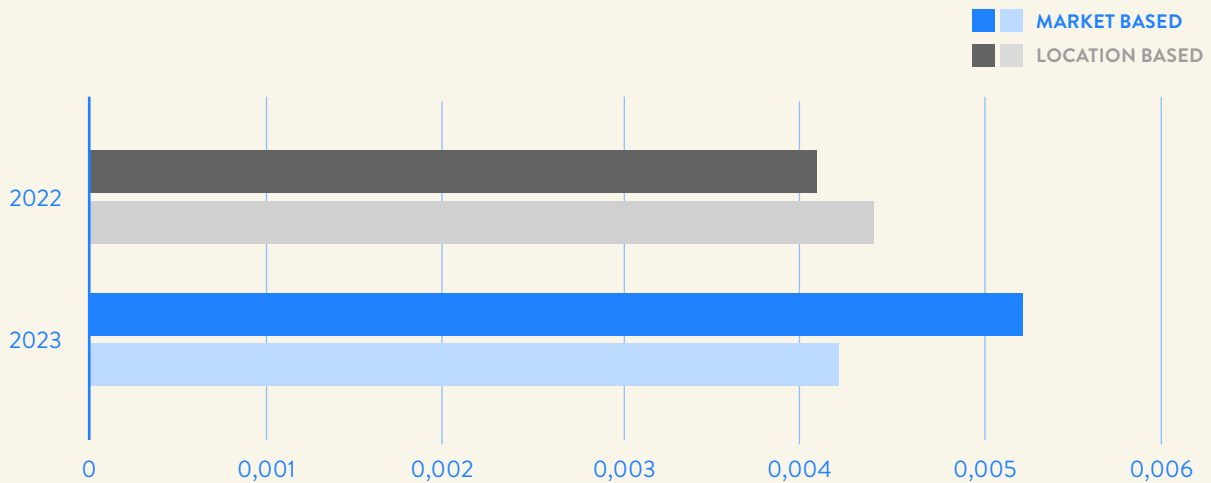
OUR GHG EMISSION INTENSITY RATIO

DINOLE® has considered really helpful to provide a GHG emission intensity ratio, in order to give an idea of how much production of fabrics contributes to climate impacts, though limited to direct Scope 1 and indirect Scope 2 emissions. Ratios have been calculated summing Scope 1 and Scope 2 emissions, divided by the total fabrics produced (in mt) for 2022 and 2023.

YEAR	SCOPE 1 + SCOPE 2 (tonCO ₂ e)						FABRICS PRODUCED (mt)	GHG EMISSION INTENSITY RATIO (tonCO ₂ E/mt)	
	LOCATION BASED APPROACH			MARKET BASED APPROACH				LOCATION BASED APPROACH	MARKET BASED APPROACH
	SCOPE 1	SCOPE 2	TOTAL	SCOPE 1	SCOPE 2	TOTAL			
2022	1.026,88	437,31	1.464,19	1.026,88	557,08	1.583,96	359.181	0,0041	0,0044
2023	891,7	381,4	1.273,1	891,7	682,2	1.579,9	306.223	0,0042	0,0052



GHG EMISSION INTENSITY RATIO (tonCO₂e/mt) - 2023



AVOIDED IMPACTS

As the company operates entirely within its own premises, it has been able to avoid different environmental impacts caused by transport. We have decided to estimate them and convert them into tonnes of CO₂ to make them comparable. The calculation is based on estimates that begin with the dyed meters of wool, other fibres and from the number of beams. Then, based on their destination, assuming round trips to potential service suppliers and assuming maximum loads of the adequate means of transport, we have made our comparisons. This has led to an estimate of the avoided CO₂ tons in the quantity shown in the table:

INPUT	2022			2023		
	TONNES OF PRODUCT	HYPOTHETICAL DISTANCE (KM)	AVOIDED EMISSION (TCO ₂ e)	TONNES OF PRODUCT	HYPOTHETICAL DISTANCE (KM)	AVOIDED EMISSION (TCO ₂ e)
MT. DYED WOOL	52,28	180	12,73	51	180	12,73
MT. DYED OTHER FIBERS	189,57	896	42,25	129	896	21,13
N°BEAMS	512,85	180	12,73	486	180	8,49
TOTAL	754,70	1.256	67,71	666	1.256	42,35

As can be seen from the calculations, having the whole productive chain inside the company permits rapid execution of the order and step by step verification of quality. In addition, it avoids a considerable quantity of emissions, within the national limits, benefiting both the environment and the population.

5.5 WASTE

WE DO NOT THROW OUT WASTE

WASTE DIVIDED BY TIME AND DISPOSAL METHOD

The data relating to waste in the two-year period 2022-23 are shown in the following tables:

TYPE OF WASTE (KG)	2022		2023	
	NON DANGEROUS	DANGEROUS	NON DANGEROUS	DANGEROUS
PAPER AND CARDBOARD	58.000	0	49.000	0
WOOD	2.500	0	4.200	0
PLASTIC	450	0	1.600	0
PROCESSED TEXTILE FIBRES	64.340	0	53.100	0
SLUDGE FROM BIOLOGICAL TREATMENT OF INDUSTRIAL WASTE WATER	0	0	0	0
SLUDGES PRODUCED BY ON-SITE TREATMENT	2.590	0	3.940	0
PACKAGING IN MIXED MATERIALS	21.310	0	11.630	0
DISCONTINUED EQUIPMENT	200	0	52	0
SCRAP OF IRON AND STEEL	0	0	3.830	0
SATURATED OR SPENT ION EXCHANGE RESINS	0	0	0	0
NON-CHLORINATED MINERAL OILS FOR MOTORS, GEARS AND LUBRICATION	0	0	0	280
PACKAGING CONTAINING RESIDUES OF OR CONTAMINATED BY DANGEROUS SUBSTANCES	0	845	0	800
ABSORBENTS, FILTER MEDIA (INCLUDING OIL FILTERS NOT OTHERWISE SPECIFIED), RAGS AND PROTECTIVE CLOTHING, CONTAMINATED WITH HAZARDOUS SUBSTANCES	0	85	0	150
END-OF-LIFE EQUIPMENT CONTAINING DANGEROUS COMPONENTS	0	0	0	60
FLUORESCENT TUBES AND OTHER MERCURY-CONTAINING WASTES	0	80	0	20
OTHER INSULATING MATERIALS CONTAINING OR CONSISTING OF DANGEROUS SUBSTANCES	0	0	0	0
ORGANIC WASTE, CONTAINING DANGEROUS SUBSTANCES	0	0	0	0
TOTAL	149.390	1.010	127.352	1.310

