

MAKING PROGRESS

SUSTAINABILITY REPORT 2022

● FIRST, FOR THE SECOND TIME

OVS ranked first, for the second year in a row, in the Fashion Transparency Index.

● OVS COTONE ITALIANO

The journey of our cotton from the field to the shop.

Our way

to sustainability

● INNOVATION AND IMPACT

Improving the supply chain together with our suppliers.

OVS

OVS



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01

Vision

*Our journey,
our thought*





Stefano Beraldo

*Chief Executive Officer
OVS S.p.A.*

LETTER TO STAKEHOLDERS

2022 was a year of excellent results with a strong increase in sales and EBITDA mainly driven by like-for-like growth. OVS also consolidated its new business model, from vertical retailer to platform, with a proposal of brands capable of satisfying different audiences, each with a specific lifestyle.

In a market context characterised by strong inflationary tensions, thanks to product innovations and the renovation of our stores, we are attracting new segments of customers. Previously accustomed to higher positioning, they still wish to purchase products with style and quality content, at more affordable prices.

Sustainability plays an increasingly central role in OVS strategy, as we are aware that we cannot speak of sustainability without transparency and measurability.

In 2022, for the second year in a row, OVS ranked first among the world's 250 largest fashion brands in the global *Fashion Transparency Index*, i.e. the index analysing the degree of transparency of fashion brands worldwide. This is the result of a further improvement of many of the parameters used for evaluation.



We offer our customers more and more information about our supply chain, our processes, the environmental impact of our products, to enable them to make informed choices and understand what lies behind every purchase. We strive on to improve our results in terms of sustainability and transparency because we consider this is our duty towards our customers and a tool for a continuous growth.

We continue our commitment to decarbonisation by achieving the targets we set ourselves for 2022, approved by Science Based Targets initiative, thanks to a great deal of work on energy efficiency in our stores and the constant evolution of the materials used to manufacture our products.

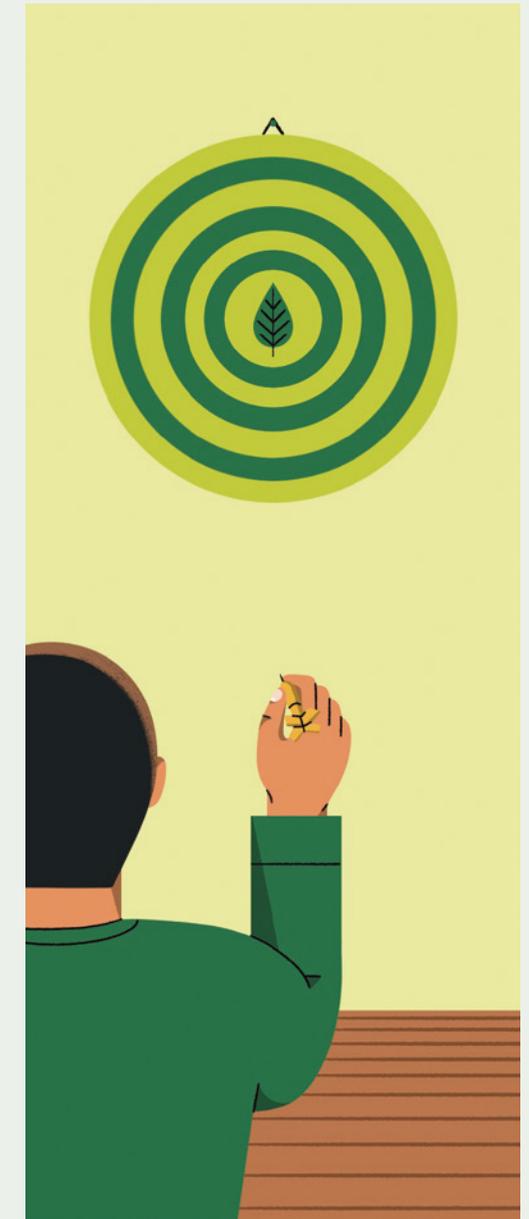
“ **Sustainability plays an increasingly central role in OVS strategy** ”

2022 was also a year of experimenting with more sustainable business models. We created two small collections to test both innovative approaches in sourcing strategy and new ways to extend the life of garments.

On the occasion of the World Earth Day 2023, some stores will host a collection of organic cotton t-shirts made entirely in Italy. This is the result of a year-long journey, it was 22 April 2022 when we sowed the cotton field from which our garments were made.

OVS ranked first among the world's 250 largest fashion brands in the global **Fashion Transparency Index**

1ST
PLACE



100%

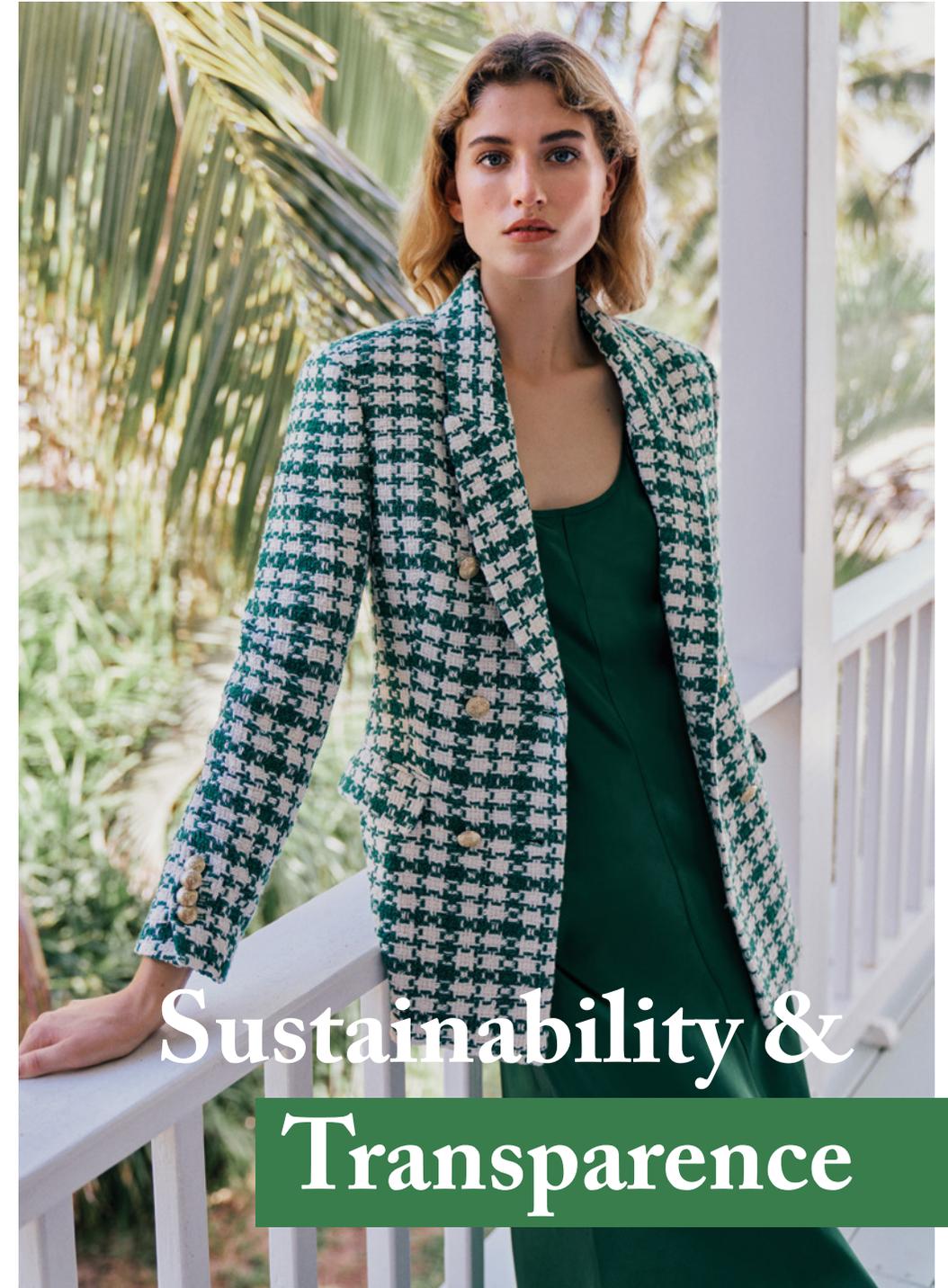
Of our cotton comes from **more sustainable sources**

For OVS, cotton is a strategic raw material. As of 2021, 100% of our supply has come from more sustainable sources, and today, Sicilian cotton allows us to start local productions that ensure the traceability of the entire supply.

It is a significant, though at present little more than symbolic, step towards the goal of producing high-quality raw materials in Italy. From a limited collection in 2022, with OVS Cotone Italiano we will reach over 100 tonnes in 2023. We will also invest in research by co-financing a PhD at the University of Catania in Agricultural,

Food and Environmental Science dedicated to the development of a protocol for the cultivation of organic cotton in Sicily.

In 2022 we started another important project regarding the creation of a technological innovation hub and a multifunctional centre with a view to sustainability and circular economy. In this centre, OVS will focus a large part of its development program on projects with a high digital content (investments of approximately 19 million euros in the three-year period 2023-2025) and an innovative facility that will support the Group's development on issues concerning the reuse of garments in a circular economy perspective (investments of around 14 million euros in the three-year period 2023-2025).



Sustainability &
Transparency

Our brands

OVS S.p.A.¹ is Italy's leading retailer of men's, women's, and kids' fashions, with a 9.4 % market share that is constantly growing. OVS Spa has 2000 shops in Italy and abroad and it operates through the brands OVS, OVS Kids, Upim, BluKids, Stefanel, and CROFF. The group, which has been listed on the Milan Stock Exchange since 2015, operates with a vertically

integrated business model, overseeing the entire value chain - from the stylistic creation to the production and marketing of the garments - thanks to a team of designers, product managers and merchandisers and a highly specialised sourcing structure with 300 employees in buying offices in Bangladesh, China, Hong Kong, India, Pakistan and Turkey.

OVS

OVS - It offers a selection of contemporary and essential style, with excellent value for money and great attention to sustainability in the choice of materials and production processes.

PIOMBO

PIOMBO - Brand dedicated to contemporary men and women, present in over 500 OVS stores in Italy. Designed by Massimo Piombo, the collections express the taste and talent of the well-known designer in the research of fabrics and care for details and combinations of shapes and colours.

OVS
kids

OVS KIDS - The leading brand in the Italian kid's clothing market. Its target consists of kids from 0 to 15 years old, offering competitively- priced quality clothing made with carefully selected sustainable materials, and developed to combine Italian style and practical wear.

STEFANEL

STEFANEL - Italian contemporary women's clothing brand, famous for the design and quality of its knitwear.



upim

UPIM - It is the Italian family department store, a benchmark for a shopping service that is convenient, accessible and targeting the actual needs of families. It offers a service that is close to the community, with a wide and varied offer ranging from clothing for the whole family, to beauty and home.

CROFF

CROFF - Brand dedicated to those who love easy, informal contemporary design, to lived everyday. From textiles to the table and kitchen, from accessories to pieces of furniture. Italian design, unique style and excellent value for money.

BLUKIDS

BLUKIDS - A brand specialised in kids from 0 to 15 years. Safe garments because they are certified and quality guaranteed, always at a competitive price. Italian-style collections for authentic children who play, laugh, have fun.

GAP

GAP - Iconic American casualwear brand, distributed in Italy by OVS S.p.A. Founded in San Francisco in 1969, it has become a cultural icon over the years with its denim, soft cotton garments and unmistakable logo.



Key numbers

2,169

Stores worldwide

8,197

Employees worldwide

1,513 MLN EUR

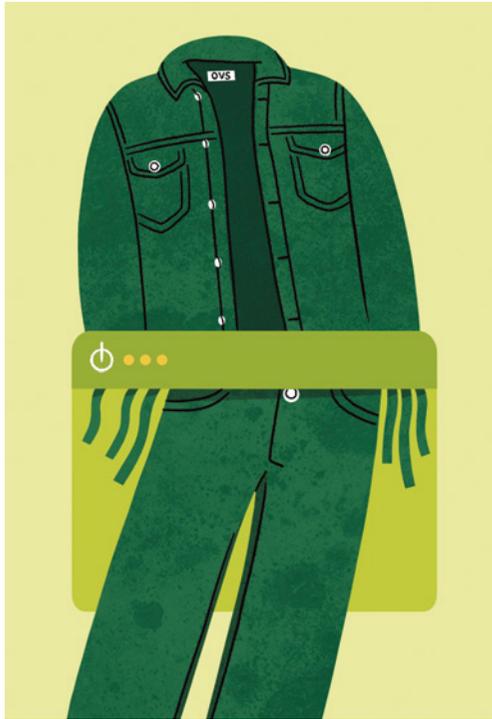
Revenue

9.4%

Group Market Share

95%

OVS Brand Global Awareness



OUR PATH

Towards an increasingly circular fashion
 The apparels industry is extraordinarily complex and has huge impacts at every stage of its value chain. More than 50% of a product’s emissions are generated in the production and finishing of materials. The choice of raw materials is also highly decisive: the cultivation and extraction of raw materials account for about 24% of the emissions of a product.²

However, it is not just about emissions. From the sourcing of raw materials to the processing of textile fibres, from garment production to transport logistics: the fashion system affects water availability and quality, air pollution, soil depletion and working conditions in the supply chain.

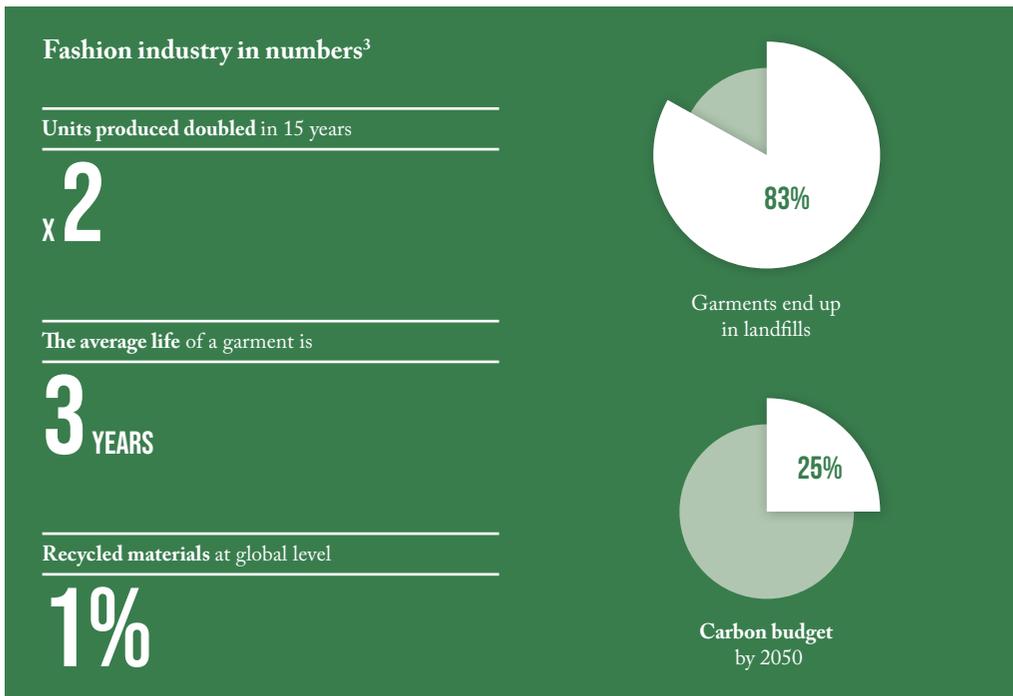
For these reasons, our goal is to accelerate the transition to a circular system, which extends the life cycle of raw materials and products as far as possible in order to reduce their impacts.

“
The challenge for us is to reduce our impact on the planet by aiming to become a circular company. Our products must be low impact, last longer and be easily recyclable
 ”

To achieve this, we have worked to integrate new production models that allow us, on the one hand, to return to the origins of raw materials (see OVS Cotone Italiano Project) and, on the other hand, to recover and enhance existing materials and products, giving them a new life (see RE-UP Project).

This effort of ours is in line with the European Directive that aims to define a new operational paradigm for the textile sector, centred on circularity.

We want to continue to be the Italian company of reference for those seeking quality fashion that is at the same time accessible to all, along a path towards transparency, inclusiveness and the utmost attention to environmental and social impacts.



EUROPEAN DIRECTIVE

The eco-sustainable turnaround for fashion and textiles: no more disposable clothes

The new EU circular economy package focused on textiles aiming at defining a new operational paradigm for this sector, based on well-defined standards of sustainability. There are five main areas of development and they aim at reducing the amount of textile waste, to date 5.8 million tonnes in Europe alone.

Amount of textile waste in Europe alone

5.8 MLN TON

1. Digital product passport indicating the materials used
2. Presence of minimum % of recycled raw material in each product
3. Prohibition to destroy returned and/or unsold products
4. Obligation to provide information on product durability and reparability
5. All sustainability claims must be verifiable



Based on our sustainability strategy and commitments, we have structured this document according to 4 key pillars:

Product and Circularity

We support the transition to a more sustainable fashion industry by designing and producing garments characterised by low-impact raw material choices and production processes, and by engaging in a constant search for innovative solutions that protect and preserve natural resources.

Responsible production

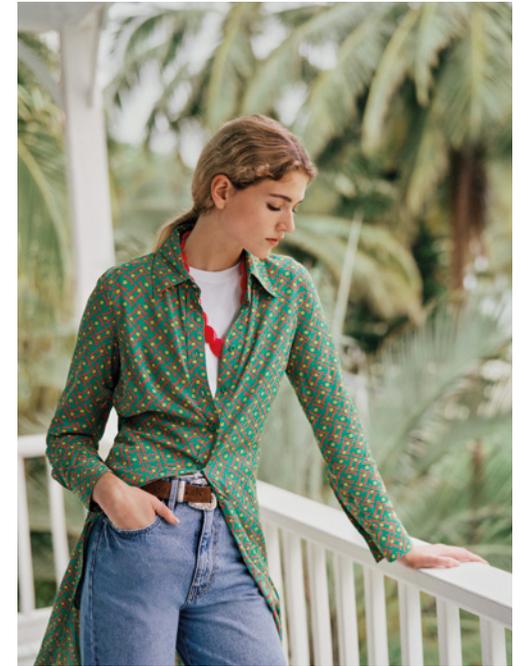
We activate our suppliers and the entire business ecosystem in sustainable development programs, accompanying them in their evolution towards innovative practices and leveraging transparency as the key to change. We promote continuous collaboration with our supply chain with the aim of strengthening interdependence and thus amplifying the social and environmental impact of our operations.

OVS people

We are committed to making our people protagonists and ambassadors of a sustainable and responsible lifestyle, from a social and environmental point of view, with the aim of transforming our direct activities into an engine of growth for the communities in which we operate. We promote inclusive practices and spaces, creating favourable conditions for the development of a flexible and inclusive culture.

More aware customers

We strive to be transparent to our customers by providing comprehensive information on product quality and sustainability. The aim is to stimulate conscious purchasing and usage choices as well as to accompany in a path of evolution towards increasingly virtuous behaviour.





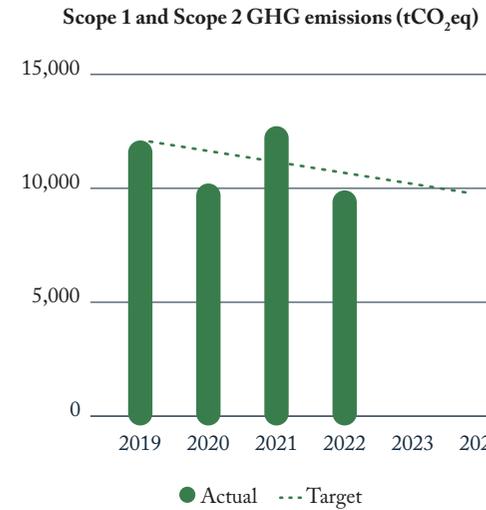
Towards carbon neutrality

Our decarbonisation strategy started in 2016, and within three years, we reduced direct emissions by 85% through energy efficiency programs, such as LED lighting and renewable energy purchases.

In 2021, we set our reduction targets according to scientific parameters and in line with the Science Based Targets initiative. Through the use of more sustainable, organic and/or recycled materials, less impactful production processes and treatments, we are working to reduce emissions by 46.2% by 2030.



SBTi - Science Based Target initiative is a partnership between CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), leading ambitious climate action in the private sector, allowing companies to set science-based emission reduction targets.



ESG Risk Rating: for OVS a high rating and low risk

The correct identification of the areas of action and the quality of the results achieved so far, have been confirmed by in-depth studies with investment funds that are shareholders in OVS and independent assessments by sector analysts.

In January 2023, OVS's ESG Risk Rating is 10.5 in the "Low risk" category, placing the company in 6th place out of 194 (where 1st place is the company with the lowest risk rating) in the "Textile & Apparels" sector assessed by Sustainalytics.





INTERVIEW

Simone Colombo*Head of Corporate Sustainability OVS***BEYOND “EMISSIONS”***What were the main OVS's sustainability commitments in 2022?*

It is really important to fight climate change, it is there for all to see, so we have paid great attention to our decarbonisation strategy. Thanks to energy efficiency actions, we were able to again reduce CO₂ emissions from our energy consumption by 19% compared to the 2019 baseline, when we had already reduced them by 85% compared to 2016.

Product has also contributed to our decarbonisation plan, with a normalised reduction on product quantity of 12%. This has been made possible by the fact that we have continued to focus on product development and material research in order to achieve ever more ambitious goals. By far the most widely used fibre in our garments remains cotton, whose impacts can be reduced through a sourcing strategy such as ours, which favours more sustainable alternatives: organic cotton, recycled cotton or cotton grown according to the Better Cotton standard. In 2022, given the scarcity of organic cotton on the market, we pushed more on recycled, going to develop fabrics that were common to several product lines - men, women, children - and therefore with important volumes.

As for our second material, polyester, while waiting for truly sustainable alternatives, we are at least trying to increase the use of recycled fibre, which we have doubled since last year.

One of the big news in 2022 was the OVS Cotone Italiano project: how did it go?

It was last year's most significant project. Exactly on 22 April 2022, Earth Day, we sowed the cotton field in Sicily, which, on the same day, was showered with a welcome rain.



It was not an easy operation to manage. However, despite the difficulties of a radically innovative project, we managed to bring back to Italy a crop that had not been grown for seventy years. 2022 was an experimental year, which will allow us to assess the real positive impact of a project like this. We hope to be able to increase production in the years to come to cover a significant part of our cotton needs.

“
For OVS Cotone Italiano, 2022 was a year of experimentation. We hope to be able to increase production in the years to come to cover a significant part of our cotton needs
 ”

The RE-UP project demonstrates that the topic of sustainability can also be approached from a design perspective. How did this upcycling idea come about?