WASTE GENERATED

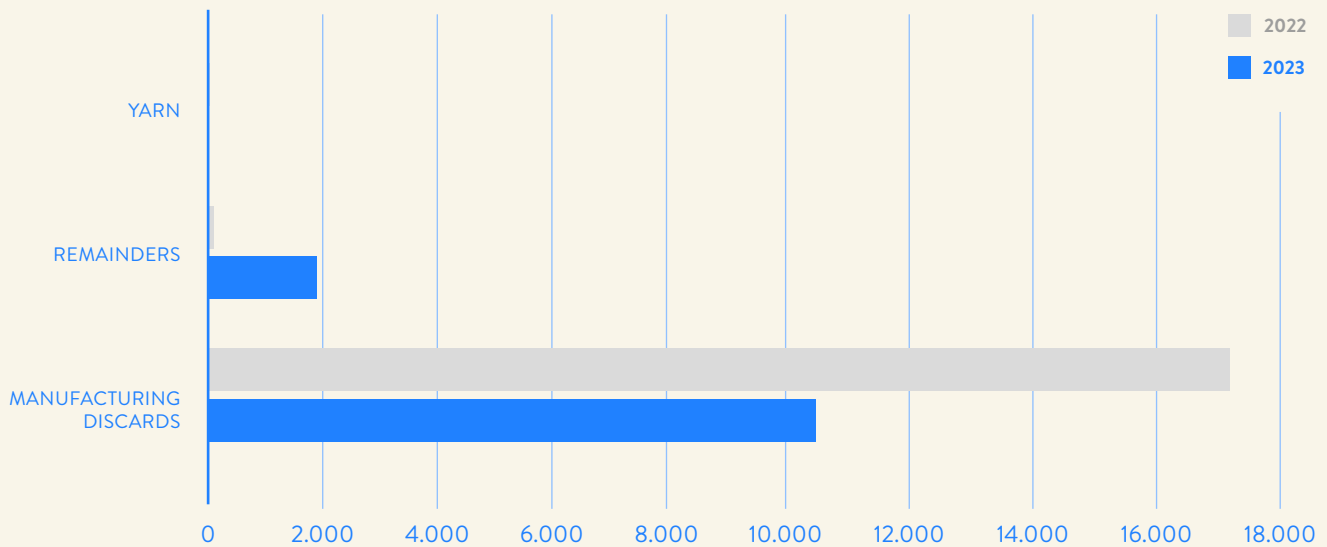
In recent years, DINOLE® has given growing attention to reducing waste. All waste from the productive phases is collocated according to how it can be reused in the circular economy. Unfinished spools, remainders and manufacturing discards are sold to companies who can reuse them, while mixed scraps are correctly disposed of as textile waste. Thanks to being self-contained, logistic packaging for the transport of goods is spared between one production phase and another.

Production, treatment and waste disposal may furthermore pose a risk for human and environmental health.

For this reason, it is important to have a well-developed waste managerial system that sends the waste from each process to a specific depot with a competent sanitation agent.

TYPE OF WASTE IN SOLD KG	2022	2023
MANUFACTURING DISCARDS	17.150	10.240
REMAINDERS	55	1.829
STOCK YARN	0	0
TOTAL	17.205	12.069

PRODUCTION WASTE FOR REUSE/RECYCLE IN KG



5.6 NON COMPLIANCE

DINOLE® has never had to pay pecuniary penalties or sanctions for non-adherence to laws and/or environmental regulations. Furthermore, the organization has not identified any kind of non-compliance to environmental regulations.

	2022	2023
NUMBER OF ENVIRONMENTAL LAWSUITS	0	0

5.7 BIODIVERSITY

WE NOURISH BIODIVERSITY

Safeguarding biodiversity is a particularly relevant aspect for responsible business practices. Indeed, it is a matter of preserving and taking care of the natural environment and plants, as well as protecting natural varieties. Biodiversity is the variability between living organisms in their ecosystems. This variety must be protected as it is fundamental for life. DINOLE® nurtures biodiversity, not just as a goal to respect, but also on its land, where over 200 trees make up a beautiful orchard.



Protecting biological diversity is important to guarantee the survival of animal and plant species, genetic diversity and the natural ecosystems. Furthermore, the natural ecosystems give clean air and water, as well as contributing to food security and human health. Biodiversity also directly contributes to the local communities’ subsistence, becoming essential to the reduction of poverty and facilitating sustainable development.

6.

HUMAN AND INTELLECTUAL CAPITAL

“Development of skills, abilities and experience, as well as providing motivation to innovate, including: sharing and supporting the governance model and the risk management approach, as well as the ethical values of our organization; the ability to understand, develop and implement the strategy of an organization; loyalty and commitment to the improvement of processes, goods and services, including their ability to guide, manage and collaborate.”

6.1 THE FAMILY: WHO WE ARE

DINOLE® considers its collaborators as fundamental, because they are valuable and a source of competitive advantage for the development of the company. For this reason, the company believes that the managerial policies of Human Resources are a strategic instrument.

OUR RESOURCES ARE HUMAN

MANAGEMENT OF EMPLOYEES

M.T. Di Nole M.T. SpA protects and enhances its Human Resources, pledging to maintain the necessary conditions for each member's professional growth, knowledge and abilities, as well as offering professional update training and any initiatives aimed at pursuing this objective. M.T. Di Nole M.T. SpA promotes employee participation in the life of the company, giving participative instruments which are able to collect opinions and suggestions, thus guaranteeing broad participation. Notwithstanding the fact that employees are well disposed towards the company, no employee can be obliged to perform tasks or favours which are not due according to his/her contract or to his/her role in the company.

In this respect, the company strives to develop and maintain the competences of the personnel (with training, induction and coaching courses), as well as maintaining motivation. Furthermore, DINOLE® considers the commitment to health and security during work as a priority.

The staff is made up of 60 employees. All workers are protected by a national collective contract.

DINOLE® regularly exchanges opinions with workers' representatives on about life in the company, fully respecting prerogatives foreseen by CCNL (National Collective Agreement) and by company agreements. This has allowed us to reach elevated agreement on correctness for conditions of employment, safety and equal opportunity.

TOTAL NUMBER OF EMPLOYEES

The table shows the total number of employees for 2022-2023.

EMPLOYEES	2022	2023
TOTAL NUMBER OF EMPLOYEES	63	60

INFORMATION ON EMPLOYEES' TYPE OF CONTRACT

TYPE OF CONTRACT	2022			2023		
	M	F	TOTAL	M	F	TOTAL
PERMANENT CONTRACT	26	34	60	23	35	58
TEMPORARY CONTRACT	2	1	3	2	0	2
TOTAL	28	35	63	25	35	60

COLLECTIVE BARGAINING AGREEMENTS

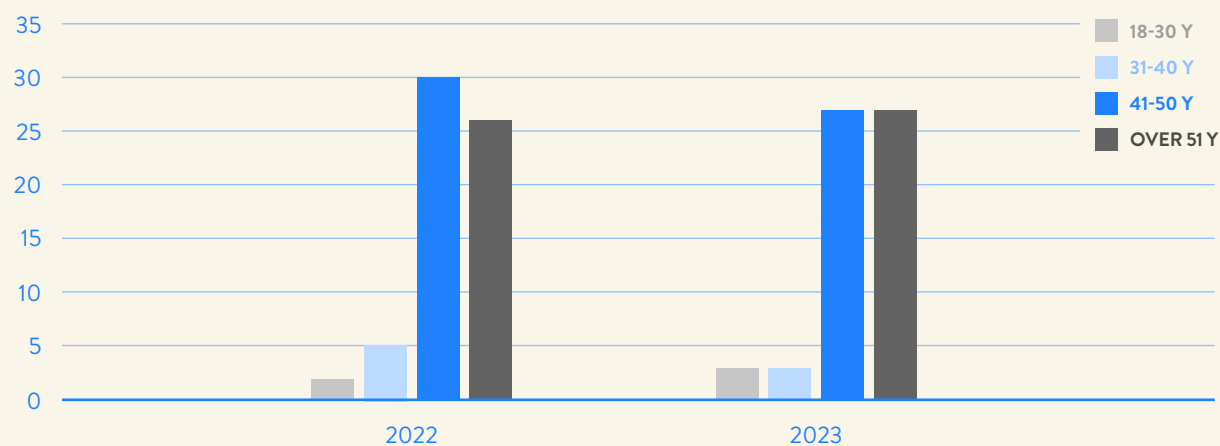
100% of employees are covered by collective bargaining agreements:

NUMBER OF EMPLOYEES	2022	2023
% OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	100%	100%

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

AGE	2022				2023			
	18-30 YEARS	31-40 YEARS	41-50 YEARS	OVER 51 YEARS	18-30 YEARS	31-40 YEARS	41-50 YEARS	OVER 51 YEARS
WORKERS	2	5	20	17	2	3	18	18
INTERMEDIATORIES	0	0	3	3	0	0	3	2
EMPLOYEES	0	0	7	6	1	0	6	7
MANAGEMENT	0	0	0	0	0	0	0	0
TOTAL	2	5	30	26	3	3	27	27

AGE OF EMPLOYEES



CATEGORIES	2022				2023			
	M	F	TOTAL	% WOMEN EMPLOYED	M	F	TOTAL	% WOMEN EMPLOYED
WORKERS	17	27	44	61,36%	15	26	41	63,41%
INTERMEDIATORIES	6	0	6	0%	5	0	5	0%
EMPLOYEES	5	8	13	61,54%	5	9	14	64,28%
MANAGEMENT	0	0	0	0%	0	0	0	0%
TOTAL	28	35	63	55,56%	25	35	60	58,33%

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

GENDER	2022		2023	
	ENTRANCES	EXITS	ENTRANCES	EXITS
MEN	3	0	1	4
WOMEN	1	1	1	1
TOTAL	4	1	2	5

Over the years, the company has maintained a constant number of employees in order to guarantee a constant contribution of human capital. The company turnover is perceived as a moment where the know-how of a craftsman's job is passed on to new generations.