We have always been convinced that sustainability also passes through eco-design and upcycling, which provide a real and concrete opportunity to avoid waste by creatively recovering something that already exists. Therefore, we decided to involve our style management in a nice co-creative work: we brought our creatives together and inspired them to develop a design that met the basic principles of sustainability of a product, especially the focus on circularity.

The basic idea was to recover part of our stock and use it to create a new product, working on the design of the garment and involving a social cooperative, Valemour, which creates employment opportunities for young people with intellectual disabilities.

Is there therefore a deeper value behind the concept of upcycling?

There is a tendency to think that upcycling is about recycling materials to create a more valuable product. In the case of RE-UP, we have also generated value for the community by relying on a social cooperative that helps, through work, disabled young people to integrate into the world and gain their independence.

What progress have you made in the supply chain?

We mobilised our supply chain in a radical transparency operation by adopting the Higg platform. Now with all the data we have, it is easier to target priorities for improvement. We are working on the hot topics for our industry, both on environmental issues with a decarbonisation plan that cannot be separated from the manufacturing world, and on social issues with a focus on freedom of association and the so-called living wage.

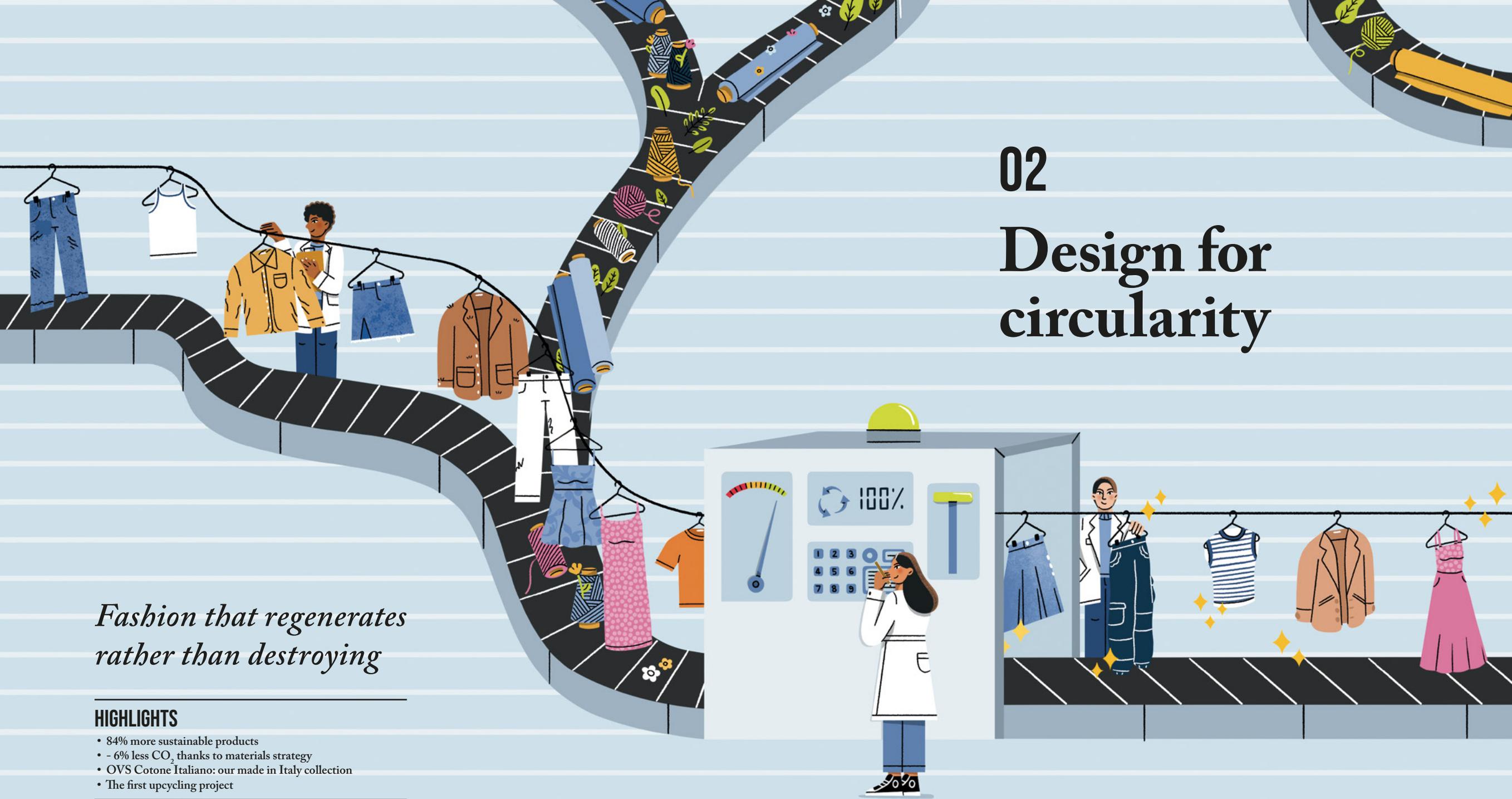
In addition, we have activated a program whereby we proactively involve some of our suppliers in the improvement of certain key elements, without moving in response to an audit activity. We no longer want to speak of simple supply relationships, but of true partnerships, in which the brand and the supplier work and collaborate in an egalitarian relationship.

02 Design for circularity

*Fashion that regenerates
rather than destroying*

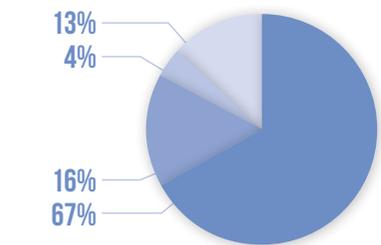
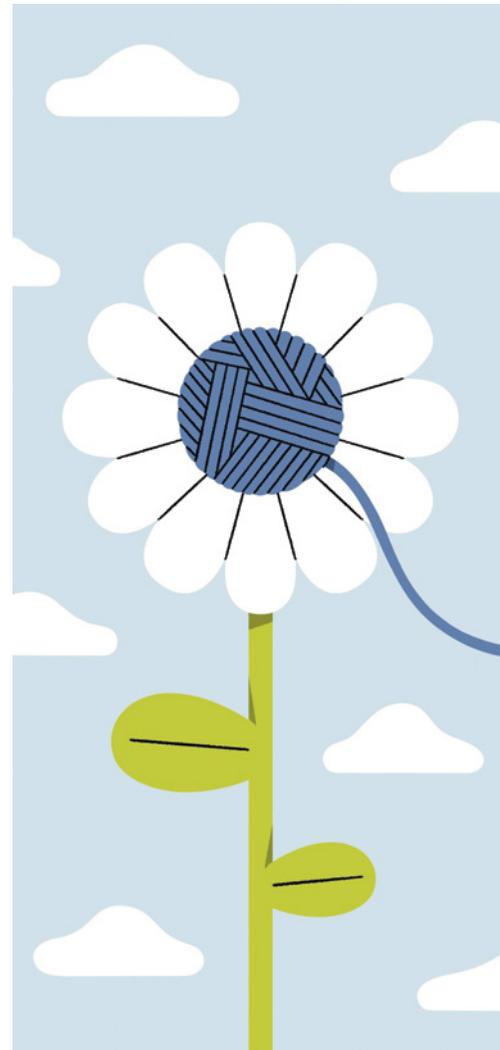
HIGHLIGHTS

- 84% more sustainable products
- - 6% less CO₂ thanks to materials strategy
- OVS Cotone Italiano: our made in Italy collection
- The first upcycling project

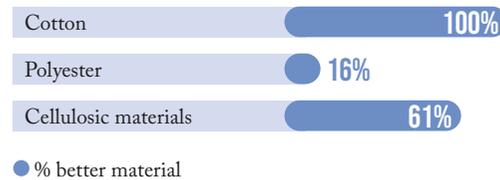


The choice of materials and processes by which a garment is made is fundamental to minimising the consumption of natural resources and reducing the impact on the environment and on people as much as possible: today, more than 80% of our collections are more sustainable, because they are made by choosing materials with a lower impact and more virtuous processes, without compromising the style and quality of our products. To achieve this and to improve our performance in the coming years, we are developing an even more challenging product strategy, the “Better Products Criteria”, which identifies the minimum requirements and defines the main characteristics that our garments must have in order to be considered and declared better.

The aim of the guidelines is to make sustainability a feature of all our products. To do this, we are working on identifying solutions that can be applied pervasively to our collections and contribute substantially to our constant improvement. With OVS Cotone Italiano and RE-UP we experimented with small productions that embody our vision of the future and which we hope will become an integral part of future collections.



● % cotton ● % cellulosic materials
● % polyester ● % other materials



OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Responsible consumption and production

We are committed to reducing the impact of our products throughout their life cycle, through constant research into innovative solutions in terms of processes and raw materials, with the aim of protecting and preserving the environment. Where possible, we endorse the use of natural products grown using more sustainable methods, such as organic cotton and Better Cotton, we use recycled materials, such as reclaimed polyester, and we ensure that natural ecosystems are respected in the production of our garments and packaging, such as viscose and FSC paper.

Clean water and sanitation

To combat the growing scarcity of potable water, a growing problem due to the climate crisis, we prioritise more virtuous materials with reduced water consumption, promote water conservation practices in manufacturing processes, innovate in denim production and encourage and support our suppliers in strict wastewater management.

BETTER MATERIALS⁴

The challenge for us is to reduce our impact on the planet by focusing on circularity as a key element, right from the design phase of our garments. The choice of fibres is decisive in this, increasing the proportion of more sustainable materials compared to conventional ones.

One of the hallmarks of the OVS product offering has always been to focus on materials of renewable origin, which account for 75% of the total materials used.

However, we know that this is not enough to guarantee the sustainability of the raw material, so we are constantly looking for new and better alternatives, which we call “Better Materials”: to call them sustainable tout-court might be a stretch, but we recognise their reduced impact compared to other materials.

The main interventions on material sourcing strategy concern the fibres most used in our collections: cotton, polyester and cellulosic materials. However, our approach is also extended to the choice of wool and linen, two fibres that have seen an increase during 2022. We only use wool with certifications guaranteeing animal welfare and European linen.





In 2022, this was certainly more challenging, especially in light of the general and significant increase in raw material costs. In spite of this, we have chosen to go beyond these limits and take risks, e.g. by increasing sales prices, to ensure an increasingly sustainable product offering in line with our emission reduction targets.

However, it is necessary to think in a large-scale perspective, without focusing on individual capsules, in order to strengthen partnerships with the most virtuous suppliers and respond to customers who are increasingly sensitive to sustainability issues.

“
A sustainable product is not a product that costs more, but a product that is worth more
 ”

*Maurizio Pilato
 Men's Product Director OVS*

REDUCE EMISSIONS

Compared to 2019, raw material emissions decreased by 6% on a like-for-like volume basis, thanks to the choice of a mix that favours recycled material over conventional material and a well-established strategy of sourcing cotton from organic, recycled or grown according to the Better Cotton Standard.

We could have done better, but purchases of organic cotton have decreased due to less availability on the market. To fulfil our commitment, we have thus increased the recycled portion on both cotton and polyester, as well as focused on specific materials from particularly emission-friendly suppliers.



In addition, we have achieved a drastic decrease in the incidence of upstream transport, registering a -62% reduction in CO₂, thanks to the choice of less polluting means of shipment.

By restructuring our purchasing process, we were able to anticipate production orders and purchase more efficiently, reducing overbuying and minimising airfreight, thanks to more convenient lead times.

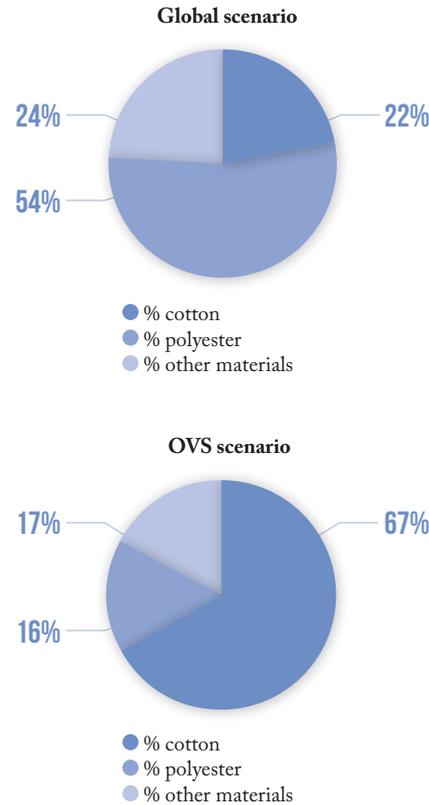
-62% CO₂ reduction related to transports



100% MORE SUSTAINABLE COTTON

Cotton is the main fibre in our collections: about 70% of the total materials in our garments. That is why we choose it with particular care. The decision to always favour cotton as a raw material runs counter to the international trend of increasing use of synthetic fibres. According to the latest available data⁵, the use of cotton continues to lose ground, from 27% in the 2019/2020 season to 22% in 2021/2022, while polyester remains the dominant raw material with a market share of 54%.

OVS Cotone Italiano (Italian Cotton)
After the milestone of 2021, when we achieved 100% sourcing of cotton from more sustainable sources (organic, recycled or grown according to the Better Cotton Standard), we set ourselves a new goal: to produce an entirely Italian organic cotton yarn, to rebuild the link between the agricultural and textile supply chains, two excellences of the Italian territory.



Project Partners

At the end of the 1960s, an area of thousands of hectares in Sicily was dedicated to the cultivation of cotton, and the same happened in other areas of southern Italy. A history of tradition that has been rediscovered and studied by the Cotone Organico di Sicilia farm, on the outskirts of Palermo, which has decided to launch a plan to produce organic cotton and rebuild the production chain on the island.

Italian supply chain: production steps and traceability

Managing the production of the raw material allows us to directly control the impacts throughout the supply chain, both socially and environmentally, and to be more precise in data collection. Moreover, the ambition of such a project is to produce high quality products entirely Made in Italy.

The average distance commonly taken by cotton to get from the field to the store shelves

15,000 KM

The maximum distance covered by OVS Cotone Italiano, from Sicily to OVS stores

1,700 KM



Sowing (April 2022)

The variety that has been planted is *gossypium barbadense*, a type of long-fibre cotton that has a slightly lower productivity than *gossypium hirsutum*, the short-fibre variety that is the most widespread worldwide.

Harvest (October 2022)

The first harvest was done strictly by hand and was also an opportunity for integration and collaboration among our people. The 40 OVS store managers in Sicily participated directly in the collection, in one of the fields, together with the other teams.

Ginning

Ginning, the process of separating the cotton fibre from the rest of the plant after harvesting, took place in Castel di Tusa, in the province of Messina, in the only plant currently present in Italy. The white flake is cleaned and then separated from the seeds, which account for about 60% of the flower mass.

Spinning: from bales to thread

The cotton bales were then transported from Messina to Salerno, at the SGL Filati plant, for the spinning operation, the most delicate phase that determines their quality and strength.



Weaving: from spools to fabric

The spools of yarn then arrived in Como at Tintoria Butti, where jersey was made: the yarns are woven into fabric, which is then dyed. Lightness, elasticity and gloss depend on this phase.

We chose not to dye or bleach a part of the fabric in order to offer, among others, a completely natural product in the original colour of the fibre.

Manufacturing and packaging

We entrusted the garment making to Progetto QUID, a social cooperative in Verona that provides an opportunity of redemption to fragile people, mainly women, through work.

Product

In April 2023, we will have an entirely Made in Italy product in our stores, from the field to the shelf: a t-shirt collection for the spring-summer season.

Traceability

Traceability enhances trust, allowing better control over the raw material and increasing transparency towards customers. To guarantee this standard, throughout the entire supply chain we have used the DNA tracer patented by Haelixa, a spin-off of the ETH Zurich, applied to the cotton during ginning: a unique identifier that makes it possible to verify the origin of the material at any stage of the product life.

Thanks to this tracking process, we can guarantee the origin of the raw material along the entire supply chain until after the sale.

Partnership with the University of Catania for the development of a regenerative protocol

As part of the Cotone Italiano project, OVS is co-funding a three-year PhD scholarship in Agricultural, Food and Environmental Science at the University of Catania, which will study the cultivation of cotton in Sicily under organic farming, in order to arrive at the definition of a low-input cultivation system through the adoption of conservative agronomic practices that regenerate soil fertility.

Currently, in Sicily, the amount of organic matter present in the soil (which is an index of soil quality) has been reduced on average to around 1%, due to industrial agricultural models and inappropriate cultivation techniques, well below the 2% indicated by the FAO as the threshold of high risk of desertification for agricultural land.



“ **Agriculture is on the one hand a cause of climate change, on the other hand a victim. We absolutely have to imagine an agricultural model that is resilient to climate change** ”

*Paolo Guarnaccia
Professor of Agronomic Principles
and Techniques in Organic
Agriculture of the Degree Course
in Agricultural Science and Technology
at the University of Catania*

Regenerative agriculture produces an increase of up to 5-8% in organic matter, allowing the soil to retain more water and thus be more resilient to climate change by reducing irrigation; at the same time, regenerative practices allow CO₂ to be sequestered in the soil in the form of stable humus, effectively counteracting the increased concentration of this greenhouse gas in the atmosphere.

There are two main objectives of the research project: on the one hand, to guarantee a minimal environmental impact thanks to the organic regime; on the other hand, to maintain the high productivity of cotton in order to favour its inclusion in Sicilian cropping systems in alternation with cereals and grain legumes and fodder crops.



**More
sustainable
cotton**



INTERVIEW

Giuseppe Greco

*Store Manager of the OVS
Catania d'Annunzio store*

DIARY OF A PICKER (FOR A DAY)

For Giuseppe Greco, long-time store manager at OVS, fate has reserved the role of witness to two important eras for his land, Sicily. Greco is one of the custodians, thanks to his grandfather's stories, of an Italian history of flourishing cotton production on the island. In fact, in the 1950s and 1960s, fields dedicated to this raw material covered thousands of hectares between Agrigento and Palermo. However, Greco is also one of the protagonists of the first cotton harvest, which is now flourishing again in Sicily after 50 years, thanks to the OVS Cotone Italiano project supported by OVS. A small workshop of excellence, few garments produced but with a vision of the future that combines tradition, craftsmanship and scientific innovation.

“
As a child, I remember these plants growing in the heat, symbolising the toil of man and nature. Today I see them differently, because I work in a company that is sensitive to sustainable supply chains. The way of sourcing, improved working conditions in the supply chain show the true value of the product offered in the store
”



On the day organised by OVS you picked by hand, how did it go?

Being in the field with the other pickers, touching the raw material I will find in the store is exciting. He explains the steps and all the care required for an excellent quality product at an appropriate price. In addition to the excitement and bonding that was created with the pickers for a day, the harvest destroyed some backs. However, it was instructive.

What was the reaction of the other Store Managers?

It made everyone aware of the resources in the area. Sustainability is an opportunity to rediscover the country's culture and roots. In the dialogue with others I found very formative answers. Sometimes it is necessary to see oneself not only at the centre of a production process, but in a community that shares values, those that trigger empathy with the buyer. We understood what was behind the fabric, where it was produced, and we shared the idea that Italian production has an ethical and sustainability value, because we produce without transport of raw materials.

Does the message about product sustainability affect specific types of customers?

Younger people, for whom shopping is an experience that meets their expectations and view of the world. However, it is also the training of the people talking to the customer that makes the difference. Today, there is not only the urge to buy, but the desire to be informed about what one wears.



Does the pride of an area that renews itself and cares for sustainability create new jobs?

Yes, because this topic is constantly being talked about in schools and being a protagonist of good circular economy practices is becoming an aspiration at all levels. All skills are needed, from the more technical to the stylistic. Motivation and involvement to work in a company that cares about the common good and the environment is also a lever to avoid those drop-outs in attendance so frequent after the pandemic.

50 YEARS

From the latest cotton production in Sicily

DENIM AWARENESS: WATERLESS IS NOT ENOUGH

Our denim offering has been our strength and specialisation for a few years now. Since 2019, we have implemented a series of actions to reduce its impact, setting ourselves the goal of making 100% of our assortment with water-saving technologies by 2025.

However, we realised that just talking about water was not enough and we worked with leading specialists in the field to review our approach and set ourselves more ambitious goals. However, we did not stop there.

After conducting, with the support of the University of Padua, a Life Cycle Assessment of our jeans with waterless dyeing, in 2022, we continued to work on both existing innovations and new improvements. The result is our new “Denim Awareness” approach, which defines new production rules by integrating elements of circularity.

100%

Assortment made with **reduced water consumption** by 2025

Starting with the autumn-winter 2023 collection, with the collaboration of an international specialist, the OVS denim offer will be entirely renewed according to these objectives:

- define a new base level of sustainability requirements (new normal) involving 100% of our denim by 2025;
- establish successive levels of sustainability to start a path of continuous improvement of impacts, with the goal of ideally reaching zero;
- define different lines of action to improve the degree of sustainability of various models: fibre circularity, water saving, emission reduction, social and environmental performance of the producing factory, garment safety.



We are aware that consumers can also play their part, for example by reducing the frequency of washing. To improve our customers' awareness, we have included ideas and tips in the description of each online garment to save resources and make garments last longer.



ANOTHER WAY TO WEAR POLYESTER

After cotton, the material most commonly used in our collections is polyester. Like all petroleum-derived synthetics, polyester is a non-renewable resource and contributes significantly to CO₂ emissions.

Therefore, from 2019, we have chosen to make some garments only from recycled polyester and have committed to progressively increase the percentage of recycled synthetic material in our collections.



Recycled polyester in 2022

800 TON

Our goal is to replace 100% of polyester and polyamide with recycled materials or biodegradable alternatives by 2030.

02 Design for circularity

To date, we use polyester on a large scale both for winter garments, such as fleece, and for summer, through beachwear: in both cases, recycled material is almost always used, without compromising the characteristics of resistance, watertightness and breathability that make polyester a fundamental material. At the design and manufacturing level, recycled polyester performs equally well and meets the required quality and design standards, thanks in part to the major advances made by manufacturers in finishing processes.

In 2022, recycled polyester was the big star in many of our clothing lines, described below.



Altavia

For the winter season, we have created a collection of puffy jackets for women, men and children made from 100% recycled synthetic materials, including the padding.

Winter jacket: Animal-free filling with Ecodown Genius technology developed by THERMORE®: fibres from the regeneration of PET bottles.

Padded jacket: Ultralight down jacket for outdoor activities with high thermal insulation, water repellence and windproof performance. Filling in REPREVE®, polyester made from recycled water bottles, which contributes significantly to reducing CO₂ emissions.

Fleece jacket and neck warmer: Full-zip fleece jacket made of recycled polyester, which avoids the production of virgin plastic.

Less is better

A line created around circularity: innovative garments with essential lines, made from sustainable materials with a high technical content, such as recycled polyester used for the winter season garments. Less is better is also entirely paper-free: we have replaced the labels with a QR code printed directly on the garment, which allows product information to be consulted online.