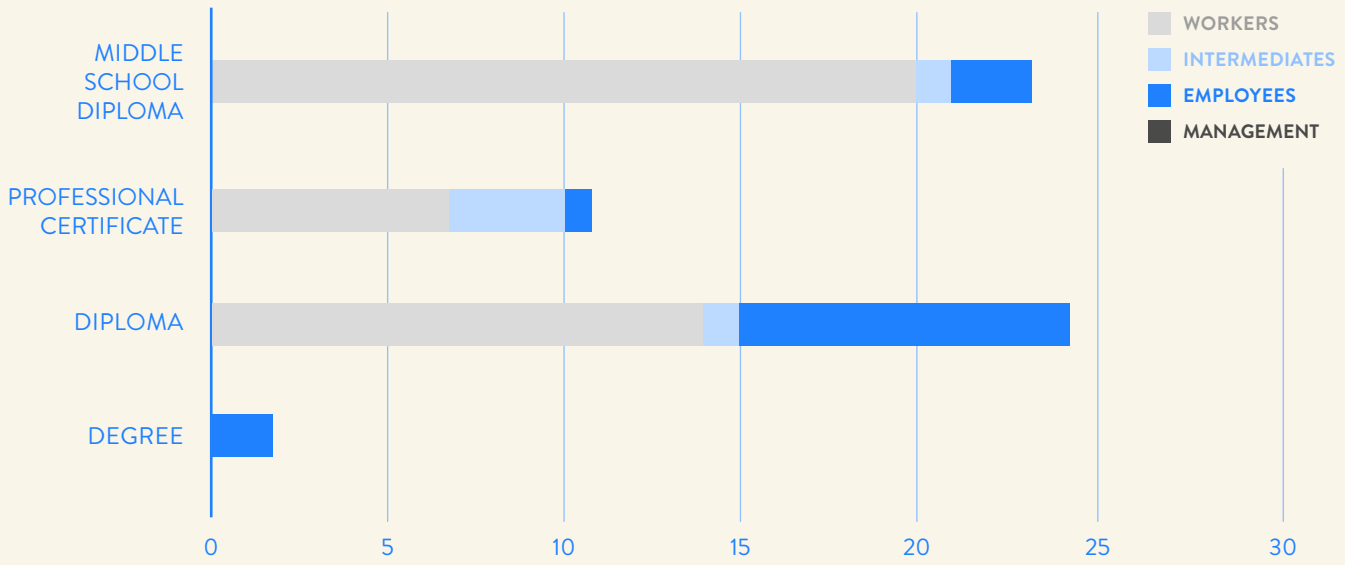
WORK-RELATED INJURIES

RATE	2022	2023
RATE OF ACCIDENTS AT WORK	0%	0%
RATE OF SERIOUS ACCIDENTS AT WORK (EXCLUDING DEATHS)	0%	0%
ADJUSTABLE RATE OF ACCIDENTS AT WORK	0%	0%

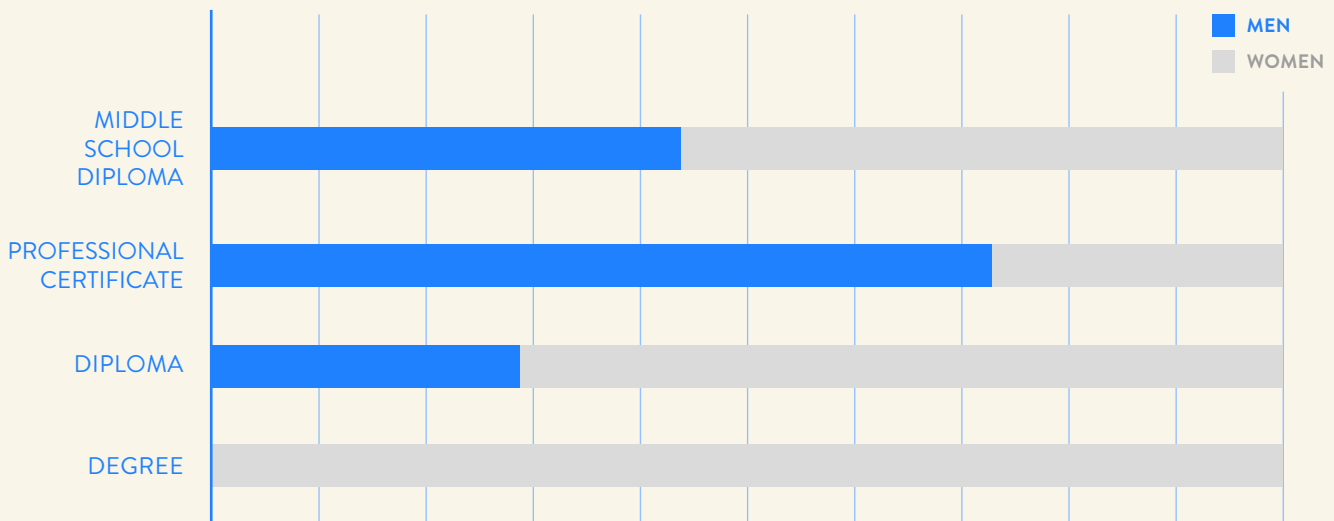
6.2 DEVELOPMENT AND IN-HOUSE TRAINING

In-company training is a fundamental component for us, because the formulas and know-how of a job are a well-kept secret in which the precious techniques of the past are passed on. These secrets and know-how cannot be found in textile books and have been rather passed on from generation to generation since 1913.

EDUCATIONAL QUALIFICATION OF PERSONNEL 2023



GENDER ANALYSIS 2023



All employees working in the company need to know and try every job in the productive chain in order to have a 360° view on production, as well as to understand possible problems/difficulties deriving from each process.

WE HAVE TECHNICAL ABILITIES

Each time a new employee is hired, he/she gets support from an experienced worker, who instructs them on production techniques and is in charge of their training.

This approach promotes strong cohesion between employees, as well as great product culture.

HOURS OF TRAINING ON THE JOB AND “ON-BOARDING” PROGRAM OF THE NEW ENTRIES

3 MONTHS PER PERSON = AROUND 500 HOURS PER PERSON

DINOLE® also arranges specific training for new employees so as to introduce the worker to their assigned job in the company. It is structured as follows:

AVERAGE TRAINING HOURS

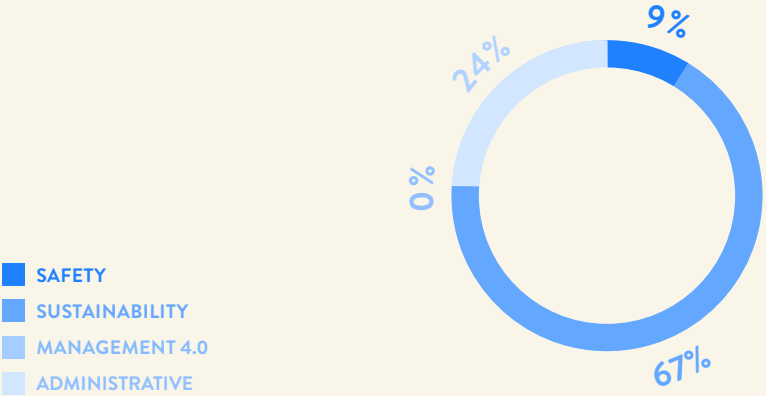
JOB	2022	2023
	TRAINING TIME	TRAINING TIME
WARPAPER	8 MONTHS	8 MONTHS
JACQUARD TEXTILE WORKER	2 MONTHS	2 MONTHS
JACQUARD TEACHER	4 MONTHS	4 MONTHS
JACQUARD ASSISTANT	6 MONTHS	6 MONTHS
VELVET TEXTILE WORKER	4 MONTHS	4 MONTHS
VELVET TEACHER	6 MONTHS	6 MONTHS
VELVET ASSISTANT	12 MONTHS	12 MONTHS
DYER	12 MONTHS	12 MONTHS
STENTER OPERATOR	4 MONTHS	4 MONTHS
FINISHING OPERATOR	8 MONTHS	8 MONTHS

Indeed, the length of each training module differs according to the complexity of the job and the responsibility that the employee takes on. This is to safeguard the high quality that we are so well known for.

CATEGORIES TRAINING	2022				2023			
	WORKERS	INTERMEDIARIES	EMPLOYEES	MANAGEMENT	WORKERS	INTERMEDIARIES	EMPLOYEES	MANAGEMENT
MANDATORY SAFETY TRAINING	34	6	7	0	3	1	0	0
TRAINING IN ADMINISTRATIVE MATTERS	4	0	13	0	0	0	4	0
TRAINING IN SUSTAINABLE BUSINESS MANAGEMENT	0	0	15	0	40	5	24	0
COMPUTERIZED MANAGEMENT OF ACTIVE CYCLE (4.0)	0	0	12	0	0	0	0	0
TOTAL	38	6	47	0	43	6	28	0

CATEGORIES TRAINING	2022				2023			
	NUMBER OF SESSIONS	TOTAL NUMBER OF EMPLOYEES	TOTAL HOURS	% HOURS OF THE TOTAL	NUMBER OF SESSIONS	TOTAL NUMBER OF EMPLOYEES	TOTAL HOURS	% HOURS OF THE TOTAL
SAFETY	8	47	293	21,47	4	4	36	8,93
SUSTAINABILITY	3	15	384	28,13	5	69	271	67,25
MANAGEMENT 4.0	1	12	280	20,51	0	0	0	0
ADMINISTRATIVE	1	17	408	29,89	1	4	96	23,82
TOTAL	13	91	1365	100	10	77	403	100

CATEGORIES TRAINING HOURS 2023



GENDER PAY GAP

Ensuring an inclusive environment is of paramount importance for DINOLE®, making the respect for diversity an ethical value and a fundamental principle of the company culture. Commitment to equity and protection of gender equality is reaffirmed through the calculation of gender pay gap - in line with ESRS standards. The following table provides an overview of this indicator within the organization, serving as a tool for the continuous improvement of company practices regarding diversity and inclusion.

BASIC SALARY	2022			2023		
	MEN	WOMEN	RATIO WOMEN AND MEN	MEN	WOMEN	RATIO WOMEN AND MEN
WORKERS	387.974	597.267	+0,98%	356.985	611.884	+1,46%
TOTAL WORKING-HOURS	25.919	39.512		22.359	37.773	
INTERMEDIATORIES	180.654	0	-100%	156.140	0	-100%
TOTAL WORKING-HOURS	10.006	0		8.234	0	
EMPLOYEES	283.860	224.064	-46,50%	288.340	250.209	-49,88%
TOTAL WORKING-HOURS	8.586	12.669		8.388	14.523	

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

RATE	2022	2023
RATE OF INCIDENTS OF DISCRIMINATION	0%	0%

6.3 LIFE BALANCE

There is a fine balance between working life and private life in DINOLE®. The policy adopted is life-balance oriented in order to facilitate employees in managing their working life related to their private one. This is also favoured by being geographically close to the company.

41% OF THE EMPLOYEES IN DINOLE® TEXTILE MANUFACTURE LIVE LESS THAN 2 KILOMETRES FROM THE COMPANY AND 70% LIVE LESS THAN 5 KILOMETRES AWAY.

Moreover, this underlines our economic presence and positive impact on the local community. Our ability to understand local needs and peculiarities is even more enhanced by the fact that 100% of administration comes from local areas, further evidence of our long and well rooted history of tradition.