Ocean Care

Our swimwear offer includes a selection of swimwear made of Econyl® or recycled polyester from materials recovered from the seas: from plastic bottles to fishing nets recovered by volunteer divers from Healthy Seas, an initiative to safeguard marine biodiversity of which OVS is an associate partner.

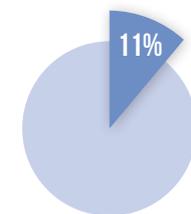


“
OVS has partnered with Healthy Seas since 2019, supporting us in cleaning the sea and raising awareness about sustainability and marine protection. Thanks to OVS, our work is reaching a wider audience, helping consumers to make more responsible choices
”

*Veronika Mikos
Healthy Seas Director*

A YARN FRIENDLY TO EVERYONE, EVEN ANIMALS

Wool is a renewable and biodegradable material, but animal husbandry is associated with a high environmental impact. To reduce our emissions, we have started to use recycled wool, which maintains the quality characteristics of the garment it is used for.



Total **recycled wool** used by OVS

OUR PATH THROUGH THE FOREST

Forests play a crucial role in preserving the diversity of animal and plant species, as well as removing CO₂ from the atmosphere and providing livelihoods, especially in poorer countries. Cellulose fibres extracted from wood are also used in the fashion industry to create particularly versatile and popular fabrics.

In the choice of cellulosic materials, which account for 4% of the total fibres used by OVS⁶, we prefer those from forests managed according to the FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) standard and suppliers who adopt controlled processes such as Lenzing™, which guarantees both the origin of the raw material and reduced-impact production processes.

Certified cellulosic fibers

61%

LENZING™ ECOVERO™: comes from trees from controlled and FSC or PEFC-certified forests, through responsible production that allows to reduce CO₂ emissions and water consumption by up to 50% compared to traditional viscose, as confirmed by the EU Ecolabel certification, the European Union's eco-label.

TENCEL™: the brand name for fibres made from eucalyptus pulp (TENCEL™ Lyocell) and beech pulp (TENCEL™ Modal). These are completely biodegradable fibres obtained from trees from sustainably managed forests and through processing with low environmental impact.



RE-UP: THE FUTURE IS NOTHING NEW

RE-UP is OVS's first upcycling project, stemming from a creative workshop with our designers held in spring 2022.

A clear brief, and a deadline, Earth Day 2023: just under a year to create a collection in line with the principles of sustainable design, in particular durability, recyclability, reparability and reduction of the carbon footprint. All this while maintaining high product quality and establishing synergies between the different product categories.

It did not take a year, but about ten days for the creative teams who presented four different, but all valid projects: modular collections, entirely biodegradable or with a strong social impact.

The winning proposal had a strong idea behind it: produce nothing new. RE-UP is in fact a collection made up of unsold and reconditioned garments, specifically t-shirts and denim, customised using custom painting techniques, i.e. applying splashes of paint on the garments. This creative process, which made each garment a unique piece, was carried out by the young people of Valemour, a project of the Cooperative Vale un Sogno Onlus, and involves the use of recycled Recycrom dyes from Officina+39.

Valemour is a business generator that was created to promote the employment of young people with intellectual disabilities by fostering the relationship between profit and non-profit enterprises.

Recycrom™ is an innovative dye patented by Officina +39 based on a technology that can recycle textile waste by transforming it into a wide range of coloured powders that can be used to dye any cellulose fibre using conventional dyeing systems, dip dyeing and screen printing.



INTERVIEW
Federico Dan
Product Graphic Specialist OVS

IS CREATIVITY JUST A SKILL?

Federico Dan, Product Graphic Specialist OVS, explains why the involvement of a social cooperative in the design process can make a difference

Product Graphic Specialist at OVS for 8 years, Federico Dan deals with underwear, denim and accessories for the male customer.

How did the idea come about?

When the brief was launched during the workshop, we were divided into groups and in mine we immediately said that we wanted to follow a key idea: "To be sustainable, you do not have to produce anything new", and so in order to make something possible that seemed impossible, we were won over by the techniques of upcycling, whereby, starting from something that already exists, you can create something unique and of greater value.

But what really makes the difference of the RE-UP capsule?

Involving a social cooperative such as Valemour with people who did a great job.

Is it a replicable project?

So exciting that we are already studying for the next F/W collection together with the co-operative to take the other phases of the project forward.

But if no new material was used, from which garments did you start?

From so-called pre-consumer waste, i.e. Those unsold items that are normally considered waste. RE-UP intervenes by selecting the material we are interested in and need. And, thanks to teamwork coordinated by the sustainability office, we follow the whole process at the social cooperative.

What kind of relationship was created with Valemour?

We asked the committed people to respect certain guidelines and it was easy, though not immediate. More surprising was the creative endeavour: we started with the Pollock technique, where we apply splashes of colour on the garments with a brush, to make each garment a unique piece.

Together we decided on a palette of colours, all sustainable and recycled pigments produced by Officina+39, and explained the techniques for using stains on jeans and T-shirts. Then a lot of experimenting, changes in progress and a lot of dialogue with the people at work.

What could be improved in the next stages of the project?

We started with a test and a limited number of stores and garments. These products work and the goal should be to increase sales points and product volumes. We realised that other non-profit realities distributed throughout Italy could be involved.

What parameters must these realities respect in order to work with OVS?

The example of Valemour fits well with the RE-UP project because it proposes a form of social entrepreneurship. There is an attitude of creating together by pursuing a new business model that fits well into the processes of OVS. We included an artistic and creative intervention with a new partner but within an already established process.

Is there a different answer depending on the generations employed in these cooperatives?

More than an age difference, a difference in propensity for certain activities was seen. Some felt more enhanced by a creative path, others were comfortable interacting with machines, an activity that gives confidence perhaps because they work in a more predictable way.



Is it true that the production time was faster than expected, thanks to the diligence of the youngsters?

Yes, the work started at the beginning of January and was finished at the end of March. Disability may not have so much to do with the ability to perform on certain tasks.

What reactions does OVS expect from customers in front of RE-UP products?

That they understand the added value of this purchase, that they are aware that each piece is unique. It is also about doing a good job of communication. The lever is: the garment as the fruit of creativity and craftsmanship.

“
To be sustainable, you do not have to produce anything new and so in order to make something possible that seemed impossible we were won over by the techniques of upcycling
 ”

What future does RE-UP have at this point?

The wish for everyone is that it becomes the OVS brand that includes all circularity projects from reconditioned material to second-hand clothes.

Can designing sustainable clothing be a limitation for a creative team?

If anything, the limitation given by those constraints ignites the ability to conceive. The effort to find a different solution is even a driving force for creativity. Moreover, one really feels responsible. This was the case from the workshop onwards. Whereas before it was the category managers who decided on the sustainable materials to be used, with RE-UP the creative team became the main player.





Handcrafted garments made in creativity



INTERVIEW

Marco Ottocento

Founder of the Social Cooperative

Vale un sogno Onlus

CHANGING (IS NOT) AN EASY UNDERTAKING

Marco Ottocento's "lesson" on the generative economy. How to make profit and non-profit work together, valuing fragility

An interview with Marco Ottocento, founder of the Social Cooperative Vale un sogno Onlus, can start from the economic results achieved through collaborations with fashion companies. Or it can start with an admiration generically applicable to those "who do good". In any case, it ends up being a lesson in inclusion, far from any hypocrisy, in which the gap between "us" and "others" vanishes. Ottocento is the father of a girl with Down syndrome and in order to guarantee her a future too, he started a foundation dedicated to people with intellectual disabilities.

It is the vision, however, that makes the project special, in which trust is expressed in the company as a community that leaves no one behind and asks everyone for what they can actually give.

“
Matching the social role with the work role is crucial. Dialogue with companies is strategic for us. If we want to bring the world of fragility towards true inclusion, companies must be involved

”

It is the same vision that convinced OVS to include Valemour in its sustainability journey for the RE-UP collection in stores from the beginning of May 2023.

Among companies, are fashion companies more or less sensitive to social inclusion?

I know the strengths and weaknesses of the textile industry. It is an environment that provides great visibility. If it adheres to your idea of change, it makes you stand out.



Over the years, it has been the enterprises that have enabled Valemour to become a successful reality capable of integrating the profit and non-profit worlds of fashion. We are now a business generator, because labour inclusion in addition to fashion customers must support the creation of places that suit people's needs.

So we create ad hoc mini-companies, because the intellectually disabled find it difficult to work at today's pace. We have to add safeguards but remain in the market.

A generative economy model, therefore...

The generative economy puts people and not goods at the centre. The current economy, on the other hand, is extractive, appropriating new resources to produce goods and continuously creating waste. To be more generative we must produce less waste and deal with the most burdensome waste, which is human waste. Those born with intellectual disabilities are considered non-productive. The idea is that the recovery of a garment is linked to the recovery of a person.

Is aiming for excellence without waste a possible mission?

It is a crescendo of attempts to bring the non-profit world closer to the profit world. Fashion experiments, studies products for disabled people, for example collections for wheelchair users. Others try to combine fragility and sustainability by creating a new strength. The for-profit world has realised that it is no longer enough to recover products, we must also recover people.

From zero to half a thousand: what happens when solidarity becomes contagious?

It was 2007 when six parents founded the association. Underlying this was the idea that everyone should do their share of the



“investment”. Just as families had to put energy and passion into it, communities could engage in fundraising, while public bodies would play the role of facilitators. Businesses would eventually recognise the economic value of what we do. And so it went: in little more than ten years we have become a reference for 130 families, and then for another 200 who find answers for their children. Today we offer opportunities to work to more than 40 people with intellectual disabilities.

More than 40 people with **intellectual disabilities** offered to work

40+

What is the strongest attractive element?

We are one of the few associations offering integral life projects. In support of families, we take care of the person from the first months of life and in some cases even before they are born.

We support them in their growth, in the transition to adolescence, we work to give the intellectually disabled person autonomy. Then there is job training. A phase during which we meet companies willing to teach the youngsters. This allows us to be noticed outside the territory and to find ourselves having even more requests than youngsters to be placed.

How does the OVS RE-UP initiative fit into this path?

The RE-UP collection is the first collection we run with OVS. There is a patrol of youngsters employed in activities such as dyeing, preparing or finishing the garment. In just a few months, we processed 10,000 pieces. We hope to take over packaging in the future.

Garments handcrafted in a few months

10.000+



Is the public sector playing its part? Has bureaucracy been simplified?

The public authority is one of the weakest players around. It takes forever before taking action. It must be understood that the non-profit sector has been used to being assisted by the public but this does not work. The dream of us parents is a co-design between the profit world, public authorities and non-profit organisations. It can be the economy of the future. What changes the vision of business is not the maximisation of profit, but of the common good.

Does the disability of children impact on parents? Does talking about a life project create resistance?

Projects like these can relieve families, because we take care of the child for many hours of the day. However, doing business as we try to do is more difficult. We want to set something in motion that actively involves families. Many see the non-profit as a service provider, but we are not. Parents who invest in their children must be active participants in the project.

What are the key points of collaboration with the RE-UP project?

OVS has a corporate vision of sustainability. They knew us, they chose us. They put us in the production process, despite fears of some inefficiency. The surprise was that the youngsters were more efficient than expected. Perhaps also due to the fact that we have adapted some work processes. The technique of Pollock painting, for example, based on splashes of colour on the fabric horizontally was made easier by having them work on the garments hanging on the wall. I like to remember that with OVS the goal is not just to make good things, but to make them beautiful. And that the market likes them.



WHAT-IF BAG

In 2022, for the second year, we were a member of Monitor for Circular fashion, a working group organised by the Sustainability Lab of SDA Bocconi School of Management, which includes some of the Italian leaders of the fashion industry and its supply chain.

The aim of the multi-stakeholder research group is to monitor and analyse national and international trends on the implementation of circularity, to provide an opportunity for participating companies to discuss circular economy issues and to be a driving force for influencing governments to promote circular economy policies.

During the course of the year, in addition to our regular participation in round tables, we developed a pilot project in cooperation with Radici Group, Temera and Progetto Quid. The challenge was to design and produce an article with two circularity principles in mind: monomateriality and sustainable origin of the chosen fibre.

The bag we designed was the result of a multi-handed collaboration: with Radici Group we chose the material - 100% recycled polyamide 6, certified by GRS - which was used for both the fabric and the accessories.

100% Polyamide 6 recycled and certified by GRS

Project Quid, an ethical fashion brand, provided the packaging. Temera designed an online page, accessible by scanning the QR code on the products, where information on the origin and manufacture of the product was shared.

Although the product was very simple, it made it clear how complex it still is to co-ordinate 100% circularity choices throughout the supply chain.



The scenarios we evaluated were many and on as many occasions we had to assess alternative options that called into question upstream and downstream costs and processes. Each time we had to ask ourselves: "What if...?" hence the name "What-if bag".

“ **The pilot project was a challenging experience because we had to build a whole new supply chain for an innovative product. The result of this experience is that there is an urgent need to build positive cooperation between players with a common vision to expand a circular production system** ”

*Camilla Mirone
Sustainability communication specialist*





03

Being fair and transparent

A better impact is possible and necessary

HIGHLIGHTS

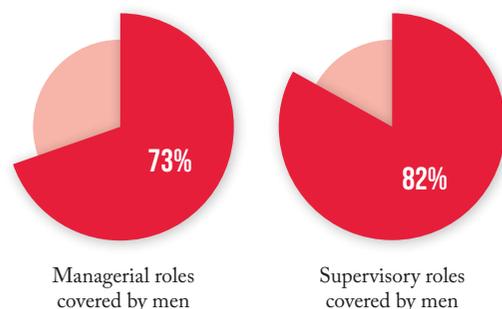
- 410 audit in 2022
 - 93% of production volume on Higg
 - Another year in Myanmar
 - Sirajonj: a story of impact
-





The production of our garments - around 170 million in 2022 - spans 16 countries and offers employment opportunities in areas of the world where the textile industry is the main driver of development. Our stable presence in the territories where we operate helps to create a favourable context for improving the living and working conditions of thousands of people and, consequently, also the quality of the product.

More than half of the workers in the textile industry are women. However, this proportion is very unbalanced in terms of duties: top roles (management and supervision) are predominantly held by men, 73% and 82% respectively. That is why we strive to support every project that supports women's education and empowerment, which can foster their professional growth and economic independence.



OVS supply chain people
400,000+

The selection of suppliers also takes into account attention to the well-being of workers, strategies to reduce the impact on the environment and investments in technology to make garment production more efficient.

We constantly monitor the social and environmental performance of the factories we work with to encourage practices that have a positive impact on people and the environment. We accompany and support them on a path of growth and create alliances with other industry players to drive systemic improvement.

The issuance of the Sustainability-Linked Bond has accelerated our path of evolution, which will lead us in the future to consolidate production volumes towards those suppliers who put people and their rights first and who invest in more innovative and low-emission technologies, identifying reward mechanisms that will lead them to further improvement.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Clean water and sanitation

To combat the growing scarcity of drinking water caused by the climate crisis, we promote water conservation practices in our manufacturing processes and adopt strict guidelines for wastewater management from our suppliers.

Decent work and economic growth

To contribute to fair and sustainable economic development in the places where our supply chain operates, we are committed to promoting decent working conditions, ensuring that workers receive adequate pay, and providing equal opportunity.

Responsible consumption and production

In order to reduce the use of natural resources in the entire production cycle and to improve the quality of life of all the people involved, we promote circularity with concrete actions aimed at using production waste and with production processes that reduce environmental impact.

RESPONSIBLE AND TRANSPARENT PRODUCTION

Code of Conduct

Accepting to work with OVS means assuming a shared responsibility: that of generating a virtuous circle that improves the working conditions of local communities.

We only use suppliers who fully endorse and apply our Code of Conduct, a tool that ensures that workers are made aware of the principles described and their rights, and that they are able to report any non-compliance.

All suppliers working with OVS are required to sign the **Code of Conduct**. No reports were received during 2022.

In addition to ensuring continuity of supply over time - on average, we work with each supplier for at least 9 consecutive years - we adopt responsible purchasing practices, defined within a specific policy, to reduce any negative impact on textile workers. We agree with our suppliers on conditions that allow to operate safely and to plan production, for example avoiding changes to orders in progress and complying with payment terms.

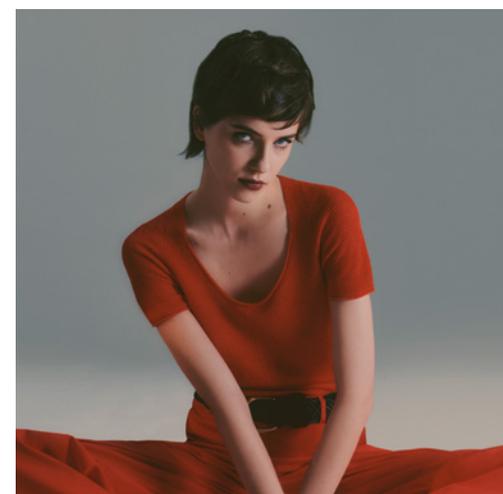
Supplier evaluation and improvement plans

In the evaluation of our suppliers, sustainability has the same weight as the criteria traditionally adopted (quality, service and cost). Our audit program helps us verify effective adherence to the Code of Conduct and measure the environmental and social profile of our suppliers.



At the start of the supply, and thereafter at regular intervals of at least 12 to 18 months, we carry out checks either directly or through third parties, based on information gathered through the Higg platform or any reports from trade union representatives or territorial associations.

With a view to transparency and co-evolution, we share evaluation results with each supplier to identify areas for improvement. In the event of critical issues, we agree on a corrective action plan with the involvement of the employees representatives to incorporate any feedback.

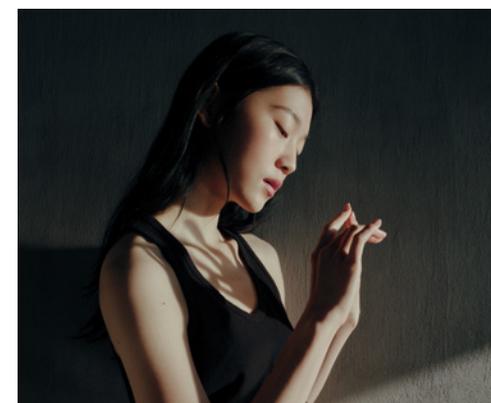


In order to have an even more representative picture, in 2022, we decided to systematise the involvement of workers' representatives, both as an integral part of the interviews conducted in the factory and in the review of evidence from audits. Following an order of priority, linked to the production volume of individual countries, we are systematising data collection: we started with Bangladesh where, to date, a workers' representative has been involved in 22% of our audits.

With the same aim, we chose to interview some workers outside the factories, to complement the interviews already conducted internally. We have also prioritised Myanmar, where 100% of the interviews were conducted outside the factory, covering about 1% of the total workforce of all our suppliers. In 2023, more data will also be available for the other production areas.

As of 2021, we have started to replace our audit program with a supplier evaluation system based on the Higg platform, with a view to sharing actions on an industry-wide level, to go beyond the work of individual brands and thus arrive at a kind of "sustainability squared".

This tool guarantees detailed information, verified and shared by other players in the supply chain and allows us to focus the control activity on those cases where we deem immediate and direct intervention necessary, maintaining continuous monitoring of the entire supply chain. Thanks to the information reported in the platform, we can have an overview of the performance of our supply chain and support suppliers and the entire fashion system in positive change.



Energy consumption in manufacturing activities

783,810 GJ

Water consumption in manufacturing activities

35 MLN M³

Objectives and results

In 2022, 93% of our production volume will come from housebrand clothing suppliers engaged in improvement programs through the Higg platform, in line with the Sustainability-Linked Bond target of 100% for 2024. The verified production volume on the FEM (Higg Facility Environmental Module) was 71%, while for the FSLM (Higg Facility Social and Labour Module) it was 50%.



EMISSIONS AND WATER CONSUMPTION

Energy consumption⁷

According to the latest available data, energy consumption in manufacturing activities amounted to 783,810 GJ, a clear reduction from the previous year's figure of 1,084,023 GJ, demonstrating a general ferment in the pursuit of energy efficiency programs in all manufacturing countries.

Moreover, only 0.2% of the production volume is supplied by suppliers who continue to use coal-fired power sources, all of which are concentrated in Pakistan.

Water consumption

On the other hand, with regard to the water used in our supply chain, consumption was estimated, applying the ReCipe2016 method to the basis of the Eco Value calculation.

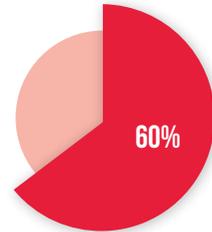
The resulting consumption is approximately 35 million m³ (of which about 90% in the production of materials and 10% in subsequent processing).



TOWARDS ADEQUATE WAGES FOR ALL

We are aware that we have a great responsibility to ensure decent living conditions for the people who produce our garments. From the analysis carried out in 2021, it turns out that 60% of workers involved in our supply chain earn at least living wage.

The remaining 40%, while receiving a wage above the legal minimums, do not receive a wage that allows for a decent standard of living.

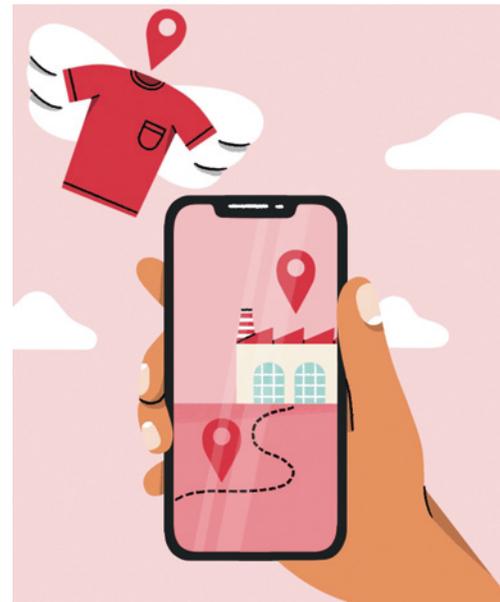


Workers earnings at least a living wage

Transparency and traceability

For a better control of the production cycle, we do not allow the use of sub-supplies, except in expressly authorised cases, and we collect seasonally from each supplier a mapping of the production sources used, both for packaging processes and for the main production phases and the most relevant raw materials.

We are also working on promoting collaborative platforms between all the players in the supply chain, so as to improve the level of traceability and gradually allow the complete publication of second and third level suppliers. Thanks to the implementation of new mapping and monitoring systems, we are able to analyse our suppliers and subcontractors in ever greater detail, with the aim of being able to describe each OVS product with information on all those involved in the supply chain for its production, from certification to environmental and social performance.



In 2022, we conducted a detailed analysis on 58% of our orders to verify the wage levels for each role in the factory. This allows us to identify any discrepancies between the labour costs declared by the supplier and the wage conditions of the workers.

The average gap between wages and the living wage has narrowed thanks to a 12% increase in average wages, which, however, has been nullified by the rise in the cost of living.

As a company, we have no direct leverage to achieve immediate results, because wage levels depend mainly on the choices of local governments, labour productivity and the dynamics of the employment market. What we can do, however, is create the enabling conditions so that the wages

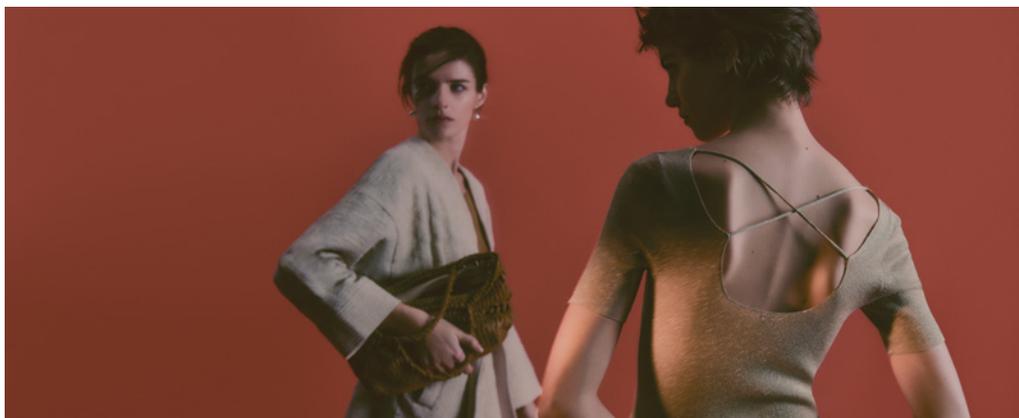
of people involved in our supply chain gradually come into line with the living wage, so as to meet basic needs.

In this sense, the Higg platform is very supportive as it represents a wealth of information that allows us to identify areas of possible intervention, for example, acting to foster the development of trade union representatives that make collective bargaining possible.

Workers' representatives and collective agreements

Among the main causes of low wage levels in some countries has emerged the low prevalence of collective agreements and insufficient worker representation in wage negotiations, as well as the lack of in-factory troubleshooting tools.





CURRENT SITUATION

Based on the analysed data, we estimated that:



of our suppliers (corresponding to 20% of the production volume) have democratically elected forms of worker representation within the factory. 5% have active trade unions.



of the workers in the entire OVS supply chain are covered by collective labour agreements, which in some cases (9 in India, 10 in China and 1 in Bangladesh) negotiate higher wages than the statutory minimum wage.



of suppliers have problem-solving or dispute resolution tools.

MIDDLE-LONG TERM OBJECTIVES

Against this backdrop, we set ourselves the following medium- to long-term objectives:

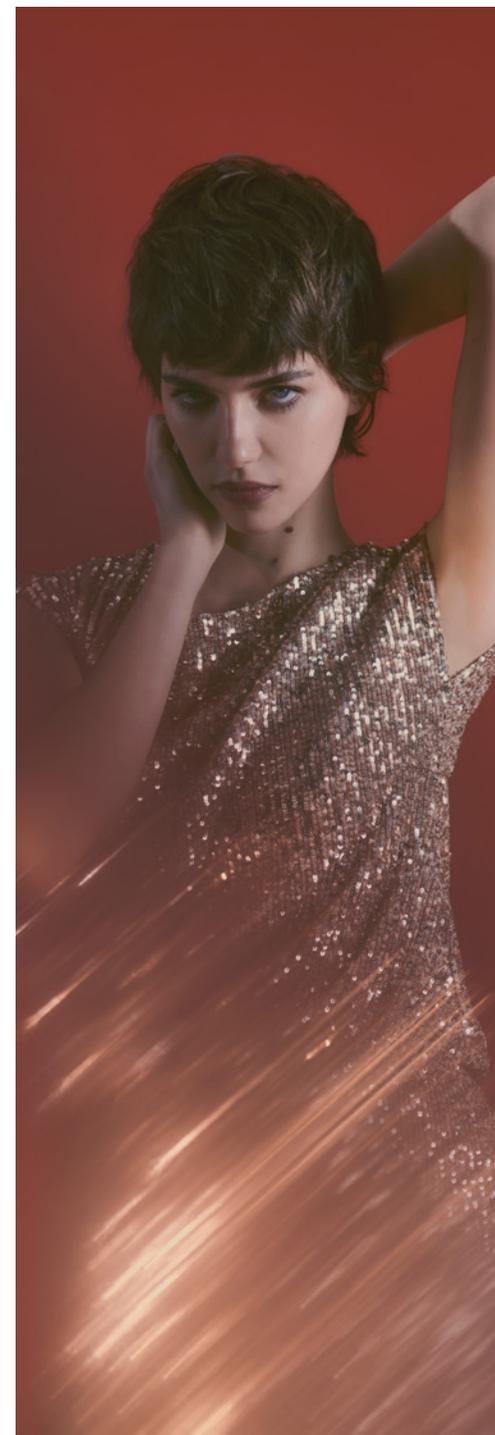


by 2025, 50% of the production volume will be covered by suppliers with democratically elected workers' representative bodies, so as to facilitate the alignment of wages to the actual cost of living, rising to 100% by 2030;



by 2025, 50% of the production volume will be covered by suppliers who have implemented in-factory dispute resolution tools, rising to 100% in 2030.

We are confident that, thanks to these actions, the wage conditions for workers will gradually improve: the goal is that all people in our supply chain will receive a wage aligned with the living wage by 2040.



BANGLADESH: THE IMPACT STORY OF SIRAJGONJ

Ten years after the Rana Plaza tragedy, Bangladesh is a country in profound evolution. Huge strides have been made in the area of work safety and respect for workers' rights, which is also confirmed by the results of the Higg Index or the number of local industry partnerships: more than 4,000 garment factories are members of the RMG Sustainability Council.

There has been a real change in mentality since 2013, which now puts the safety of workers first. For example, fire incidents in factories have been greatly reduced and, when they do occur, most are handled by a dedicated in-house fire safety team.

We spoke in depth with Mohammad Abdul Qaium, who as OVS Sustainability Manager manages relations with suppliers in Bangladesh, India and Pakistan, about the story of Sirajgonj Fashion Ltd., a clothing factory that OVS is accompanying on a complex growth path.

Located in the Mirpur area, within the metropolitan city of Dhaka, Sirajgonj has a workforce of almost a thousand people, mostly women, and almost 100% of its production capacity is for OVS, with whom it has been collaborating since 2012.

Through the audit processes, some critical issues, mainly related to workers' rights, emerged at an early stage. Despite follow-up and monitoring actions, three years later, the situation had still not improved.

Thus, in consultation with colleagues from the Group's Sustainability function, different approaches to intervention and involvement of Sirajgonj in a specially designed and created development and improvement program were evaluated.

OVS in cooperation with a local consulting firm carried out a root cause analysis to identify the most important issues. Some 40 critical aspects emerged and were then prioritised.

From this mapping, an action plan was drawn up, which was agreed with the company's ownership and top management and which will gradually involve the workers in various programs.

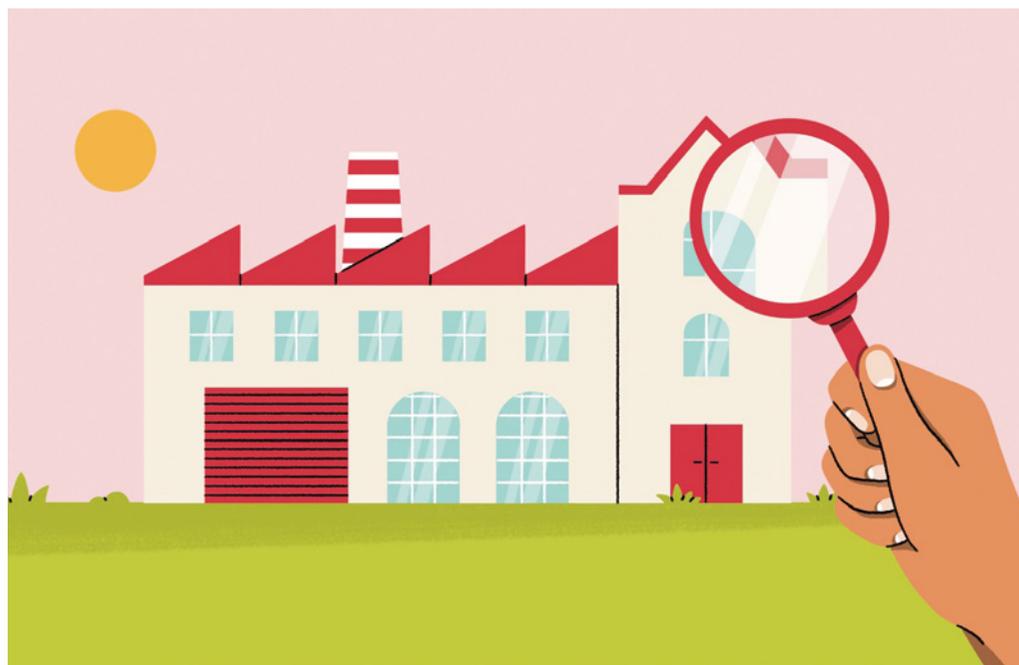
The real challenge for any due diligence program must be to delve deep into the supplier company's processes, examining every single aspect, every corporate role,

95%+

Sirajgonj Fashion Ltd
production for OVS

and making use where necessary of external experts specialised in sustainability issues who are able to uncover all the root causes and underlying factors of these problems. In this project, Qaium's role was crucial: to ensure collaboration between the supplier and the consultancy company through a joint vision of business and sustainability perspectives.

This is a challenge that, in the future, will create a positive impact both in the OVS supply chain and for the supplier itself which, by optimising its various internal processes, will have the opportunity to improve its economic, social and environmental performance.



INTERVISTA

Nizar Merchant

Chief Marketing Officer Denim Privé, Pakistan

Paolo Lezza

Denim Product and Sourcing Developer OVS

PAKISTAN: DENIM INNOVATION

Denim Privé is a vertically integrated company specialising in the production of denim and apparel. The company's factory, located in the city of Karachi in Pakistan, has spinning, weaving, dyeing and in-house laundry facilities with a production capacity of 4 million metres (monthly production is 750,000 garments, of which around 8% is destined for OVS), and around 4,000 employees.

We aim to achieve this essentially through two routes. On the one hand, the self-production of clean, renewable solar energy, amounting to some 941 MWh, and on the other hand, the implementation of innovative, state-of-the-art production processes: we are always looking for new technologies that can help us minimise our impact on the planet.

In addition, all the chemicals we use in our production processes comply with ZDHC regulations and guidelines. Another achievement we are very proud of is the sustainable design of our factory, the first production facility in Pakistan to achieve LEED Platinum certification, the Green Building Council's certification that rewards sustainable building. The outside of the structure is made of innovative bricks filled with aerogel, which provide much more efficient insulation and energy performance than conventional buildings. Finally, 30% of the complex's surface area (approximately 45,000 square metres) is dedicated to green spaces.

Production capacity

4 MLN METERS

Number of employees

4,000

What are the main initiatives implemented by Denim Privé with regard to sustainability?

Nizar Merchant: In line with our sustainability strategy, we have set a target to reduce the carbon footprint of our operations by 50% by 2027 (compared to the 2019 baseline) and become 100% carbon neutral by 2030.

30%



Of the complex's surface area dedicated to green spaces



Paolo Lezza: Denim Privè is a company that is also very attentive to working conditions: through the technologies they use, e.g. laser and ozone, they try to avoid all the garment treatment processes that used to be carried out manually, thus significantly reducing the aggressive impact on workers' health. Returning instead to the subject of water, the company is also far ahead on the "zero liquid discharge" theme: within a year, all water used in the production processes will be part of a closed cycle that allows it to be constantly reused, without the emission of waste water.

What were the difficulties and challenges you had to overcome along the way?

Paolo Lezza: All advanced technologies have a cost: the question is how to achieve the right efficiency to reduce it and remain competitive in the market. In this regard, the search for talent and human resources capable of handling these new technologies, which are also based on artificial intelligence, remains a key issue: in the case of the latest generation of machines, it is not so straightforward to find the right recipe, the appropriate mix of substances to be inserted or sprayed. Each process requires different skills: we, as OVS, are committed to supporting our supplier in these challenges, in order to achieve maximum efficiency for them and, consequently, also for us.

Nizar Merchant: Speaking of artificial intelligence, with our IT team we are working on the issue of traceability: to each garment, right from the cutting stage, we assign a unique barcode that follows the garment through

Going into the details of production processes, which innovations are you most proud of?

Nizar Merchant: Dyeing processes are definitely our hallmark. We have patented Smart Indigo, an electrochemical denim dyeing process that is entirely solar-powered and contains no salts or heavy metals: the by-product is almost zero, just oxygen. In addition, our Blue Volt dyeing process drastically reduces water consumption compared to traditional dyeing systems, with an innovative spray system capable of producing a range of brilliant and durable indigo shades.

As far as finishing is concerned, we have recently introduced another technological innovation, Smart Foam, which maximises water efficiency by washing and dyeing clothes with a foam, without the use of water.

all processes. It is like DNA, which can give us the exact history of the individual garment. In this way we can check, for example, how much water was used in the production of that garment. The next step will be to also have the CO₂ emission data, thanks to a real mapping in terms of Energy Information Management.

What initiatives do you carry out for the training and well-being of your people?

Nizar Merchant: The quality of our products and the success of our business depend on the quality of our people, our greatest asset. Among other initiatives, I would like to mention our Lifelong Learning program, which focuses on women's empowerment, a particularly relevant topic in our country. Thanks to this program, women who have not had the opportunity to study can acquire skills, both basic and advanced, that are useful not only in the labour market. We also provide a free bus transport service, which accompanies our female workers on their way home to the factory to ensure their safety.

We provide healthcare through a network of 50 clinics operating directly under our charitable foundation. Just one number: in the last five years we have helped about 10 million people and in the last 10 years we have provided support equivalent to \$40 million, all for charity.



40 MLN

Donated by Denim Privè
for charity



People:
**our greatest
resource**



OUR COMMITMENT TO MYANMAR

The coup d'état in Myanmar in early 2021 aggravated a social and economic situation already complicated by the effects of the Covid-19 pandemic. However, we decided to maintain our presence in the country: withdrawing production would have caused a further negative impact on the workers. As OVS, we feel a responsibility to ensure continuity in the relationship with the people involved in our supply chain, but we are aware that the context demands great care.

The direct comparison with the suppliers is a fundamental step in this path. We want to have a positive impact on the factories that manufacture our products, adopting means and methods adapted to the specific situation in Myanmar, to at least make the workplace a safe and controlled space where rights are respected.

We have also set up an ongoing dialogue with local institutions, the European Chamber of Commerce and the Italian Embassy in Myanmar, and collaborate with other international brands in the country to jointly define the most useful guidelines and actions to ensure better living and working conditions. Only by coordinating as a sector can we make a more significant impact.

Monitoring

Despite all the difficulties, we managed to continue monitoring the social performance of our production partners through the Higg platform and other third-party audit reports, in addition to our internal evaluation process. For the fall/winter 2023 collection, we decided to keep production in Myanmar.

03 Being fair and transparent

This position will be reviewed before production starts for the spring/summer 2024 season, should irremediable risk situations arise. In that case, we will immediately put in place a responsible exit plan.

In order to properly adapt the due diligence process to the country context, we are committed to working with our long-term production partners to:

- facilitate a direct and fluid dialogue between owners and workers;
- increase the frequency of evaluation with a third-party audit every six months;
- establish interviews with randomly selected workers inside and outside the factories.

Thanks to this approach, we have already seen signs of improvement. One of them is the case of a supplier with whom we

had discontinued orders, but whom we continued to monitor with audit activity.

The remedial plan led to several results, confirmed by some local civil society organisations, including:

- adoption of an anti-discrimination and anti-violence policy with associated training plans for managers and employees;
- integration of an anonymous system for reporting violations;
- reorganisation of the team to distribute workloads more correctly.

An app for human rights

In 2023, in agreement with our production partners in Myanmar, we will implement an innovative reporting system which, via an app installed on smartphones (Wovo), will allow workers to communicate anonymously with factory management and OVS to have visibility of the reports submitted.



This technology platform, developed by a social enterprise founded and run by women, on the one hand provides factory management with the tools to train workers and implement appropriate corrective actions; on the other hand, it helps brands to prevent any social risks or human rights violations.

HOW WOVO WORKS

For workers

- Communication tools and anonymous reporting
- E-learning on professional rights and skills

For suppliers

- Identification of risks through workers' feedback
- Developing skills to mitigate risks

For brands

- Supervision, data acquisition and direct monitoring of the supply chain
- Surveys directed at factory workers





“
The Circular Fashion Partnership aims to create a system to valorise textile waste and develop circular models in production countries. OVS, with its production partners in Bangladesh, is doing pioneering work to establish a fair and circular fashion industry
”

*Holly Syrett
Director of Impact Programmes
& Sustainability at Global
Fashion Agenda*

SECTOR COLLABORATIONS

We want to contribute to a shared approach and therefore actively participate in various international initiatives for improving sustainability in the fashion industry: real system change can only be achieved by allying and collaborating with all stakeholders. With this in mind, we were the first Italian clothing company to join the Sustainable Apparel Coalition.

Sustainable Apparel Coalition (SAC)
The Sustainable Apparel Coalition (SAC) is a global multi-stakeholder alliance for the fashion industry, created with the goal of spreading sustainability practices and transparency in the industry.

This collaboration promotes information sharing and allows for the adoption of uniform standards. Since 2017, we have been a member of SAC and have adopted the Higg Facility Tools module, the digital assessment platform developed by the Sustainable Apparel Coalition to measure the social and environmental performance of our suppliers' facilities.



Circular Fashion Partnership
We are part of the Circular Fashion Partnership, a multi-stakeholder project led by the Global Fashion Agenda.

The initiative was created to concretely promote circular economy in Bangladesh: the objective to retrieve production waste and transform it into new materials, with a positive impact on circularity and economic performance of the entire supply chain.

Accord on Fire and Building Safety
OVS is one of the signatories to the “Accord on Fire and Building Safety”, a legally binding agreement between brands, manufacturers and the main local trade unions, promoted at international level by the OECD (Organisation for Economic Cooperation and Development).

It aims to improve working conditions in Bangladesh by inspecting and securing production buildings in the textile industry, including through financial support.



OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Decent work and economic growth

We invest in human capital with training pathways to spur inclusive economic growth and ensure full and productive employment for all.

Gender equality

We leave no room for any discrimination and offer equal employment opportunities without distinction based on ethnicity, religion, opinion, nationality, gender, physical condition, age, social status. We condemn all forms of violence and do not condone any gender-related pay gaps for equal roles, titles and seniority.

#WEARYOURCHANCE

In today's increasingly sophisticated market, the range of possibilities available to talent is much wider, whether they are already inside a company or aspire to enter one. From this perspective, the experience that an organisation is able to offer becomes decisive in the choice of candidates and the engagement of employees: it is they who make the choice, also with respect to the attractiveness of the company and the sharing of the values underlying the corporate culture.

Due to the variety of possibilities offered internally, the turnover of permanent staff in Italy is limited to 8%, which is far lower than the average 16.7% in Italy⁸. However, the figure is limited to 11% if the analysis is extended to voluntary resignations and consensual terminations of fixed-term contracts.



● Average in Italy ● OVS

We are a company of over 8,000 people, divided between headquarters, stores and foreign operating divisions, each committed to achieving shared goals according to their talents and potential. We invest in a rich training offer, with the aim of enhancing everyone's skills and professionalism and implementing engagement policies towards our employees.

We guarantee adequate working conditions and offer equal opportunities to all, without distinction, because we are convinced that inclusion and diversity are a source of wealth. We promote a culture of sharing and participation that is reflected in all business processes, including sustainability.



INTERVIEW

Simone Pantaleo

Head of Talent Acquisition and Employer Branding

A WORLD OF OPPORTUNITIES

In the area of Talent Acquisition and Employer Branding, what have been the biggest challenges and changes since you joined OVS (in September 2021)?

We started to think more and more from an integrated perspective, putting the person at the centre and building an all-round company experience around their needs.

In this sense, 2022 was truly a watershed year. We have moved from a compartmentalised approach to the definition of a real journey within the company, starting from the moment of awareness, when we begin to tell who OVS is and how it is positioned in the market, up to off-boarding, the moment when people decide to leave the company for other professional opportunities or to complete their career path.

It was a big change for us, which will ensure a personally and professionally valuable experience and which will increasingly put the person at the centre. We are convinced that our "people" strategy will also help us to be more and more competitive, because OVS is a company obviously made up of products but above all of people.



In terms of recruiting, what was the main novelty in 2022?

We have carried out a complete revision of the texts of the advertisements, both for the headquarters and for retail, in Italy and abroad, with a focus on the centrality of the person: those who aspire to join OVS must be able to have a clear picture of the opportunities offered by the company, but also the guarantee of a selection process that is absolutely fair and inclusive, without discrimination of any kind. In addition to this, we introduced new channels for the collection of new applications and set up partnerships for recruiting junior profiles.



What makes OVS particularly attractive in the eyes of a recent graduate compared to other companies, in terms of offering opportunities and talent development?
The Employer Value Proposition (EVP) strategy we are working on starts from this very question: what makes us different from other employers? If we think about the people we turn to for our professional opportunities - which are very varied in terms of background, education, geographical origin - the difference is certainly in the variety of growth opportunities that the OVS group offers internally, at a time like this of great transformation.

The message we are trying to convey, also through telling the stories of our colleagues, is #wearyourchance. “Wear your opportunity” is a type of approach that we like to enhance with candidates, because the spectrum of opportunities we offer is wide enough to give everyone the chance to wear a suit tailored to their needs and aspirations: whether you are a student, perhaps needing to finance your studies with a part-time job in the store, whether you have already

graduated and are embarking on a path to build a professional career in a specific field, or whether you are already in a company and wish to get back into the game, at OVS you have the chance to do so.

As for the opportunities offered to people at OVS, what is it that makes the company distinctive from others?

OVS offers everyone the opportunity to grow, to try out other roles, and to meet personal needs, such as being close to home. That democratisation and accessibility of products that we tell our customers about in the store we increasingly try to make those who work with us experience it as well, through concrete experiences.

Not all companies offer opportunities of this kind, while we, thanks also to the capillarity of our presence in Italy, and increasingly also abroad, are able to offer opportunities for mobility, internal projects, and the creation of new professional paths, enhancing the synergy between direct experience in store and the organisational machine at headquarters.

FROM JOB SEARCH TO PROFESSIONAL GROWTH

OVS on campus

The importance of continuous contamination between knowledge and experience is obvious to any company that seeks to constantly renew itself. That is why we cultivate the relationship with universities, to give young graduates and undergraduates the opportunity to enter the company, to train and test themselves, and then follow specific career paths. We participate in campus life in various ways, from Workshops to Career Days, from OVS Days to post-graduate orientation, with a constantly updated calendar of events.