DISTANCE FROM M.T DI NOLE (KM)	2022					2023				
	0-2	2,1-5	5,1-10	10,1-20	+20	0-2	2,1-5	5,1-10	10,1-20	+20
WORKERS	16	11	5	8	4	16	11	5	6	3
INTERMEDIATORIES	2	2	0	2	0	2	2	0	1	0
EMPLOYEES	6	4	1	1	1	7	4	1	1	1
MANAGEMENT	0	0	0	0	0	0	0	0	0	0
TOTAL	24	17	6	11	5	25	17	6	8	4

MANAGEMENT OF WORK DISTRESS

The company firmly commits to fight against episodes such as mobbing, stalking, psychological violence and any discriminatory or harmful behaviour against people’s dignity whether it is done outside or inside the company’s walls. Relationships between employees must be carried out with loyalty, correctness and mutual respect, as well as with awareness of the values of civil cohabitation and of personal freedom. Employees may refer any working distress to the doctor.



7.

THE SOCIAL AND RELATIONAL CAPITAL

“Institutions and relations between or in the community, stakeholder groups and other networks, as well as the possibility of sharing information in order to increase individual and collective welfare.”

7.1 DINOLE® AND THE LOCAL COMMUNITY

DINOLE® textile manufacture has always participated in community life because for more than 100 years it has given work and life to the town of Nole, hiring local personnel and ensuring their development along with the company's. Between 1913 and the present, more than 4.400 people have worked in the premises in Nole.

Since all the company's employees live nearby, various families have been able to continue living in the area on a permanent basis and others have moved there, bringing business to the area.

OUR CAPITAL IS SOCIAL

7.2 GENERATIONAL CONNECTIONS

DINOLE® cares not only for its employees' and their families' needs, but it itself has grown and has raised different generations of those families.

THE ROOTS ARE HERE

RELATIVES	2022	2023
	N. OF EMPLOYEES WHO HAVE RELATIVES WHO HAVE WORKED IN DINOLE®	N. OF EMPLOYEES WHO HAVE RELATIVES WHO HAVE WORKED IN DINOLE®
SPOUSES	5	7
SIBILINGS	17	17
PARENTS	20	20
COUSINS	12	11
AUNTS/UNCLES	17	17
GRANDPARENTS	16	16
GREAT-GRANDPARENTS	1	1
TOTAL EMPLOYEES WITH RELATIVES AT DINOLE® ON TOTAL EMPLOYEES %	59%	57%

LOCAL KNOW-HOW MUST NOT BE LOST

As you can see from the table, there are 4 distinct generations which can be divided into present employees, parents, grandparents and great-grandparents who have worked for the company. In most analyzed cases, nearly half of the current employees are the third generation, as they have had at least one parent employed in the company, as well as at least one grandparent. In the most enduring cases, they are from the fourth working generation of the same family.



8.

APPENDIX

8.1 REPORT PROFILE

DINOLE® GHG emissions inventory (also known as CFO - Carbon Footprint of the Organization) has been prepared according to a specific Toolkit developed by Center4SharedValue - Department of Management, University of Turin.

In preparing the emissions inventory, international standards and guidelines have been followed:

- The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, revised edition
- Scope 2 Guidance - An amendment to the GHG Protocol Corporate Standard, v.2015
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard - Supplement to the GHG Protocol Corporate Accounting and Reporting Standard, v.2011
- Technical Guidance for Calculating Scope 3 Emissions - Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, v.2013

In accordance with those standards, the following Scopes have been considered for the estimation of DINOLE® GHG emissions:

- Scope 1 emissions: DINOLE® GHG direct emissions inside its boundaries, generated by own sources or those directly controlled by the organization;
- Scope 2 emissions: DINOLE® GHG emissions related to the production of electricity acquired for own consumption.

Those emissions have been calculated following two different methodologies:

- Location-based: considering the mean emission intensity of national grids, for both renewables and non-renewables energy production. GHG emissions are calculated using a mean emission factor (named “location-based”), referring to the mean emission intensity of national energetic (the higher the renewable energy proportion, the lower the emission factor);
- Market-based: considering the mean emission intensity of organization’s supplier energetic mix; if electricity is not covered by GO, GHG emissions are calculated using a mean emission factor (named “residual mix”), referring to the emission intensity of national energetic mix, exclusive of energy proportion covered by specific contractual tool; if electricity is covered - partially or completely - by GO, this proportion is considered as “zero emission”, whereas the remaining share is weighted by “residual mix” factor.

The following table shows categories, sources of emissions and emission factors considered for the calculation of DINOLE® GHG emissions:

SCOPE	CATEGORIES AND SOURCES	EMISSION FACTOR	NOTES	RESULTS 2022-23
SCOPE 1 GHG DIRECT EMISSIONS	STATIONARY COMBUSTION: Combustion in fixed equipment (ex. natural gas for heating system) related to own or controlled assets (logistic and production sites, shops,...)	DEFRA, 2023 e 2022	CO ₂ eq EMISSIONS	2022: 1.026,9 ton 2023: 891,7 ton
SCOPE 2 GHG INDIRECT EMISSIONS	ELECTICITY CONSUMPTION: Electricity acquired from the national grid, used for own or controlled assets (headquarter, offices, logistic and production sites, shops...)	ISPRA, 2022 e 2020 (location-based) AIB, 2022 (market-based)	CO ₂ eq EMISSIONS	Location Based 2022: 437,3 ton 2023: 381,4 ton Market Based 2022: 768,8 ton 2023: 682,2 ton

NOTE

2022 GHG Scope 2 has been recalculated on the basis of “residual mix” factor, provided by AIB for 2022.



8.2 REPORT PROFILE

DINOLE® HAS REPORTED THE INFORMATION CITED IN THIS GRI CONTENT INDEX FOR THE PERIOD 2023 WITH REFERENCE TO THE GRI STANDARDS.