We are also developing new initiatives, such as OVS Open Doors, a monthly appointment with a small number of candidates to work on a business case, and OVS Summer Experience, an experience in which participants, after launching a project at the headquarters at the beginning of the summer, prepare the proposal on their own to be presented in September.

Finally, in addition to completely revising the wording of our job advertisements, we strengthened our presence on social media, using new channels that help us reach more candidates, including Almalaurea for recruiting junior profiles.

OVS internship program

The program is aimed at students and recent graduates with a strong passion for fashion retail, as well as an interest in data analysis and the fashion product, and who are looking for an extracurricular internship opportunity. All our brands and different areas of the company are involved in the project, from Digital Business to Product Management, from Visual Merchandising to Human Resources, in order to offer young people a highly educational experience lasting 6 months.



“
To strengthen the choice of newcomers and create a bond with the company, we totally rethought the onboarding experience starting from the first day
 ”

Onboarding - The first steps in OVS

The first day is a particularly important moment in the journey of a candidate joining OVS. To strengthen the choice of newcomers and create a bond with the company, we totally rethought the onboarding experience starting from the first day. In particular:

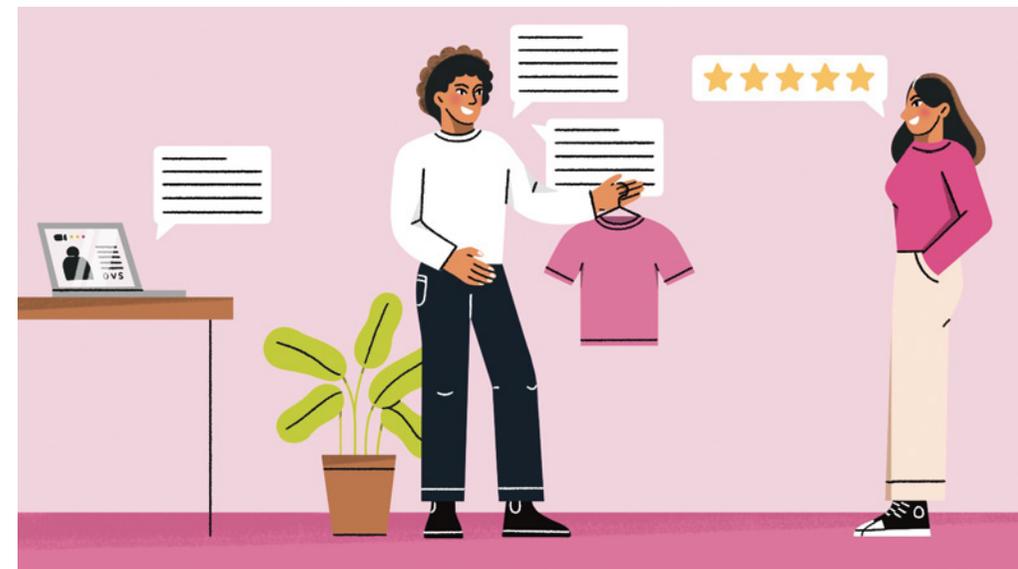
- we came up with a structured agenda of meetings, including the involvement of senior figures;
- we tell about the training programs available to develop our skills;
- we emphasise the product and the store, also by means of a showroom visit.

After the positive experience with our headquarter people, we are extending this new approach to the sales network for the onboarding of Junior Store Managers, also integrating headquarter and store profiles.

During the six-month induction period, all people participate in a program (Sintonizziamoci - Let's tune in) aimed at bringing personal characteristics together with the company's values and competency model. Sustainability principles are an integral part of this journey for new employees in both headquarter and store functions.

GROWING AT OVS - CONTINUING EDUCATION

Training is an indispensable investment for us. By 2022, the total number of training hours provided for our people has more than doubled, in particular due to the launch of programs involving all store teams.



The customer at the centre of omnichannel

2022 was the launch year of the in-store program “The customer at the centre of omnichannel”, a multi-stage training course on customer relationship skills, which will end in April 2023. Part of the training activities, in which about 4,500 OVS and UPIM colleagues are involved, involves the field application of skills acquired through e-learning courses.

Assisted sales

Through field coaching by a coach, the OVS sales representatives with the greatest aptitude for sales relationships were identified, who in turn became coaches for other stores around Italy (ambassadors). This generated a chain spread of the most relevant skills in customer relations and product presentation. Today we can thus count on a group of “snippers” to guide the customer's choice from our vast assortment.

Leadership

In 2022, the Leadership Development Program focused on people management, which has always been a highly participative and crucial topic. Our young managers have undergone structured training aimed at developing skills useful for leading and engaging people.

Codesign

Codesign has proved to be an important way of designing training initiatives, following a logic that increasingly focuses on the involvement of our people. In 2022, we also adopted this approach in order to listen to and collect proposals for workspace management: the new headquarters offices inaugurated in February 2023 were created taking into account the indications and some suggestions that emerged from the “workplace ideas” working group.

The renovation project of a part of the Mestre headquarters and the new offices in Milan is also the result of several moments of co-design.

Qui Mestre

The new offices in Mestre, Via Terraglio 17, house some of the corporate functions of the OVS group: a major redevelopment project, with spaces for team work and relaxation areas to facilitate discussion and collaboration.

A commitment that saw many professionals from the OVS group at work and involved employees of all ages and roles, with the desire to share an idea of the future.

The jewel in the crown is the company's restaurant, which offers a daily menu of entirely zero-kilometre local products and an evening take-away service, with always affordable prices.

Qui Milano

New offices covering 800 square metres in Via Dante 16, a few steps from Castello Sforzesco, built to shorten the distance between Mestre and Milan and accommodate colleagues moving from the headquarters to the fashion capital.

Relaxation spaces and minimalist lounges provide space for relationships and professional opportunities, in a place designed down to the smallest detail to work at ease, even as a team.



INTERVISTA

Cristina Cocchetto

Head of Training, Development, Communication & Corporate Management

RELATIONSHIP, EMPATHY, CONTAMINATION

What was the main focus of training activities for OVS people in 2022?

In addition to the initiatives of previous years, we have launched a competence-building program called "The customer at the centre of omnichannel", which, between the end of 2022 and the beginning of 2023, involves all colleagues in OVS, Upim and Stefanel stores.

A path aimed at establishing a more empathetic and proactive relationship with the customer by sharing information on the quality, sustainability and characteristics of materials and fabrics in the collections. A very substantial training plan, about 6 months of training between e-learning and on-the-job activities.

We extended the opportunities for in-depth study of the product: fibres, fabrics, wearability, presentation techniques, through internal communication initiatives with the creation of videos and the involvement of a group of Sales Ambassadors, who following dialogue with their product colleagues during the presentation of the collections then transferred to the store teams ways of approaching the customer, playing the role of "assisted" sales coaches.

What added value can this broadening of the training offer bring?

Reinforcing store-floor, organisational, customer and market evolution skills can bring added value if also transferred to headquarter roles. It is an enriching contamination of experiences that broadens opportunities for professional growth.



Does the opposite also apply, i.e. headquarter functions going to the stores, as during "Store open days"?

We want to work more and more as one team, whether we operate in the stores or at headquarters. "Store open Day" is an in-store experience for all colleagues at headquarters; as of this year, it has become an integral part of onboarding. It is essential to experience the contact with the customer, towards whom all our activity is directed, in order to direct their contribution to the improvement and innovation of the stores.

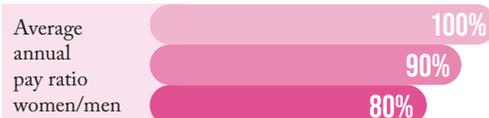
THE VALUE OF REMUNERATION



OVS Gender pay gap: 1,85%
 (Average gender pay-gap in Italy: 5%
 Average gender pay gap in commerce sector: 15,6%)⁹

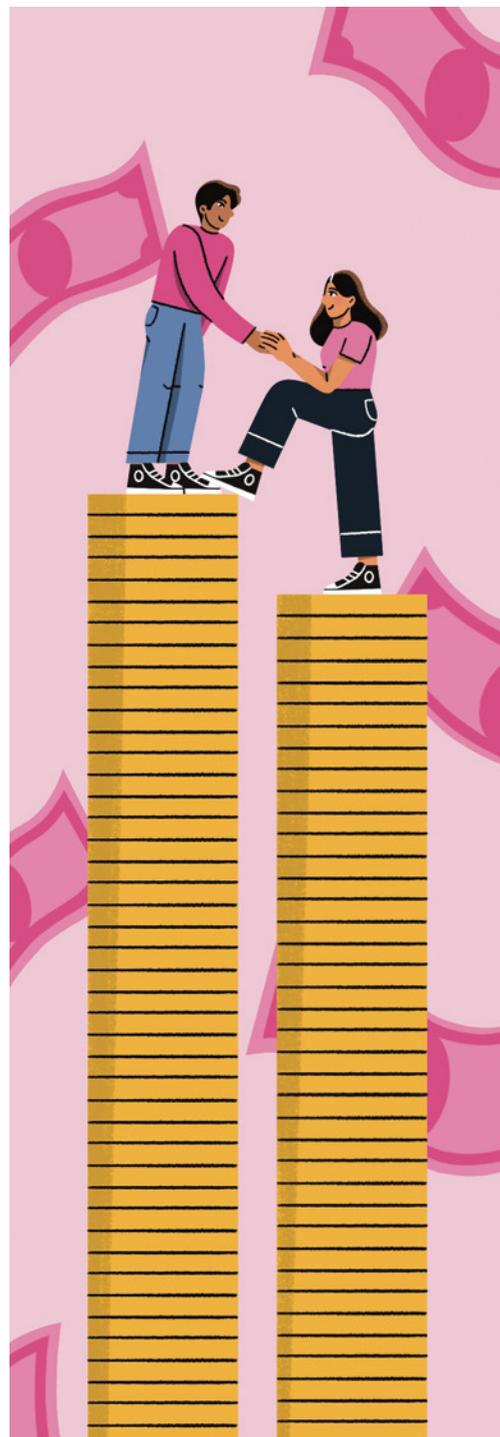
We want to recognise the value of daily work for all, without discrimination, including through fair wage recognition to stimulate inclusive economic growth. That is why we have a periodic salary review process that, regardless of gender, aims to enhance top performance.

In fact, the so-called corporate Gender Pay-Gap is very small and the result of a national cultural context, now much changed, which OVS has, despite itself, inherited since 1972. However, internal policies of valuing people have gradually eliminated these differences. In fact, for headquarter roles there is no significant gender pay difference, while for store roles the difference is gradually improving.



Length of service (in years) - sales roles

- <5
- 5-10
- 10+



Consistent with internal growth training, from 2021, individual objectives take into account the group's strategic sustainability plans, for which it was decided to link 20% of variable remuneration to the achievement of sustainability targets such as, for example, the percentage of products with a reduced environmental impact in relation to the overall assortment or the number of suppliers verified through the Higg platform. The CEO reports to the Board on the achievement of key plan objectives and part of the variable compensation depends on them.



Variable remuneration related to the achievement of sustainability targets

AGREEMENT ON AGILE WORKING

Strengthened by our experience during the pandemic years and aware of how flexibility has become an essential element for the satisfaction of our colleagues and the quality of work today, we have committed ourselves to becoming an increasingly flexible company capable of working for results.

As of 1 September 2022, by decision of the government, each company has been called upon to define its own smart working management policy. At OVS, the office is the main place of work. However, remote working becomes an integral part of organisational practices whereby all full-time and part-time employees, except sales staff, can work from home up to a maximum of 2 days per week.

**UN ABBRACCIO PER L'UCRAINA
(A HUG FOR UKRAINE)**

Last year, as we were completing the drafting of the 2021 financial statements, the Russian invasion of Ukraine's borders began. During 2022, we supported Save the Children to bring concrete help to the many people forced to leave their homes and find refuge often in conditions of extreme hardship. In addition, OVS wanted to give front-line support by organising the donation of more than 800 women's and children's clothing kits at the Ferneti border crossing between Italy and Slovenia, where many refugees from Ukraine arrived with the initiative *Un abbraccio per l'Ucraina* (A Hug for Ukraine).

800

Clothing kits for women and children distributed at the Ferneti border crossing



From 12 to 26 May 2022, some Store Managers - including Anzhelika Mushyts, 27, Store Manager of San Rocco al Porto (Lodi) - in cooperation with voluntary organisations, distributed the garments to people and families reaching the border.



INTERVIEW

**Anzhelika
Mushyts**
Store Manager
San Rocco
al Porto

Did the call for the initiative organised by OVS at the border take you by surprise?
More than anything else, I was excited about the idea of being able to do something for these people in need who, moreover, came from my own country, Ukraine.

In which part of Ukraine are your roots?
Novohrad Volynsky, on the Polish border. There I have my grandparents, who fortunately for the time being have not had to leave their home, although they witnessed with anguish the exodus of refugees in the first months of the war. They gave me the will to do something.

Tell us about the experience in detail...
I left Piacenza in my car, and as I travelled towards Ferneti I knew that the logistics of OVS had arranged everything but I did not know what I would feel when faced with the suffering of those who leave everything to continue living. At the border I found a truck stowing the kits to be distributed to those crossing customs. They were divided by age group and gender, and consisted of clothing, underwear and small accessories for children. It was cold in Ukraine at the time, but much less so here, so I sensed the need for all these people to change. In three days I distributed 90 kits, and while doing so I could see the people we were helping and record their emotions.

What did you take away from the meeting?
The strongest feeling was that of a big hug, of meeting smiles of gratitude and hope, and the happiness that, in spite of everything, those children expressed when they opened their package containing some accessory, such as a hairband.

Did you feel useful?
Yes, but not so much for distributing useful things, rather for the meaning that this gesture of donation took on from a psychological and human point of view. In Ferneti, there were stations organised to cover many emergencies, from Red Cross medical care to food and various types of psychological support. What we were handing out was the comfort of a change of clothes but, judging by the smiles they returned, I had the impression that what we were giving was also the emotion

of a small gift, the kind you might not expect, especially when you are a child fleeing a war.

Apart from operations like this, driven by urgency, how do you think OVS is making a difference?
The sustainability that OVS pursues is a long-term vision. Controlling the supply chain, spreading a culture inside and outside the company on environmental impact are irreversible processes.

What more could be done for Ukraine with the help of OVS?
The critical refugee flow seems to have passed. What could be done now is to affect the integration of people who have moved. I think the answer is training. With language courses, for example, that can reduce distances for those who want to move around the rest of Europe.





05 Making fashion a better choice

*An increasingly
conscious choice*

HIGHLIGHTS

- First, for the second year running, in the Fashion Transparency Index
 - OVS brand most cited by consumers for offering sustainable garments
 - New partnership with Humana People to People Italia for in-store clothing collection
-





We are Italy's largest retailer and operate more than 2,000 points of sale, including all Group brands.

The ubiquity of our network of stores has made us very close to families, so the focus on sustainability, often also associated with the protection of the well-being of the wearer, is increasingly high.

Our stores, designed and built to minimise impact, are places where customers can learn to make conscious and more responsible choices. Through our products we tell the story of our strategic choices of materials and processes that we choose with the intention of mitigating our impact on the environment.

At certain times of the year, such as Earth Day in April and Christmas Jumper Day in December, we turn the moment of purchase into an opportunity to create a positive impact for the community by proposing garments with strong sustainability characteristics or activating donation campaigns for non-profit organisations.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

Sustainable cities and communities

Through careful and transparent communication and education and awareness activities, we intend to contribute to promoting the social, cultural and environmental development of the territories in which we operate.

Responsible consumption and production

We are committed to promoting awareness and virtuous behaviour of the families we reach through transparent communication and investment in educational activities.

Decent work and economic growth

With its network of stores distributed throughout the territory, OVS contributes to creating economic stability in the communities in which it operates and offers opportunities for growth and professional development of young talents.

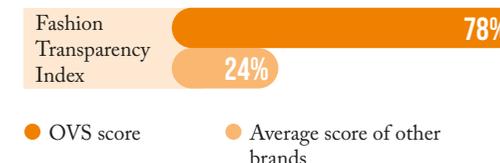
Sustainable cities and communities

OVS stores are designed, built and operated to reduce the impacts of our activities and help promote the social, cultural and environmental development of the communities in which we operate.

TRANSPARENCY FIRST

For us, transparency is a way of acting, not a performance measure. We strive daily to become more and more precise in the collection of information. An exercise that allows us to become increasingly aware of the impacts of actions and have the tools to identify areas for change.

We believe it is also a powerful tool for collaboration: the publication of information on business activities stimulates cooperation between players in the same sector to identify the most significant areas of focus for all and to have common priorities. Above all, it consolidates the relationship of trust with our customers and encourages them to become more aware of their purchasing choices.



Fashion Transparency Index

In 2022, for the second consecutive year, the OVS Group confirmed its first place in the Fashion Transparency Index 2022, among 250 fashion brands and retailers analysed by Fashion Revolution, a global movement that encourages the fashion industry to build a system more respectful of human rights and the environment at all stages of the production cycle.

With an overall score of 78% (on average, brands scored 24%), OVS improved in the areas of governance and traceability. The latter assesses the company's level of disclosure in relation to supplier information on which OVS has improved the level of detail up to Tier 3. In addition, the transparency with which OVS reported on remedial actions with respect to more complex situations, such as the one in Myanmar, was recognised. Over the years, we have perfected the ability to intervene promptly with tailor-made actions.



SUSTAINABLE CUSTOMER EXPERIENCE

From stores to e-commerce, via newsletters and product information, we have built an integrated communication that accompanies the customer through all stages of informed purchasing.

From the moment they choose the product until the moment they stop using the garment, customers, by entering the OVS world, have the opportunity to obtain information on the composition of the garment, its sustainability characteristics, the supplier who produced it, and finally advice on how to take care of it in order to prolong its use.

Eco Value: clear information for sustainable choices

Over the years, we have strived to make the information available to customers more and more detailed, and from 2019, we have included, starting with a selection of products, information on the environmental impact of producing a garment at a glance.

With Eco Value, three fundamental indicators can be known: (i) water consumption and (ii) CO₂ emissions from the product production phase, and (iii) the circularity index, a value ranging from 1 (least recyclable) to 10 (most recyclable), calculated on the basis of the number and type of materials and their recyclability.

The index, stemming from a project in cooperation with the University of Padua, has been extended to 100% of the products on our e-commerce from 2021.

From 2022 the Eco Value will also be shown on the digital receipt received by those who buy in stores with the OVSID.



MORE SUSTAINABLE STORES

For new store openings, the new store concept is always applied. It is designed to improve the sustainability profile of the stores and includes simplified assembly systems, choice of certified materials and energy-efficient lighting systems. In 2022, we recorded a 5% reduction in energy consumption in the sales network thanks to energy efficiency measures and energy saving programs involving store personnel.

Of the electricity purchased for OVS stores, 99% comes from certified renewable sources with Guarantee of Origin and almost 80,000 kWh of energy is self-generated. During the coming year, we will increase this latter figure, thanks to the new program of installing photovoltaic panels in dozens of new stores.



INTERVIEW

Isabel Serafini

CRM Manager of OVS, Stefanel and GAP

SUSTAINABILITY FOR OVS CUSTOMERS

What is the perception of OVS customers regarding its commitment to sustainability?

In the last two years, it has definitely improved, our customers have caught the evolution of OVS: we are recognised as the leading fashion brand in Italy in this area. Not only that, but our customers feel that they have a greater sensitivity towards products with a higher level of sustainability. Together with price and product quality, sustainability is the main purchase driver. This is something we are very pleased about, because it means that our customers can perceive the sustainability effort behind the quality of our product and the progress made over the years.

“ **Customers are also involved and made an active part of the Group’s sustainability initiatives, one in particular is the used garments collection in stores** ”

Is this effort on quality also recognised on organic cotton?

Cotton in general is one of our strengths, both in terms of sales volume and as perceived OVS quality.

In general, cotton has the gift of being a long-lasting and natural material. To have focused on the sustainability of cotton, choosing lower impact alternatives such as organic, is an element of further enhancement and reassurance, it is a bit of a quality feature of the OVS product.

For our clients, which is largely made up of mothers, attention to the well-being of the child, and thus the quality of the materials, is also a driving force in the choice. They are our loyal customers because we ensure a high quality product, and sustainability is a supporting element in their assessment.

Interest in natural and sustainable materials is also growing in the Adult Collections, where the purchase of a garment increasingly represents a choice of well-being and self-care. In order to meet these demands, we must maintain continuity in our offer and, on the contrary, set higher and higher goals especially in terms of sustainability.



How are customers engaged?

We are fortunate to be able to count on a database that has grown over time: we have almost six million contactable customers, whom we can reach directly by e-mail or text message and to whom we can address both massive and one-to-one communications.

Our vision is centred on customers and their constant listening. Targeted interviews, focus groups and analytical insights enable us to act in a manner consistent with customer needs and can help us to improve subsequent actions.

Customers are also involved and made an active part of the Group's sustainability initiatives, one in particular is the collection of used clothing: customers are invited to bring clothes from their wardrobes to the store, which, during seasonal changes, instead of becoming waste can be given a second life. Reuse is a winning sustainability formula that allows us to extend the life of our products.

What is the profile of the typical OVS customer?

Our core target group is definitely Generation X and the Millennials, where families with children or teenagers are more concentrated. The recognition and appreciation for the evolution of the Adult Collections, is attracting many types of Women and Men, including young profiles who see OVS as a reference point for everyday fashion, thus making our target audience increasingly broader and more transversal.

What can you tell us about Generation Z instead? Is there any difference in the perception of sustainability, any particular characteristic that could be considered "generational"?

We recently conducted a survey with 13-19 year olds to try to understand the importance of sustainability in their purchasing choices. On the one hand, for them sustainability is an obstacle to the desire to buy without spending too much, because it also qualifies the product in terms of price positioning. On the other hand, as far as everything

to do with reuse is concerned, e.g. renting a dress, here the sensitivity and openness is stronger: going from possession to renting is an experience that means more variety, it means being able to change often, and Generation Z likes that.

Among the issues judged most relevant by the under-25s are diversity and inclusion. How are these issues addressed and managed at OVS?

Inclusion is one of the strongest trends in the fashion industry today. Our slogan "Love People not Labels" is as relevant as ever and means precisely openness and appreciation of diversity in all its aspects, communicated and shown to the world through collection elements and campaign images. Our regular customers are in fact very conscious women, who do not question their physicality and demand products that enhance their femininity in a natural and well-groomed way. Only through a wide and varied assortment is it possible to be truly inclusive and respond to all diversities, aesthetic and otherwise.

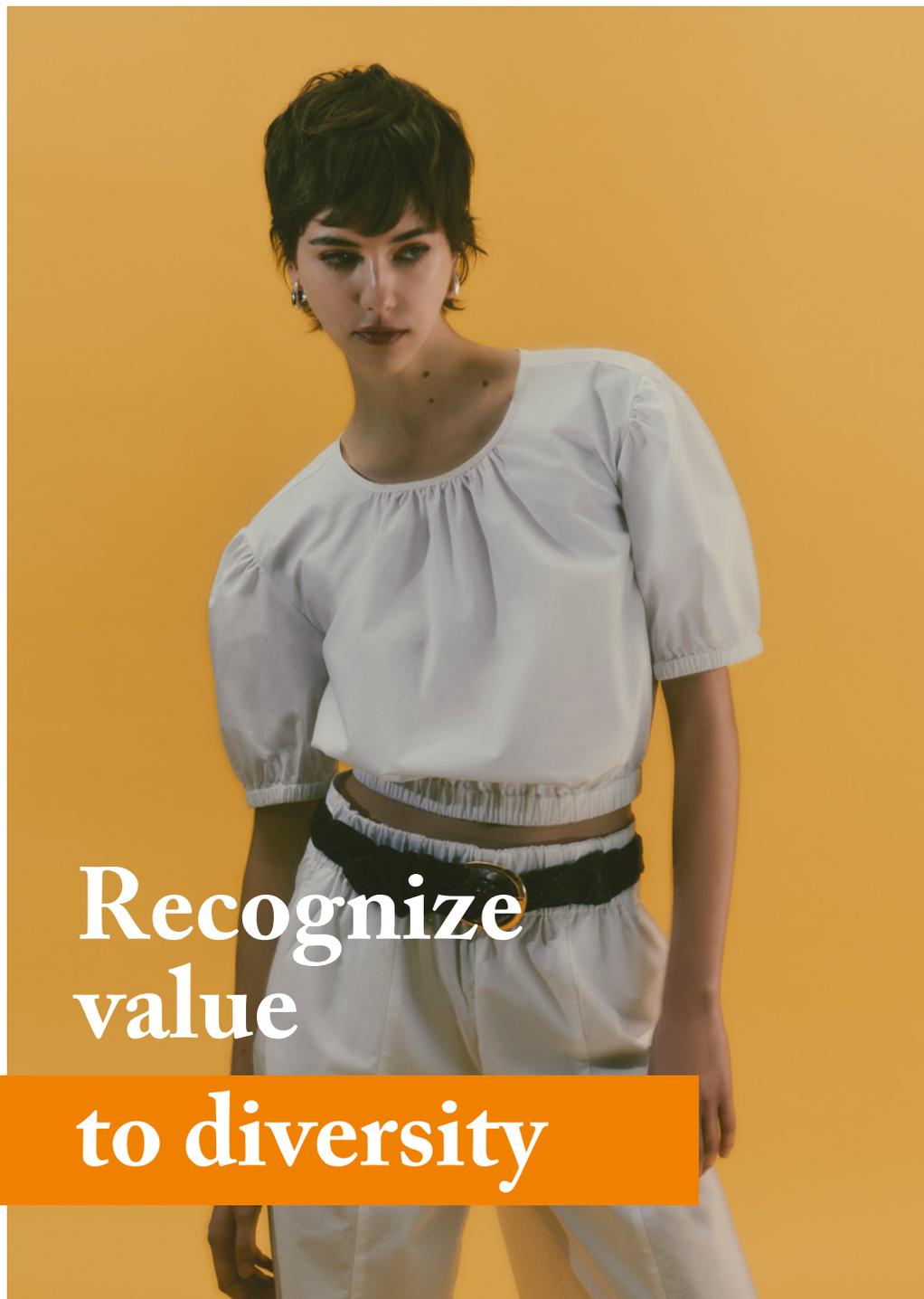
39.7% 

Of respondents declare that they are willing to pay a higher price for a product certified as sustainable

OVS is the most cited brand, among 59 brands, in relation to offering sustainable garments.

"Osservatorio Fashion" - Research conducted in September 2022 by Sita Ricerca - Online interviews with 1,000 Italian clothing buyers aged between 18 and 65





Recognize
value
to diversity



INTERVIEW

Karina Bolin

President of Humana People to People Italy

A SECOND LIFE FOR USED CLOTHES

In 2022, with the Donate Your Used Clothes to Humana program, the used-clothing collection initiative, which has been active since 2013, was relaunched. Thanks to the partnership with Humana People to People Italia, in the more than 800 stores of the OVS sales network, customers can deliver used clothes by entrusting them to the international cooperation organisation.

In the early 1970s, Karina Bolin was a 21-year-old girl who began travelling in Asia and Africa to see poverty and social injustice with her own eyes.

India is the strongest experience: “I experienced the contradiction between absolute poverty and absolute wealth, side by side. Back in Sweden I asked myself whether it was better to forget everything and continue living as if nothing had happened. Instead, that experience is still alive within me and influences my every action and decision”.

In 1978, Karina took part in the International Humana People to People Movement, which was founded to carry out educational, health and agricultural interventions in so-called developing countries. In 1998, she founded Humana People to People Italia ONLUS, of which she is still President.



And now the collaboration with OVS for a collection of clothing that goes beyond the mere concept of reuse and acts in the depths of consumer habits in the logic of the slogan “A dress does not end just because I no longer need it”.



In these 25 years, has Humana made a difference? How?

Humana, not only in Italy, aims to make people the protagonists of their own future. Our project models are always based on local need, on the concrete needs of communities. We work with individuals but always with a view to changing the whole community, because it is only in this way that a project becomes sustainable over time. The most important element is education, not just stopping at school but exploring countless other ways. Humana Italia is now active with initiatives in sub-Saharan Africa, particularly in Mozambique, Malawi, Zambia and Angola. We work on educational projects with a strong impact on teacher training, in cooperation with national Ministries of Education.

What are the key points of the agreement signed with OVS in 2022?

Creating a shared sensitivity among citizens, to arrive at the idea that “a dress does not end just because I no longer need it”. So we want to bring knowledge about sustainability, circular economy and reuse. A re-used garment has 70 times less impact than a new product. Working with OVS on consumer awareness communicates values that lead to a paradigm shift in society. OVS is a good example of a company that is working towards sustainability and addressing the challenges of the clothing industry. 2022 was the start-up year, which brought a collection of used clothing that was good but could be improved in terms of quantity; already from the beginning of this year, we can see the increase because there is more communication.

How are the clothes collected in OVS stores sorted?

After collection in store, the goods are divided into 40 categories. On average we get 67% reusable garments, with OVS more, about 72%. Of these parts, 30% are resold in Italy or Romania. In addition, about 20% of what we collect with OVS after careful selection according to climatic, cultural and local taste criteria, arrives at our organisations in Africa, here it enters the local economy generating jobs and the proceeds of the sale finance local initiatives, such as teacher training schools.

At the Copenhagen Fashion Summit, the OR foundation said that there are too many clothes arriving to handle. Isn't Africa in danger of being the waste bin of Europe?

The risk of someone exporting waste for economic reasons is there, but if I am an African entrepreneur and I pay for the transport and the goods per kilo, these goods must give me an economic result, otherwise I will stop buying them. Of course, the waste traffic must be stopped, but not only in the textile, car and electronics industries.

In the second-hand market it is increasingly necessary to control flows. When we ship clothes to Africa, we apply timely quality control. We send our clothes to sisters in Mozambique, Malawi and Angola and we know exactly what they do with them. There is in fact a direct dialogue with our colleagues on the ground that allows us to constantly check that the material sent in is of real value to the communities.

What more can be done to raise awareness for more conscious consumption?

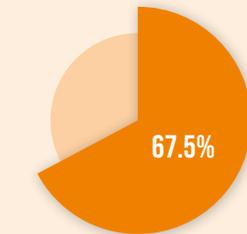
If I get up one morning and think “I need something”, I go to the nearest shopping centre. Where could I go as an alternative? Access to sustainable consumption is still very low. My responsibility as a non-profit operator is to demonstrate with facts that we are capable of making the sustainable part accessible to all.

The partnership with OVS has all the characteristics of a win-win initiative, where both players gain value without a conflict of interest. You do not just make a living from non-profit, but also from profit. This collaboration is therefore essential to bring forward a concrete circular economy, our role is to contribute with professionalism to make everything more ethical, but we also seek to grow in volume.

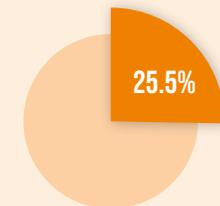
If you were to appeal to OVS consumers to bring their used clothes into the stores to donate them to Humana instead of throwing them away, what values would you appeal to?

I would explain that this gesture brings a reduction in CO₂ emissions, water consumption, chemical pollution. And it activates social solidarity. As far as our projects are concerned, this action contributes to concrete funding for education, capacity building, learning of competences and sustainability in food production as well.

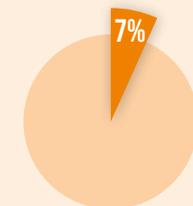
Results of the selection of clothing collected by Humana Italia.



Reusable garments



Garments sent for recycling to produce new fibres



Garments used for energy production



EARTH DAY

For some years now, International Earth Day has been an opportunity for OVS to design small collections with which to bring customers closer to the issues of climate change and the more responsible use of natural resources. In 2022, T-shirts with a future in organic cotton and made with 50% renewable energy were awarded Cradle to Cradle® Gold certification. T-shirts were printed with messages calling for action: “Make the Earth cool again”, “What we save, save us”, “Act today, not tomorrow”, “We only have one world”.

The collection was presented to customers with a small Act Today Not tomorrow vademecum on how to reduce water and CO₂ consumption in everyday life, from garment care to small daily gestures.

CHRISTMAS JUMPER DAY

For 13 years we have been supporting Save The Children in many projects, in Italy and around the world, to guarantee health, protection and education for children.

Since 2016, we have participated as main partner in Christmas Jumper Day - the event organised by Save the Children dedicated to Christmas jumpers that has become super-trendy in Anglo-Saxon countries and has also been celebrated in Italy since 2016 - involving exceptional testimonials such as Francesca Michielin, creator of the latest edition of the Christmas jumper.

In December, we sold the jumper in stores and online, donating part of the proceeds of the sale and the donations from the fundraising at the cash desks to Save the Children’s Hunger Campaign, for a total of Euro 214,000.



We also supported the organisation’s intervention during the outbreak of the conflict in Ukraine, through a donation and extraordinary fundraising of Euro 108,000.

COMMUNITY OF SANT’EGIDIO VENETO

We support organisations and projects that are committed to promoting the social growth of territories. In 2022, we donated the proceeds of the Christmas raffle organised internally for all OVS employees to Comunità Sant’Egidio Veneto, to which we also donate clothes that go to support more fragile communities.

GOLDEN LINKS PROJECT

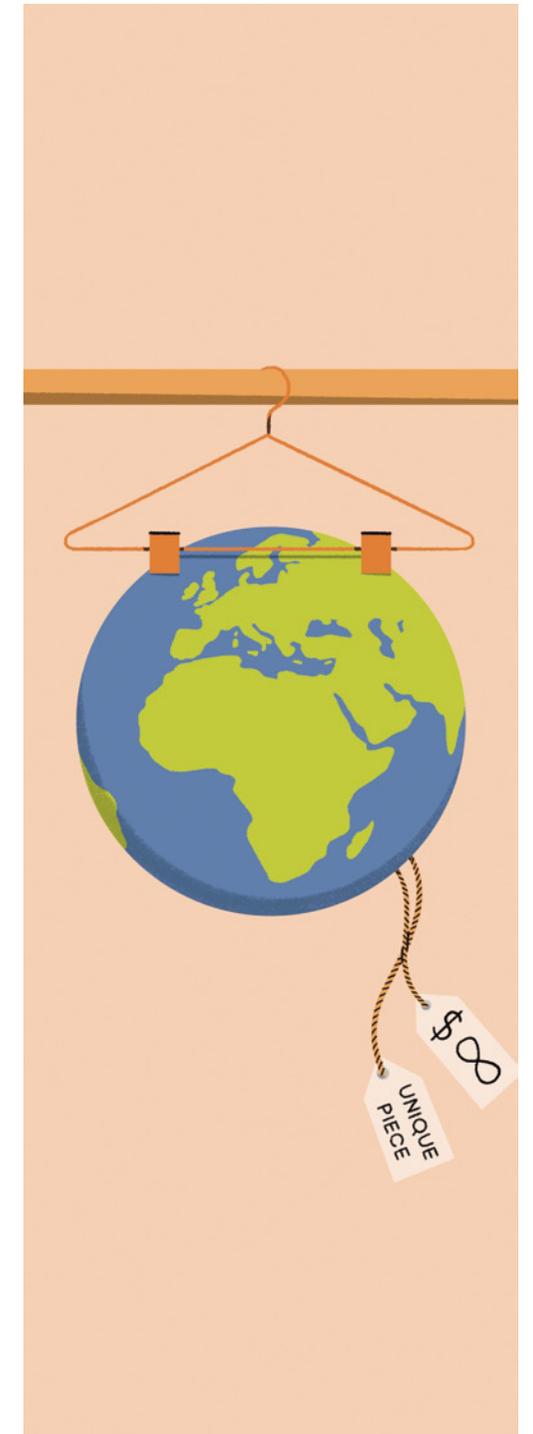
Since 2021 we have been contributing, with the donation of some OVS garments, to support “Golden Links: Ties are Gold”, a project of Intesa Sanpaolo in cooperation with Caritas Italiana, which aims to distribute new clothes and other goods to impoverished families.

Start of partnership: 2010

Projects or Campaigns funded over 13 years: Earthquake emergency in central Italy, Illuminiamo il Futuro, Stop the war on children, Girls, Christmas Jumper Day, Hunger Campaign, Conflict in Ukraine.

Overall in 2022, we contributed to support Save the Children with

322,000€





06 Details

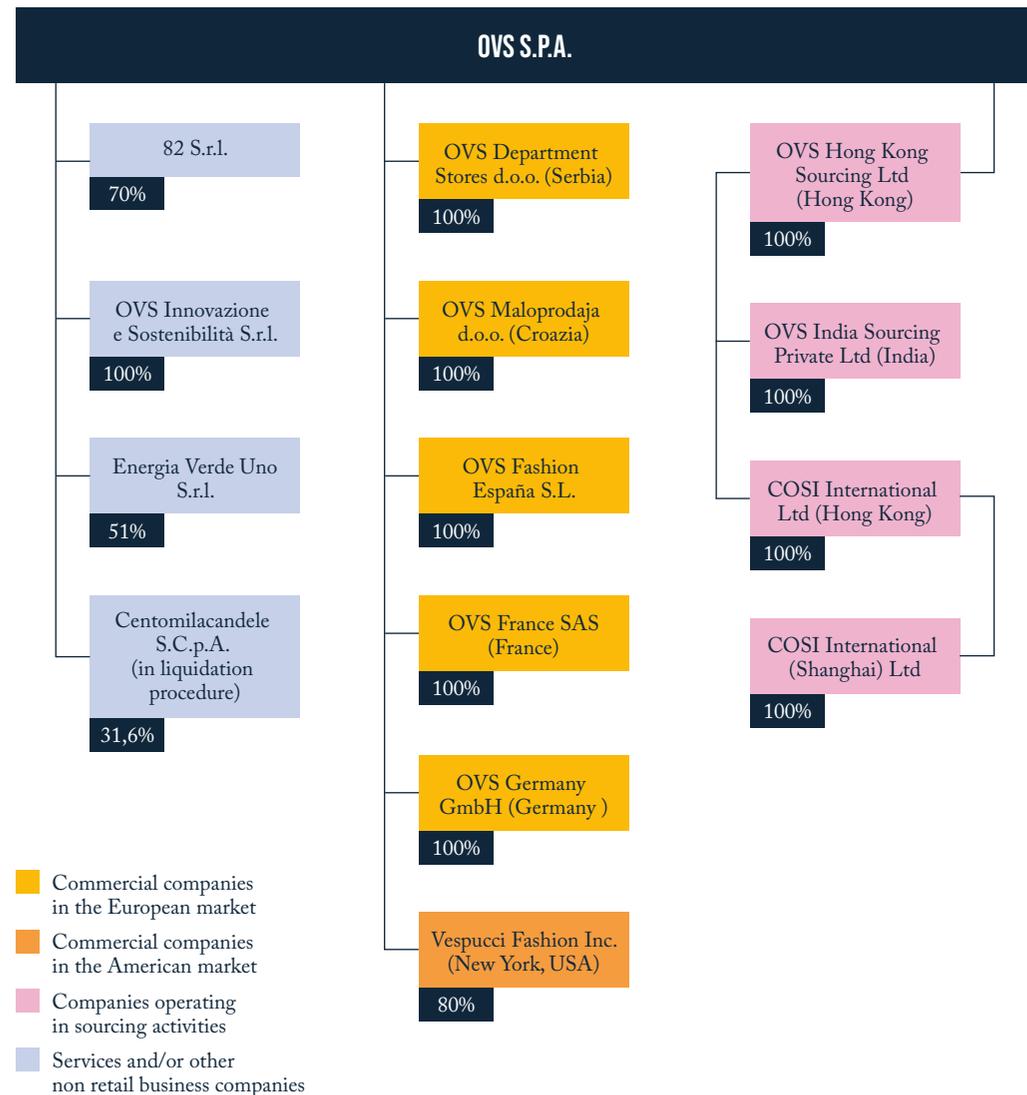
*Sustainability
in numbers*

OVS GROUP PROFILE

Group structure

The following graph shows the composition of the OVS Group with an indication of the relative percentages held.

Figure 1
Company Organisation Chart



Through the companies operating in Serbia, Croatia, Spain and France, OVS develops its retail business, mainly through commercial affiliation and, with the exclusion of France, through a number of directly operated stores.

The company branch headed by OVS Hong Kong Sourcing Ltd is instead responsible for the processes of research and supplier accreditation, product industrialisation at production sources, production and shipment monitoring and quality control. The company also operates through representative offices in Bangladesh, Pakistan and Turkey.

Since 2022, OVS Innovazione e Sostenibilità Srl has been dedicated to projects in the fields of digital research and innovation and sustainable development.

Operating Model

OVS S.p.A. (Hereafter OVS) is the company at the head of the leader group in Italy in the women's, men's and children's clothing market. The OVS brand was established within the Coin Group in 1972 and, gradually expanding its network, it has been able to develop a bond of trust with its customers over time, achieving brand awareness on the Italian market of 95% in 2022.

OVS also operates with the UPIM brand, which is positioned in the value segment of women's, men's and children's apparel market in Italy and it is primarily a family store. UPIM, present in Italy since 1928, was acquired in January 2010, and has enjoyed significant growth in recent years. In 2021, the Stefanel brand was acquired, recognised in Italy and abroad, particularly in women's knitwear, for its quality, simplicity and style.

During 2022, the Italian stores of GAP, the historic American brand, were sold to OVS.

The partnership between the two companies started in 2020 with a franchising agreement that included the inclusion of the GapKids brand in OVS stores and the sale of the Gap men's, women's and children's collections on OVS e-commerce. Now the Italian brand has also acquired the stand-alone Gap stores in Italy. This operation is part of OVS's strategy of integrating its assortment with some brands that complement its own offer.

The Company operates according to a business model typical of vertically integrated retailers, offering products created in-house, and acting as a platform that welcomes a selection of brands that are always synergistic with its proposal. Product development is entrusted to a team of product managers, designers and merchandisers who, relying on an organisational structure highly specialised in sourcing with a strong presence in key geographical areas, conceive, develop and produce the merchandise mix with external suppliers, under the artistic guidance of the creative director and the organisational guidance of the category managers. In parallel, to ensure a wider selection of products and brands, OVS is evolving as a phygital marketplace through the introduction of new iconic brands and innovative proposals.

OVS operates through a multi-channel approach with a network of stores - direct and franchised - in Italy and abroad integrated with the e-shop. OVS is also the leader in the clothing market in Italy with a share of 9.4%. The Group consists of OVS S.p.A. and its subsidiary companies operating abroad, in the management of the network of stores (mainly in franchising), and in the control of product development and manufacturing operations.



In addition, part of the business is developed through commercial partnerships with third-party brands that can represent a valid integration of the OVS product proposal. In relation to this business sector, OVS acts as a distributor through its own network of sales outlets.

The product areas directly managed are:

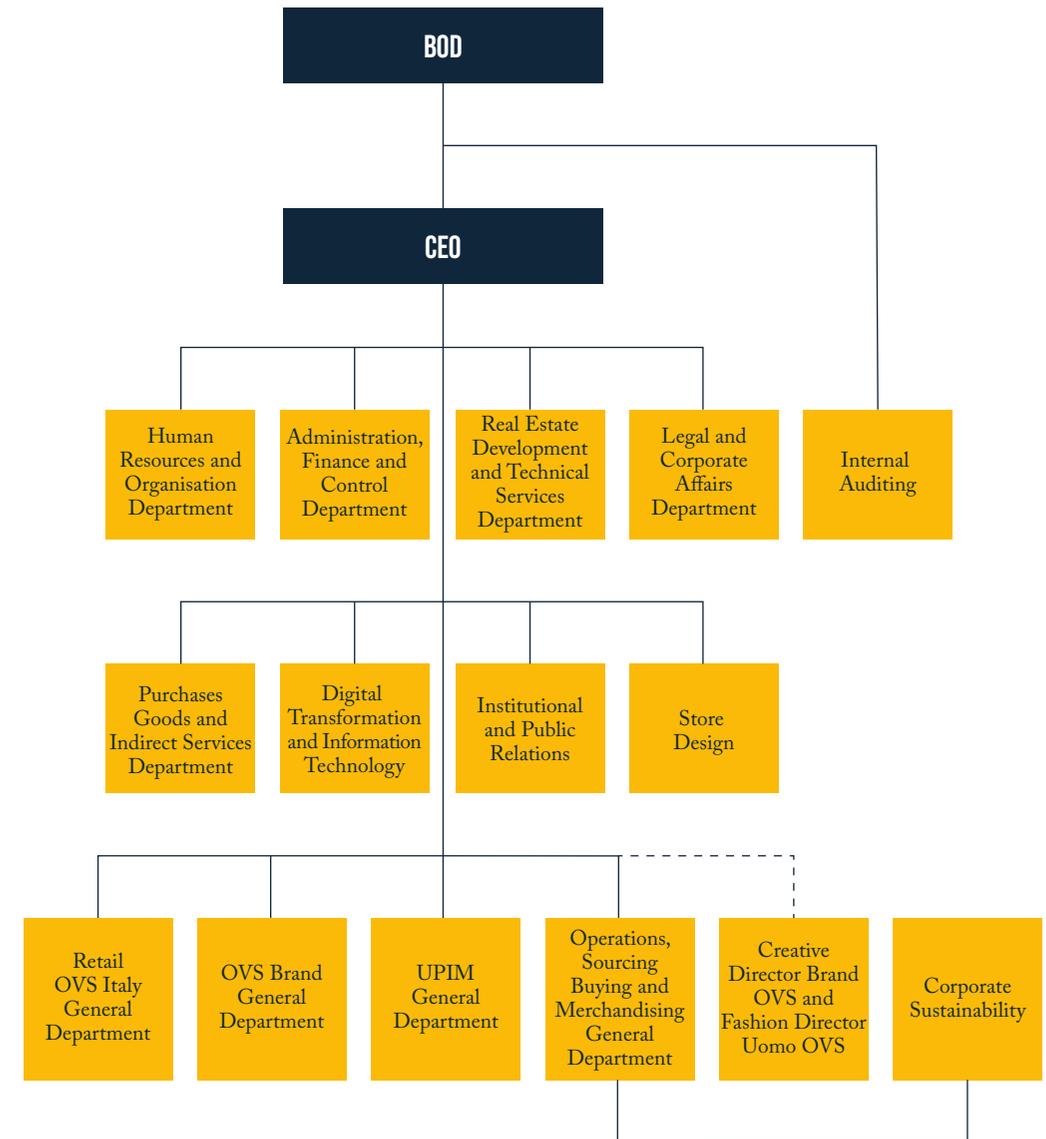
- Total look clothing: realisation and marketing of clothing products for men, women and children, designed for everyday use, but with an offer dedicated also to special occasions;
- Footwear and accessories: development of collections of footwear, handbags and other non-textile accessories to complement apparel offerings;
- Home Furnishings: selection of home textiles, housewares and home accessories.