GRI STANDARDS	DISCLOSURE	PARAGRAPH	PAGE
FOUNDATION		2021	
GRI 1 - 1	Purpose and system of GRI standards	1.1 METHODOLOGICAL NOTE	6
GRI 1 - 2	Key concepts	1.1 METHODOLOGICAL NOTE	6
GRI 1 - 3	Reporting in accordance with the gri standards	1.1 METHODOLOGICAL NOTE	6
GRI 1 - 4	Reporting principles	1.1 METHODOLOGICAL NOTE	6
GRI 1 - 5	Additional recommendations for reporting	1.1 METHODOLOGICAL NOTE	6
GENERAL DISCLOSURES		2021	
GRI 2-1	Organizational details	2.1 OUR HISTORY	7
		2.2 BUSINESS MODEL AND ORGANIZATIONAL CONFIGURATION	8
GRI 2-2	Entities included in the organization's Sustainability reporting	1.1 METHODOLOGICAL NOTE	6
GRI 2-3	Reporting period, frequency and contact point	1.1 METHODOLOGICAL NOTE	6
GRI 2-4	Restatements of information	1.1 METHODOLOGICAL NOTE	6
GRI 2-5	External assurance	1.1 METHODOLOGICAL NOTE	6
GRI 2-6	Activities, value chain and other business relationships	2.4 OUR WAY OF DOING BUSINESS	10
		3.3 LOCAL SUPPLY CHAIN	26
GRI 2-7	Employees	6.1 THE FAMILY: WHO WE ARE	52
GRI 2-11	Chair of the highest governance body	2.2 BUSINESS MODEL AND ORGANIZATIONAL CONFIGURATION	8
GRI 2-14	Role of the highest governance body in sustainability reporting	1.1 METHODOLOGICAL NOTE	6
		3.2 OUR PRIORITIES AND THOSE OF THE STAKEHOLDERS: THE MATERIALITY MATRIX	19
GRI 2-22	Statement on sustainable development strategy	LETTER FROM THE ADMINISTRATOR	4
GRI 2-23	Policy commitments	2.3 OUR VALUES	8
		2.4 OUR WAY OF DOING BUSINESS	10
GRI 2-27	Compliance with laws and regulations	5.6 NON COMPLIANCE	51
GRI 2-28	Membership associations	2.4 OUR WAY OF DOING BUSINESS	8
		2.6 SLOW FIBER	15
GRI 2-29	Approach to stakeholder engagement	3.1 THE STAKEHOLDERS' MAP	16
GRI 2-30	Collective bargaining agreements	6.1 THE FAMILY: WHO WE ARE	52

MATERIAL TOPICS		2021	
GRI 3-1	Process to determine material topics	3.2 OUR PRIORITIES AND THOSE OF THE STAKEHOLDERS: THE MATERIALITY MATRIX	19
GRI 3-2	List of material topics	3.2 OUR PRIORITIES AND THOSE OF THE STAKEHOLDERS: THE MATERIALITY MATRIX	19
GRI 3-3	Management of material topics	3.2 OUR PRIORITIES AND THOSE OF THE STAKEHOLDERS: THE MATERIALITY MATRIX	19
MARKET PRESENCE		2016	
GRI 202-2	Proportion of senior management hired from the local community	6.3 LIFE BALANCE	59
PROCUREMENT PRACTICES		2016	
GRI 204-1	Proportion of spending on local suppliers	3.4 OUR SUPPLIERS	27
ANTI-CORRUPTION		2016	
GRI 205-3	Confirmed incidents of corruption and actions taken	THERE WERE NO INCIDENTS OF CORRUPTION IN 2021 AND 2022	
MATERIALS		2016	
GRI 301-1	Materials used by weight or volume	5.1 RAW MATERIALS	34
ENERGY		2016	
GRI 302-1	Energy consumption within the organization	5.2 ENERGY	38
GRI 302-3	Energy intensity	5.2 ENERGY	38
GRI 302-4	Reduction of energy consumption	5.2 ENERGY	38
WATER AND EFFLUENTS		2018	
GRI 303-2	Management of water discharge-related impacts	5.3 WATER AND WATER STEWARDSHIP	41
GRI 303-3	Water withdrawal	5.3 WATER AND WATER STEWARDSHIP	41
GRI 303-4	Water discharge	5.3 WATER AND WATER STEWARDSHIP	41
GRI 303-5	Water consumption	5.3 WATER AND WATER STEWARDSHIP	41
BIODIVERSITY		2016	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.7 BIODIVERSITY	51
EMISSIONS		2016	
GRI 305-1	Direct (SCOPE 1) ghg emissions	5.4 EMISSIONS	45
GRI 305-2	Energy indirect (SCOPE 2) ghg emissions	5.4 EMISSIONS	45
GRI 305-4	Ghg emissions intensity	5.4 EMISSIONS	45
GRI 305-7	Nitrogen oxides (nox), sulfur oxides (sox), and other significant air emissions	5.4 EMISSIONS	45

WASTE		2020	
GRI 306-2	Management of significant waste-related impacts	4.3 OUR APPROACH TO THE CIRCULAR ECONOMY 5.5 WASTE	33 49
GRI 306-3	Waste generated	5.5 WASTE	49
SUPPLIER ENVIRONMENTAL ASSESSMENT		2016	
GRI 308-1	New suppliers that were screened using environmental criteria	3.4 OUR SUPPLIERS	27
EMPLOYMENT		2016	
GRI 401-1	New employee hires and employee turnover	6.1 THE FAMILY: WHO WE ARE	52
OCCUPATIONAL HEALTH AND SAFETY		2018	
GRI 403-5	Worker training on occupational health and safety	6.2 DEVELOPMENT AND IN-HOUSE TRAINING	55
GRI 403-9	Work-related injuries	6.1 THE FAMILY: WHO WE ARE	52
TRAINING AND EDUCATION		2016	
GRI 404-1	Average hours of training per year per employee	6.2 DEVELOPMENT AND IN-HOUSE TRAINING	55
DIVERSITY AND EQUAL OPPORTUNITY		2016	
GRI 405-1	Diversity of governance bodies and employees	6.1 THE FAMILY: WHO WE ARE	52
GRI 405-2	Ratio of basic salary and remuneration of women to men	6.2 DEVELOPMENT AND IN-HOUSE TRAINING	55
NON-DISCRIMINATION		2016	
GRI 406-1	Incidents of discrimination and corrective actions taken	6.2 DEVELOPMENT AND IN-HOUSE TRAINING	55
SUPPLIER SOCIAL ASSESSMENT		2016	
GRI 414-1	New suppliers that were screened using social criteria	3.4 OUR SUPPLIERS	27