Through commercial partnerships OVS integrates its offer with:

- Clothing and accessories from iconic brands or made by interesting emerging brands;
- Perfumery and cosmetics developed in collaboration with leading manufacturers; this area of offer also includes a limited selection of own-brand products.

Organisational structure

Figure 2
Company Organisation Chart



Mission and values

Our mission is “to make beauty accessible to all” and it is based on concrete values that inspire the people who take part in the company processes, to behave respecting the environment and the communities in which we operate.

Working in OVS is a source of growth, of value and wellbeing for everyone. Everyone’s daily commitment is aimed at improving everything they manage so that their contribution can really make a difference. We create value through an approach always oriented towards the solution, the needs and the sustainability that mission, objectives, resources and timelines impose. We create value for customers, stakeholders and shareholders every day, through small and large things that our passion drives us to do.

Imagination: we are a company that welcomes and encourages everyone’s ideas to imagine new and possible scenarios. We train the imagination and courage to do what others have yet to accomplish.

Innovation: we are not afraid to choose and adopt change. We want to be recognised and welcomed in our ability to lead rather than follow the market.

Team Work: one team as the sum of the values of each individual member.

Value Creation: we create value for customers, stakeholders and shareholders every day, through small and large things that our passion drives us to do.

Opening: to be a place of meeting, debate and exchange of ideas and actions. While respecting individuals, their personal qualities and their respective needs.

To always be attentive and willing to listen to the changing world, to the needs, desires and dreams of its customers and to be able to meet the expectations of all stakeholders by becoming messengers of the concept of “beauty accessible to all”, in any shape or form each one of us conceives and beholds.

Italianism: capitalise on the virtuous aspects of being Italian by instilling them into our passion for our work, identifying creative solutions, letting our sensitivity to beauty and well-made guide our every-day choices and actions. Attention to detail, innate creative aptitude, natural creative inclination to be transformed every day into concrete value.

Respect: promote behaviours that recognise the value of each individuals and each idea through small and large daily gestures in relationships, actions and activities. Listening (which is different from feeling) and caring about people and their wishes. Encourage action and participation through recognition and celebration of merit, making virtuous behaviour go viral. In work, business and global relationships with customers, stakeholders and the environment. These core values guide our daily behaviours and build a positive vibe towards the environment and ourselves, concretely influencing and improving the lives of the people who work in our company and the consumers who interact with our brand on a daily basis.

Corporate Governance

As of 2 March 2015, OVS¹⁰ is a company listed on the Mercato Telematico Azionario (Screen-based Stock Exchange) organised and managed by Borsa Italiana S.p.A.

The corporate governance system of OVS is based on the “traditional” organisational model and is developed according to the regulations in force and applicable to the sector, observing the legal regime of a listed issuer as well as the indications of the Corporate Governance Code for Listed Companies, published on 31 January 2020 by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (“Corporate Governance Code”), to which OVS adheres. OVS also takes into account the best practices deriving from the comparison at national and international level.

The organisation shall manage and coordinate its Subsidiaries, which maintain legal autonomy and apply the principles of correct corporate and business management.

The main governance bodies of the company are:

- the Shareholders’ Meeting: composed of the shareholders of OVS, expresses the will of the company, deliberating in the manner and on the matters provided for by law and by the Articles of Association, in ordinary and extraordinary form;
- the Board of Directors: together with the Board of Statutory Auditors, it is the highest governance body of the Group. It is vested with all powers for ordinary and extraordinary administration, with the exception of those powers that the law expressly attributes to the Shareholders’ Meeting;
- the Board of Statutory Auditors: has the task of supervising compliance with the law, the Articles of Association and the principles of correct administration of the Company;
- the Financial Reporting Officer: is responsible for preparing the Company’s financial reports.



The OVS Board of Directors also operates through the Chief Executive Officer and the Directors with proxy powers and is assisted by the Committees, set up within the Board itself, with proposing and advisory functions:

- The Control, Risk and Sustainability Committee: supports the Board of Directors' assessments and decisions relating to the internal control and risk management system and the sustainability strategy;
- The Appointments and Remuneration Committee: has the task of assisting the Board of Directors in evaluating and deciding on the composition of the Board and the remuneration of directors and managers with strategic responsibilities.

The Company has also set up an internal Committee for Transactions with Related Parties, pursuant to the Procedure for the Regulation of Transactions with Related Parties adopted by the Company and the Regulation issued by Consob with Resolution No. 17221 of 12 March 2010 (as subsequently amended) on related party transactions.

On 9 July 2020, the Shareholders' Meeting appointed the current Board of Directors, whose term of office will expire upon the approval of the financial statements at 31 January 2023.

The Board of Directors that was elected is composed as follows: Franco Moschetti (Chairman), Stefano Beraldo (CEO), Giovanni Tamburi, Chiara Mio, Alessandra Gritti, Vittoria Giustiniani, Carlo Achermann, taken from the BoD List, and Elena Garavaglia, taken from the Minority List.

The Board of Directors currently consists of 9 members, 44% of whom are women and most of the members, 89% are in the over 50 age group.



Female members of the Board of Directors



Members of the Board of Directors in the over 50 age group



Table 1
BoD Composition

	GEN- DER	AGE GROUP	ROLE	INDEPE- NCE	ASSIGNMENT FROM DATE	NATIONALITY	ACADEMIC TITLE
FRANCO MOSCETTI	M	over 50	Non-executive	Y	31/05/2019	Italian	Master of Science degree in Industrial Science, Major in Business and Economics
STEFANO BERALDO	M	over 50	Executive	N	14/05/2014	Italian	Master of Science in Business and Economics
GIOVANNI TAMBURI	M	over 50	Non-executive	N	13/03/2019	Italian	Master of Science in Business and Economics
ALESSANDRA GRITTI	F	over 50	Non-executive	N	13/03/2019	Italian	Master of Science in Business Administration and Economics
CARLO ACHERMANN	M	over 50	Non-executive	Y	09/07/2020	Italian	Master of Science in Business and Economics
CHIARA MIO	F	over 50	Non-executive	Y	31/05/2017	Italian	Master of Science in Business Administration and Economics
ELENA GARAVAGLIA	F	41-50 years	Non-executive	Y	20/06/2020	Italian	Law degree (J.D.)
VITTORIA GIUSTINIANI	F	over 50	Non-executive	N	09/07/2020	Italian	Law degree (J.D.)
MASSIMILIANO MAGRINI	M	over 50	Non-executive	Y	13/03/2019	Italian	Master of Arts in Political Science

Please refer to the “Report on Corporate Governance and Ownership Structure” and the “Report on Remuneration Policy and Remuneration Paid” for further information on the composition (e.g.: term of office, other positions and commitments, skills relevant to the organisation's impacts, etc.), appointment and selection, conflicts of interest and performance evaluation of the Board of Directors. The Procedure for the Regulation of Transactions with Related Parties is also available on the corporate website www.ovscorporate.it.

The Board of Statutory Auditors consists of 3 standing members and 2 alternate members. On 9 July 2020, the Shareholders' Meeting elected the Board of Statutory Auditors, whose term of office will expire upon the approval of the financial statements at 31 January 2023.

The Board of Statutory Auditors that was elected was made up as follows: Stefano Poggi Longostrevi (Chairman) taken from the Minority List, Standing Auditors Paola Tagliavini and Roberto Cortellazzo Wiel

taken from the List that obtained the highest number of votes; Alternate Auditors Emilio Vellandi taken from the List that obtained the highest number of votes and Emanuela Fusa, taken from the Minority List.

On 29 April 2022, the Company’s Standing Auditor Ms. Paola Tagliavini, taken from the List that obtained the highest number of votes, resigned, effective immediately, from her office due to unexpected professional commitments. In order to allow the gender balance to be respected, Emanuela Italia Fusa (taken from the Minority List) - the only Alternate Auditor in office belonging to the female gender - took over as a regular member of the Board of Statutory Auditors, in accordance with the law and the Articles of Association.

On 31 May 2022, the Shareholders’ Meeting provided for the necessary integration of the Board of Statutory Auditors in accordance with current regulatory provisions, appointing Federica Menichetti as Standing

Auditor of the Company until the date of the Shareholders’ Meeting called to approve the financial statements at 31 January 2023, when the entire Board of Statutory Auditors was renewed. All of this resulted in the reappointment of Ms. Emanuela Italia Fusa as Alternate Auditor.

As of 31 January 2022, the Board of Statutory Auditors is made up of 5 members of which 40% are female, as well as 80% over 50 and 20% in the 41-50 age group.



Female members of the Board of Statutory Auditors



Members of the Board of Statutory Auditors in the over 50 age group

Table 2
Composition of the Board of Statutory Auditors

	GEN- DER	AGE GROUP	ROLE	INDEPEND- ENCE	ASSIGNMENT FROM DATE	NATIONALITY	ACADEMIC TITLE
STEFANO POGGI LONGOSTREVI	M	over 50	Chairman of the Board of Statutory Auditors	Y	01/06/2018	Italian	Master of Science in Business and Economics
FEDERICA MENICHETTI	F	41-50 years	Statutory Auditor	Y	31/05/2022	Italian	Law degree (J.D.)
ROBERTO CORTELLAZZO WIEL	M	over 50	Statutory Auditor	Y	23/07/2014	Italian	Master of Science in Business and Economics
EMILIO VELLANDI	M	over 50	Alternate Auditor	Y	09/07/2020	Italian	Master of Science in Business and Economics
EMANUELA FUSA	F	over 50	Alternate Auditor	Y	31/05/2019	Italian	Master of Science in Business and Economics

Please refer to the “Report on Corporate Governance and Ownership Structure” for further information on the composition (e.g.: term of office, other positions and commitments, skills relevant to the organisation’s impacts, etc.), appointment and selection, conflicts of interest and performance evaluation of the Board of Directors.

Sustainability Governance

In the context of the governance of sustainability, a key role is attributed to the Control, Risk and Sustainability Committee (CCRS), which has been entrusted by the BoD with the supervision of sustainability issues related to the exercise of company activities and the assessment of the NFS. This Committee was established on 23 July 2014. On 4 August 2020, the Board of Directors appointed the current Committee, which consists of 3 Directors, all non-executive and all whom meet the independence requirements of the Consolidated Law on Finance (TUF) and the Corporate Governance Code:

- Chiara Mio (Chair)¹¹
- Massimiliano Magrini
- Franco Moschetti

The Committee provides support and advice to the Board of Directors on sustainability issues, to monitor the Company’s commitment to sustainable development throughout the entire value chain. The Committee is responsible for supervising the internal control and risk management system. Furthermore, it is the task of the Committee to assess sustainability policies and plans aimed at ensuring the creation of value over time for the shareholders and all other stakeholders, in the medium to long term, in accordance with the definition of sustainable success.

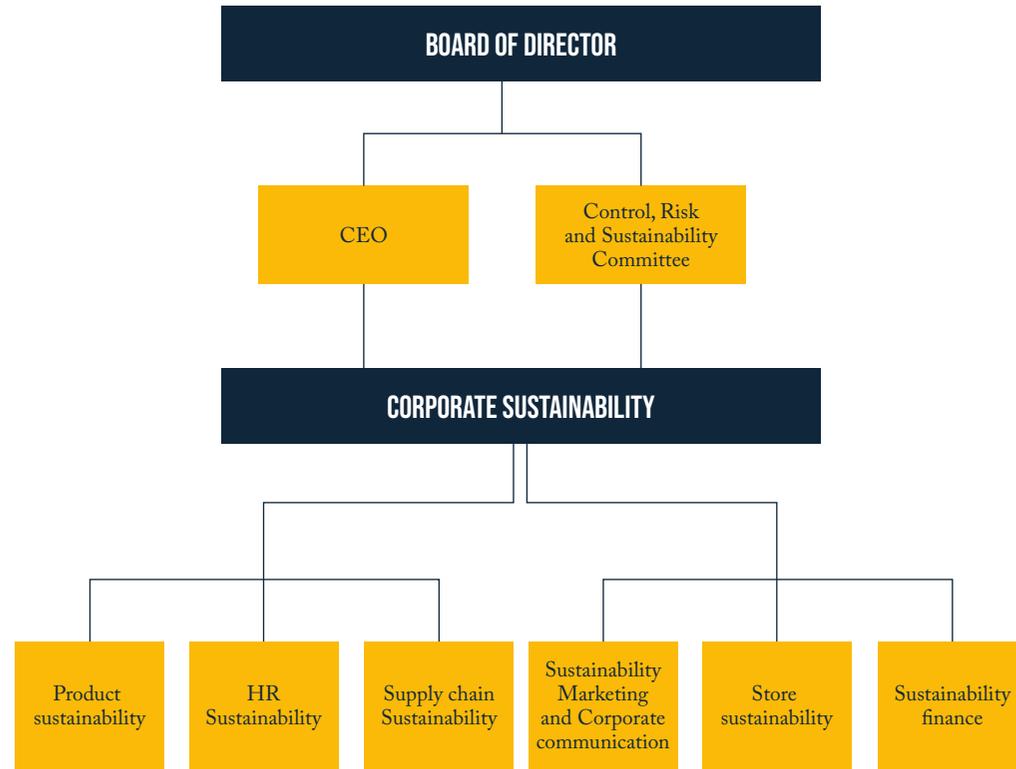


The ESRAB also reviews the materiality analysis process and its results; finally, it expresses its opinion on the adequacy of the Non-Financial Statement submitted annually to the Board of Directors.

The current Corporate Sustainability Plan was evaluated by the Committee in December 2020 and formally approved by the Board of Directors. The meetings organised by the Committee require the participation of the Chief Executive Officer and the Board of Statutory Auditors.

In terms of internal organisation, all Sustainability issues are managed by the Corporate Sustainability Department, which periodically reports to the CEO, the Committee and the Board of Directors.

Figure 3
Functional organisation chart of sustainability



The CEO, supported by the Corporate Sustainability department, defines the strategic guidelines on sustainability, assessed by the CCRS and approved by the Board of Directors.

The Corporate Sustainability Department is responsible for the internal planning process and coordination of initiatives at the corporate level, involving specific work groups identified in each group function. The department manages the development of special projects, focusing on, among other things, product portfolio and supply chain improvement initiatives and the decarbonisation program.

Reference Framework

OVS's sustainability strategy has been an integral part of the company's business model and is based on the commitment of each corporate function to consider the environmental and social footprints that are inevitably generated by the Group's actions and activities. For OVS, sustainability is a characterising element of every business action and it shall not be limited to a "capsule collection".

Since 2016, OVS has consolidated the actions already previously undertaken into a structured strategic path, setting its sustainability choices on the scientific

framework and sustainable innovation principles developed by The Natural Step, a Non-Governmental Organisation founded in Sweden in 1989. These principles provide a concrete and universally understandable definition of sustainability and are necessary, sufficient and universal to describe a sustainable future.

In a sustainable society:

- nature is not subject to the increased concentration of substances extracted from the Earth's crust (e.g. heavy metals and fossil fuels);
- nature is not subject to increased concentrations of substances produced by human activity (e.g. waste and pesticides);
- nature is not deteriorated faster than it needs to regenerate itself (e.g. deforestation and construction);
- the satisfaction of people's basic needs is ensured by promoting health, participation, development of skills, impartiality and empowerment of the individual.

The company has established its commitment to improve the current business criteria in the world of fashion, by using solid and innovative tools such as the B Impact Assessment and the SDG (Sustainable Development Goals) Action Manager, in order to integrate its own analysis models and have a comprehensive view of the impact generated by the organisation and the initiatives undertaken.

B Impact Assessment™

Through the Benefit Impact Assessment, the company was able to identify priority areas for improvement and future goals in the sustainability plan, aligning its strategy with movements, such as the Benefit Corporation, that aim to redefine success in business.

SDG ACTION MANAGER

Confirming its orientation towards sustainability and its desire to contribute with its business to the global challenges and to the achievement of the 17 Sustainable Development Goals (SDGs) set by the United Nations, OVS has decided to focus its strategy on the areas of greatest potential. Through the use of an SDG Action Manager, it has, therefore, identified the following objectives as particularly relevant to its activities: 5 (Gender Equality), 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production).

These tools have made it possible to define a structured plan of interdependent evolution, or Sustainability Plan, which will gradually improve the sustainability profile of OVS using a systemic approach. The areas of action of the Plan identified are four, and each provide for specific short, medium and long-term commitments and actions:

Products and supply chain: creating products that have a positive impact on the world and the people who live in it, minimising the consumption of natural resources and taking care of the people who work in the supply chain and the environment in which they live;

People: promotion of an inclusive working environment, capable of enhancing the diversity of each person and making them ambassadors of the OVS sustainability philosophy;

Stores and locations: construction of stores and physical meeting places that reflect OVS's commitment and choices in the management and construction of locations, aimed at minimising the footprint of the business;

Customers: transparent and inclusive approach to guide customers in the development of a culture of sustainability.

This document has been drawn up on the basis of the activities and processes described so far, and clearly and directly reflects the path that OVS has taken within the scope of sustainability. The materiality analysis itself (for which please refer to the corresponding paragraph) has been updated and evaluated in the light of the new steps taken by the Group, so that the financial and non-financial information reported in the NFS can give a complete and effective view of what has been achieved during the year.

Collaborations with sector associations

Federdistribuzione: We participate in the working groups of Federdistribuzione, the body that represents distribution companies in Italy, with the aim of including sustainability standards in the new Italian and European regulations.

We are also among the founding members of the **Ecotessili Consortium**, promoted by Federdistribuzione and its associated companies, dedicated to the management of textile waste. Two of our representatives, Simone Colombo and Nicola Perin, hold important positions in the consortium and the association.

UNI - Italian Standards Body: We participate in UNI working tables for the standardisation of sustainability and quality standards.

ICESP - Italian Circular Economy Stakeholder Platform: The ICESP platform was created to bring together initiatives, share experiences, highlight critical issues and indicate prospects in order to represent Italian specificities in Europe in terms of circular economy and to promote the circular economy in Italy through specific dedicated actions.

Monitor for Circular Fashion: In 2021, we joined the Monitor for Circular Fashion working group, a multi-stakeholder project involving leading fashion companies - Candiani, Dedagroup, HModa, Manteco, Oscalito, OVS, PLM Impianti, Radici Group, Save the Duck, Temera, Vibram, Vitale Barberis Canonico, Vivienne Westwood - and led by the SDA Bocconi Sustainability Lab.

An important opportunity for discussion to design new production processes and improve the communication of sustainability.

The project was created to:

- monitor and analyse national and international trends on the implementation of circularity in business
- identify KPIs that fashion industries should use to measure progress in value chain circularity and traceability
- create an Italian community dedicated to circular fashion
- exert influence on governments to incentivise pro-circular economy policies.

Global Fashion Agenda: Global Fashion Agenda is a non-profit organisation that facilitates the fashion industry's collaboration on sustainability issues. OVS with GFA and other brands is one of the founders of the Circular Fashion Partnership, an initiative set up to promote the recovery of textile waste in major garment-producing countries.

Sustainable Apparel Coalition: is a global multi-stakeholder alliance working to reduce the environmental and social impacts of products; it was founded in 2010 and has more than 250 global members including brands and retailers, manufacturers, universities, consultants, governments and NGOs.

OVS joined the alliance in 2017 to contribute to the industry's evolution towards a lower-impact industry. In 2021, we also achieved a higher level of membership, the "Progressive+", as a result of our work to create tangible improvements in the adoption, verification, transparency, and impact of the Higg Index.

Since 2019, OVS has also been using Higg BRM, SAC tool for measuring the degree of environmental and social sustainability of brands and retailers, and since 2021, has voluntarily submitted to third-party verification to determine its overall score.

Higg BRM
Verified Score
2021¹² **66.5%**
69.2%

● Environmental ● Social

The results of the evaluation place OVS well above the average of the 271 Brands evaluated.

Finally, it should be noted that OVS is also a member of Confimprese and Confindustria.



STAKEHOLDERS AND MATERIALITY

Stakeholder Map

The stakeholder map is the basis for identifying priority issues for each stakeholder category and therefore for building an ongoing and constructive dialogue through ad hoc engagement methods. One of the fundamental guidelines of the strategic plan is in fact based precisely on stakeholder involvement, because the Company plays a crucial role in informing people and creating awareness in clothing choices.

OVS aims to make its stakeholders the protagonists of a world that works to give everyone the freedom to wear an innovative and sustainable Italian style every day, through an approach of total transparency.

The table below shows the map of key stakeholders, their relative priorities, the main ways in which OVS engages with them and the relative frequency of engagement.