8.3 GLOSSARY

CSRD (CORPORATE SUSTAINABILITY REPORTING DIRECTIVE)

The Corporate Sustainability Reporting Directive (CSRD) is an EU legislation aimed at enhancing the transparency and consistency of sustainability reporting by companies. It builds upon the existing Non-Financial Reporting Directive (NFRD) and expands the scope of reporting requirements to include additional sustainability-related information. The CSRD aims to promote sustainable business practices, improve stakeholder engagement and contribute to the transition towards a more sustainable economy.

ESRS (EUROPEAN SUSTAINABILITY REPORTING STANDARDS)

ESRS stands for European Sustainability Reporting Standards. These are a set of guidelines and frameworks developed to standardize the reporting of sustainability-related information by European companies. The ESRS aims to enhance transparency, comparability and credibility of sustainability reporting across different organizations, enabling stakeholders to assess companies' environmental, social and governance (ESG) performance more effectively.

GENDER PAY GAP

The gender pay gap refers to the disparity in earning between men and women, typically expressed as the difference in average or median wages earned by men and women in the workforce. It highlights the systemic inequalities and biases that result in women earning less than men for comparable work, often attributed to factors such as occupational segregation, discrimination, and unequal opportunities for career advancement.

GIGAJoule (GJ)

The gigajoule is a multiple of the joule, the unit of measurement adopted by the International System for energy, heat and work, and corresponds to a billion of joules.

GLOBAL COMPACT

Global Compact is a United Nations initiative, inaugurated in 2004, with the goal of involving companies in pursuing a responsible business in terms of human rights, environmental work and in the fight against corruption. Today 9,830 companies from 161 different countries have subscribed to it.

GRI

The GRI acronym, Global Reporting Initiative, refers to an international non-profit organization which was set up in 1997. It promotes sustainability through framework development for non-financial reporting.

INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)

It is an international organization, made up of Investors, companies and NGOs, which has developed the framework of integrated reporting. This is a process that allows all financial, environmental, social and of governance information to be merged into one document.

ISO14001

This is an international voluntary standard promoted by the International organization for Standardization which certifies that the organization has a managerial system to monitor the company's environmental impact.

OEKO-TEX STANDARD 100

This is an international standard which is certified by the same institution, and is specialized in the textile sector. It regulates the use of chemical substances in the fabrics to safeguard the final consumer.

OHSAS 18001

Occupational Health and Safety Assessment Series (OHSAS18001) is an international voluntary standard promoted by BSI which certifies that the organization has a managerial system to control safety and the well-being of the workers.

SA8000

This is an international voluntary standard promoted by Social Accountability International which certifies that the organization has a managerial system to monitor worker's conditions.

SCOPE 1 EMISSIONS

Direct greenhouse gases emissions (GHG) come from sources that are owned or controlled by the company: for example, emissions resulting from combustion in boilers, ovens, vehicles, etc. owned or controlled; emissions from chemical production in owned or controlled processing equipment (Source: GHG Protocol).

SCOPE 2 EMISSIONS

Scope 2 represents the greenhouse gas emissions associated with the generation of electricity purchased and consumed by the company. Purchased electricity is defined as electricity that is purchased or brought within the organizational boundaries of the company in another way. Scope 2 emissions are physically produced in the plant where the electricity is generated (Source: GHG Protocol).

SCOPE 3 EMISSIONS

Scope 3 emissions are indirect greenhouse gas emissions that result from activities of the reporting company but occur from sources not owned or controlled by the company. Scope 3 emissions can be divided into two main areas, depending on whether the emissions occur upstream or downstream of the company's activities, for a total of 15 categories: purchased good and services, capital goods, fuel and energy-related activities not included in Scope 1 or Scope 2, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, investments. (Source: GHG Protocol).

STAKEHOLDER

An entity or individual that can reasonably be expected to be significantly affected by the company's activities, products and services or whose actions may reasonably affect the company's ability to successfully implement its strategies and achieve its objectives (Source: GRI Standard).

SUPPLY CHAIN

By supply chain we mean the process that allows to bring a product or service to market, transferring it from the supplier to the customer.

SUSTAINABLE DEVELOPMENT GOALS

The sustainable development goals (SDG), are the goals established in September 2015 by the International community when more than 150 international leaders met up at the United Nations to contribute to global development, promote human welfare and protect the environment. On this occasion the community of states approved the 2030 Agenda for sustainable development, setting 17 essential elements of sustainable development and 169 targets.

TOE

Tonne of Oil Equivalent (TOE) is a unit measurement which indicates the amount of energy freed from the combustion of a tonne of raw petroleum.

TON OF CO2 EQUIVALENT

Unit of measurement that allows us to weigh together different greenhouse gas emissions with different climate-altering effects. For example, a ton of methane, which has a climate-changing potential 21 times higher than CO₂, is accounted for as 21 tons of CO₂ equivalent.

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