Table 3
Stakeholder map

STAKEHOLDER	STAKEHOLDER INTEREST	OVS INTEREST TOWARDS THE STAKEHOLDER	METHODS OF INVOLVEMENT	FREQUENCY
CUSTOMERS	<ul style="list-style-type: none"> Satisfy your shopping needs Possibility of buying affordable and safe clothes for your family Express your personality with brands that align appearance with core values Looking fashionable 	<ul style="list-style-type: none"> Satisfy the customer Increase the propensity to buy and the value of the OVS brand Educate and raise awareness towards more responsible purchases 	Customer Satisfaction Survey and Service Quality Survey	Annual
			Training programs	Continuous
			Survey to identify material issues	Periodic/as needed
ON-SITE COLLABORATORS	<ul style="list-style-type: none"> Become professionally fulfilled Increase your sense and purpose of your role Increase your skills Increase your well-being during the working day (concentration, nutrition) 	<ul style="list-style-type: none"> Increase employee productivity Increase the sense of belonging to the company Reduce the turnover rate Make the employee an ambassador of OVS values 	Training and human capital development initiatives	Continuous
			Project MAAM (Maternity As A Master)	Periodic/as needed
			Code of Ethics and Safety Training	Periodic/as needed
			Survey to identify material issues	Periodic/as needed

STAKEHOLDER	STAKEHOLDER INTEREST	OVS INTEREST TOWARDS THE STAKEHOLDER	METHODS OF INVOLVEMENT	FREQUENCY
COMPETITORS	<ul style="list-style-type: none"> Gaining market share through distinctive levers Common interest of improving the reputation of the apparel market 	<ul style="list-style-type: none"> Maintaining leadership in the apparel market in Italy Using distinctive levers to increase brand reputation Common interest in improving apparel market reputation 	Workbenches	Periodic/as needed
			Participation in conferences and industry events	Periodic/as needed
SUPPLIERS	<ul style="list-style-type: none"> Consolidate the relationship with OVS over time and increase the value of the relationship Improve practices 	<ul style="list-style-type: none"> Systematically improve the supplier's environmental and social practices Promote economic development 	Meetings with key suppliers to share best practices for improving environmental and social performance	Periodic/as needed
			Audit Programs	Periodic/as needed
			Industry Collaboration Initiatives	Annual
			Survey	Periodic/as needed
LOCAL COMMUNITIES COUNTRIES OF PRODUCTION	<ul style="list-style-type: none"> Operational support in developing countries Promoting labour and rights 	<ul style="list-style-type: none"> Forge profitable relationships to generate shared value Increase the level of acceptance of the company 	Meetings on specific focuses	Periodic/as needed
			Partnership	Continuous
			Social and cultural promotion projects in the area (e.g. Save the Children women's empowerment project, collaboration with WWF, etc.)	Periodic/as needed

STAKEHOLDER	STAKEHOLDER INTEREST	OVS INTEREST TOWARDS THE STAKEHOLDER	METHODS OF INVOLVEMENT	FREQUENCY
LOCAL COMMUNITIES POINTS OF SALE (ITALY)	<ul style="list-style-type: none"> Support from the enterprise as well as the institutions for shared benefit 	<ul style="list-style-type: none"> Forge profitable relationships to generate shared value Increase the level of acceptance of the company 	Membership activity in Federdistribuzione	Continuous
			Meeting with certain individuals from the Fashion and Arts world, for implementation of investment initiatives in social and cultural promotion activities on the territory (e.g. Peggy Guggenheim Collection, Save The Children, Fare x Bene Onlus, WWF, etc.)	Periodic/ as needed
PRESSURE GROUPS	<ul style="list-style-type: none"> Try to make OVS part of the solution in solving global environmental problems, by reducing the footprints of the Fashion industry Increase transparency and information to consumers in order to guide them to more conscious choices Make sustainable brands stand out from “Green washer” brands 	<ul style="list-style-type: none"> To be recognised as a serious Brand with a clear strategy in terms of environmental and social sustainability 	Participation in conferences and industry events	Periodic/ as needed
			Participation in fashion industry transparency initiatives (e.g., Fashion Transparency Index)	Periodic/ as needed
INSTITUTIONS	<ul style="list-style-type: none"> Enforce rules Encourage the virtuous companies to improving access and availability of resources for citizens 	<ul style="list-style-type: none"> Leveraging institutions to create positive impact 	Workbenches	Periodic/ as needed
			Participation in conferences and industry events	Periodic/ as needed
OPINION LEADER	<ul style="list-style-type: none"> Bringing out new trends 	<ul style="list-style-type: none"> Being perceived as a modern brand, dedicated to families and their needs, innovative also from the point of view of digitalisation and services offered to customers 	Workbenches	Periodic/ as needed
			Participation in conferences and industry events	Periodic/ as needed

STAKEHOLDER	STAKEHOLDER INTEREST	OVS INTEREST TOWARDS THE STAKEHOLDER	METHODS OF INVOLVEMENT	FREQUENCY
STORE ASSOCIATES	<ul style="list-style-type: none"> Promote wellbeing inside the store (temperature, cleanliness, etc.) Foster interaction with the customer on distinctive topics 	<ul style="list-style-type: none"> Increase employee productivity Facilitate customer interaction with distinctive topics Reduce turnover rate 	Community United We Win	Continuous
			Training and development of human capital	Continuous
INVESTORS	<ul style="list-style-type: none"> Increase the return on investment Reduce the risk associated with the investment Define specific targets on environmental, social and governance due diligence 	<ul style="list-style-type: none"> Communicating sustainability as a strategy to minimise risk and create long-term value In general, create value 	Investor Relations Activities	Continuous
			Publication of reports (financial and non-financial)	Annual
			Participation in sustainability surveys (ESG rating)	Annual
FRANCHISEE	<ul style="list-style-type: none"> Improve your performance Increase brand attractiveness 	<ul style="list-style-type: none"> Establish long-term partnerships in line with OVS values 	Meeting	Periodic/ as needed
			Survey	Continuous
INDUSTRY COALITIONS	<ul style="list-style-type: none"> Acquire new franchisees Gain active franchisee role in improving working conditions and reducing the use and footprint of harmful substances in the apparel industry supply chain 	<ul style="list-style-type: none"> Join coalitions strategically in order to increase visibility of OVS and maximise the positive impact, leveraging economies of scale generated by Industry Collaboration 	Join international initiatives for the improvement of sustainability throughout the fashion industry (Sustainable Apparel Coalition - SAC, Better Cotton Initiative, Better Factories Cambodia, Accord, Federdistribuzione)	Continuous
NEW GENERATIONS (<25)	<ul style="list-style-type: none"> Respond to new market demands and needs Include long-term impacts in defining business strategies Act with authenticity and transparency 	<ul style="list-style-type: none"> Anticipate the evolution of market needs Prepare for new challenges in the sector Be perceived as a modern brand, dedicated to young people and families 	Social media presence	Continuous
			Survey	Continuous
			Collaborations with universities (e.g. Contamination Lab)	Continuous
			University lectures	Continuous



Methodological Approach

In order to bring out the significant economic, environmental and social issues for the OVS Group, a materiality analysis was conducted, the result of which defined the issues to be reported on in this 2022 Non-Financial Statement. For the fiscal year 2022, the new methodology introduced by the GRI 2021 Standards was applied, which calls for an impact-based analysis. The ultimate objective of the materiality analysis is, in fact, the identification of material issues that represent the most significant impacts generated - or that could be generated - by OVS on the economy, the environment and people, including those on human rights. The impacts the Group generates can be negative or positive.

The analysis was carried out by the Corporate Sustainability department through a process consisting of several stages, summarised below, and involving management and over 3,000 OVS stakeholders belonging to different categories.¹³

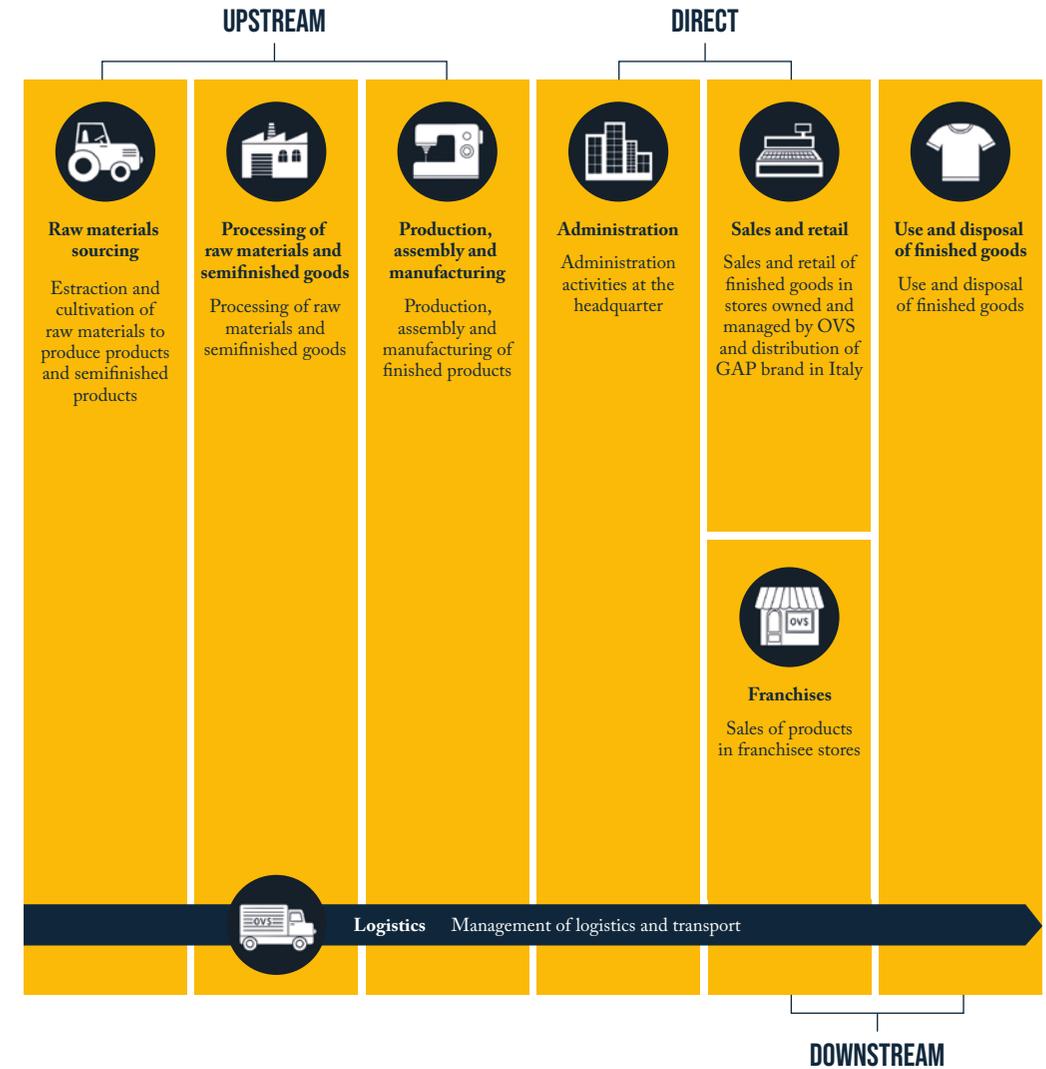
Identification of impacts generated by OVS along its value chain

In order to identify the impacts generated by OVS, all stages of the Group's value chain were mapped, identifying the activities carried out directly and the activities carried out by upstream or downstream parties.

Stakeholders involved in the analysis

3,000+

Figure 4
OVS value chain¹⁴





The mapping of the value chain made it possible to identify the stages of the value chain most affected by the impacts generated by OVS. These impacts were finally defined through analyses focusing on the sector in which OVS operates, in-depth sustainability issues in the media and a benchmark with the Group's main competitors.

Identification of significant impacts

At this stage, the identified impacts were subjected to an assessment of significance, based on their severity, persistence, presence along the value chain, their likelihood (possibility of occurrence) and irretrievability (possibility of restoring the effects of the impact). This analysis was conducted using dedicated tools and the professional judgement of the Corporate Sustainability team and Group Management.

Dialogue with stakeholders

Group Management considered it consistent to compare its assessment of the significance of impacts with the perception of key stakeholders, engaged through a survey. More than 3,000 stakeholders including employees, investors, franchisees, suppliers and customers (OVS Card holders) were involved.

The results of the stakeholder engagement activity allowed the OVS team to compare the perception of the social and environmental impacts of the different stakeholder categories and, in parallel, to confirm the completeness of the internally developed assessments. Indeed, the results of the stakeholder engagement activity showed substantial alignment with OVS's internal

assessments. Specifically, particular attention was paid to issues such as reducing the exploitation and pollution of water resources; reducing emissions that contribute to climate change; protecting health and safety in the workplace; respecting human rights along the textile supply chain; and protecting the welfare of employees.

Identification and validation of material topics

By combining impact analysis activities with impact assessment and classification procedures, the organisation's material topics with respect to economy, environment and people were identified. These topics therefore define the areas of reporting on sustainability aspects in this document.

The table below provides a list of material topics with their negative impacts, summarising the Group's main environmental and social externalities. In addition, a representation is given of the stages of the value chain where such impacts are most likely to occur, in the case of potentials, or where they are characterised by a higher magnitude.¹⁵



Table 4
Material topics and related impacts

● Irrelevant ● Relevant ● Of great relevance

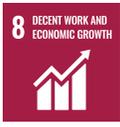
FIELD	MATERIAL TOPIC	IMPACT	DESCRIPTION	VALUE CHAIN			POTENTIALITIES
				Upstream	Direct	Downstream	
Environment	Combating climate change	Contribution to climate change due to greenhouse gas emissions	Clothing production, distribution and sales activities generate climate-changing emissions, contributing to climate change. For the direct sector, climate-changing emissions are related to business operations, while in the downstream phase they are related to the operation of franchise stores, the use and end-of-life phases of the product.	●	●	●	Effective
		Water resources	The textile supply chain is characterised by high water consumption, mainly due to the upstream activities of animal husbandry and cultivation. Water discharges from the manufacturing industry are characterised by the presence of potentially harmful substances, if not properly managed, and microplastics released into the environment during washing.	●	●	●	Effective
	Waste management and end-of-life	Environmental damage due to incorrect waste disposal	The production phase contributes to the generation of waste that, if not disposed of and recovered properly, can cause negative impacts on both ecosystems and local communities.	●	●	●	Effective
		Environmental damage due to incorrect end-of-life product disposal	The products marketed by the Group are disposed of and partly recovered, including by incineration, or disposed of. Although this is not hazardous waste, due to its large quantity, the disposal of the product is susceptible to environmental risks.	●	●	●	Effective
	Biodiversity and animal welfare	Damage to ecosystems and loss of biodiversity	The upstream stages of the OVS value chain could generate negative impacts on biodiversity and ecosystems due to degradation of natural habitats, deforestation and conversion of soils to agricultural land.	●	●	●	Effective
		Damage to animal welfare related to breeding required for raw material generation	The sector in which OVS operates sometimes uses raw materials of animal origin that may derive from intensive farming where animal welfare is not protected.	●	●	●	Potential

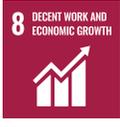
People	Workers' health and safety	Damage to workers' health and safety	During garment production processes, workers may be exposed to risks of accidents and occupational diseases.	●	●	●	Potential
		Human rights violations along the value chain	The majority of textile production takes place in non-EU countries where OVS has to make greater efforts to ensure the application of strict standards for workers' human rights.	●	●	●	Potential
	Human rights	Economic damages to workers due to non-compliance with minimum standards on workers' rights	Lack of controls along the value chain can lead to a lack of respect along the supply chain for minimum wages and subsistence thresholds, collective bargaining and freedom of association, particularly where there is no robust labour law.	●	●	●	Effective
Economy	Diversity and inclusion	Discrimination and lack of equal opportunities in the workplace	Failure to protect diversity and equal opportunities can have negative impacts on human capital in terms of equal pay and career opportunities and possible administrative sanctions according to local legislation.	●	●	●	Potential
	Consumer health and safety	Damage to consumer health/safety due to the presence of harmful substances in products	Chemicals are sometimes used in production processes that, if not properly managed, can leave residues on the finished product to the detriment of the customer's health.	●	●	●	Potential
Economy	Combating corruption	Social and economic damage resulting from corruption incidents	In the absence of adequate control and prevention systems, OVS could contribute to or be involved in episodes of corruption with an impact on the economic system.	●	●	●	Potential
		Distortion of consumer choice due to non-transparent communication and green-washing	Non-transparent communication, particularly with respect to sustainability policies, and with respect to the products and services offered, has a potential negative impact on consumers.	●	●	●	Potential

In the table below, a list of the material topics is given, together with a description of their positive impacts and the main stakeholders involved.

In addition, it shows how OVS activities contribute to the achievement of the UN Sustainable Development Goals.¹⁶

Table 5
Material topics and related impacts

MATERIAL TOPIC	IMPACT	DESCRIPTION	STAKEHOLDERS IMPACTED	SDGS
CIRCULAR ECONOMY AND ECO-DESIGN	Promoting innovation in the circular economy and eco-design	The use of recycled raw materials, the transformation of waste to produce new products, the adherence to initiatives that valorise waste as a raw material and the promotion of activities that extend the use of garments are some of the main practices used by OVS to extend the life cycle of its products.	<ul style="list-style-type: none"> • Customers • Competitors • Pressure Groups • Investors • New generations (<25) 	 <p>Responsible consumption and production</p>
BIODIVERSITY AND ANIMAL WELFARE	Restoration of agricultural land through regenerative farming practices	<p>Intensive farming practices can generate negative environmental impacts on soils and ecosystems. In order to mitigate these impacts, regenerative agriculture practices can be implemented that enable the production of more sustainable raw materials.</p> <p>Through the Cotone Italiano project, OVS contributes to re-establishing regenerative cotton farming in Italy</p>	<ul style="list-style-type: none"> • Local communities • Suppliers 	 <p>Life on earth</p>
EMPLOYEE WELFARE	Enhancing employee well-being	<p>Promoting employee well-being creates a healthy working environment and corporate culture. Employee well-being also increases staff retention and talent attraction.</p> <p>Through the RE-UP program, OVS creates virtuous partnerships to use upcycling as a laboratory for inclusion.</p>	<ul style="list-style-type: none"> • Customers • Headquarter and store employees • Franchisee 	 <p>Decent work and economic growth</p>

MATERIAL TOPIC	IMPACT	DESCRIPTION	STAKEHOLDERS IMPACTED	SDGS
EMPLOYEE TRAINING	Contribution to employee training and professional development	The training and development of employees help to create competent professionals and increase their level of satisfaction. It is crucial to implement specific programs for skills development, as well as to enable the preparation of specialised and up-to-date figures on the latest regulatory and business trends.	<ul style="list-style-type: none"> • Customers • Headquarter and store employees • Franchisee 	 <p>Decent work and economic growth</p>
DIVERSITY AND INCLUSION	Promoting the freedom to express one's identity through fashion	Fashion constitutes one of the main tools individuals have at their disposal to express their identity. OVS is committed to promoting collections that allow people to express their gender identity.	<ul style="list-style-type: none"> • Customers • Opinion leader • New generations (<25) 	 <p>Gender equality</p>
RELATIONS WITH LOCAL COMMUNITIES	Support and development of local communities through collaborations and partnerships	OVS activities can contribute significantly to the development of communities in the territories where the Group operates through dedicated initiatives and projects.	<ul style="list-style-type: none"> • Local communities countries of production • Local communities points of sale (Italy) • Pressure Groups • Institutions • New generations (<25) 	 <p>Sustainable cities and communities</p>

The following table links the relevant topics identified by the OVS Group to the issues provided for by Legislative Decree no. 254/2016.

Table 6
Reconciliation between the scope of the decree and material topics

SCOPE OF THE DECREE 254/2016	MATERIAL TOPICS
Topics related to human rights issues	<ul style="list-style-type: none"> • Human rights
Topics related to the fight against active and passive corruption	<ul style="list-style-type: none"> • Combating corruption
Staff-related topics	<ul style="list-style-type: none"> • Diversity and inclusion • Employee training • Employee welfare • Workers' health and safety
Environmental issues	<ul style="list-style-type: none"> • Circular economy and eco-design • Combating climate change • Water resources • End-of-life waste management • Biodiversity and animal welfare
Social issues	<ul style="list-style-type: none"> • Relations with local communities • Diversity and inclusion • Consumer health and safety • Responsible marketing

Enterprise Risk Management and Management of Non-Financial Risks
Considering the complexity of the management activities and taking into account that the assumption of risk represents a fundamental and unavoidable component of the company's activities, the OVS Board of Directors has evaluated the importance of identifying and mapping the main risks in advance and adopting

suitable tools to govern them and reduce their impact. The Company has therefore adopted a risk management system, drawing inspiration from the international standards "Enterprise Risk Management - Integrating with Strategy and Performance" and "Internal Control - Integrated Framework", prepared by the American Committee of Sponsoring Organizations of the Treadway Commission.

In particular, in 2015, with an update in 2019, the Board of Directors, on the proposal of the Director in charge of the internal control and risk management system, having heard the favourable opinion of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, approved the "Guidelines for the internal control and risk management system" to identify, monitor and govern risk areas ensuring the achievement of strategic and operational objectives, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of corporate assets.

Consistent with these goals, the risk management system adopted by the Company has the following objectives:

- spreading the culture of risk prevention and mitigation within the company;
- contribute to the strategic planning process through the definition of risk appetite;
- contribute to the achievement of objectives through the identification of risks, their assessment and prioritisation and the implementation of appropriate responses;
- ensure transparency on the risk profile assumed and the management strategies implemented, through periodic and structured reporting to the Board of Directors and top management.

The Board of Directors is responsible for coordinating and supervising the risk management process so that the risks assumed in the course of business activities are consistent with the approved business strategies and defining the acceptable risk threshold.

The Control, Risk and Sustainability Committee has the task of assisting the Board of Directors in (i) identifying and assessing the principal risks relating to the Company and its subsidiaries so that they

are adequately monitored; (ii) defining and updating the risk mitigation plans and, in general, risk management plans.

The Director in charge of the internal control system is responsible for (i) identifying the main corporate risks, taking into account the characteristics of the business and the operations carried out by the Company and the Group; (ii) designing, implementing and managing the internal control and risk management system, constantly checking its adequacy and effectiveness.

In this context, having developed and consolidated over the last few years a structured system for the monitoring of financial and non-financial risks, OVS has identified the main events linked to material aspects that could have a direct impact on the business and/or on the environmental and social systems with which the company relates.¹⁷

These risks have been classified as follows:

- from the standpoint of internal impacts, risks are classified on the basis of the company's ERM and are divided into operational, reputational and economic risks;
- from the point of view of external impacts, risks are classified according to macro risk areas of social and environmental impact divided into more detailed areas as shown in the table below.

Table 7
Impact areas of social and environmental risks

MACRO-AREA	AREA	DETAIL
ENVIRONMENT	Natural resources	Animal welfare
		Biodiversity
		Deforestation
	Climate change	Fossil fuel depletion
		Greenhouse gas (GHG) emissions
	Waste	Solid waste
		Hazardous waste
		Chemical waste
	Water consumption and pollution	Water use and scarcity
		Wastewater, water pollution and eutrophication
SOCIAL	Working conditions	Forced labour and human trafficking
		Child labour
		Salaries and benefits
		Working hours
		Freedom of association and collective bargaining
		Decent work
	Security	Health and safety
		Access to water and sewage network
	Human rights	Discrimination, harassment and abuse
		Sexual harassment and gender-based violence
		Right to health
		Right to privacy
	Corruption	Misconduct and corruption
		Community and minority rights
	Local communities	Right to the land

For each relevant issue, the risks reported in the following table have been identified and classified, highlighting the main management methods and priorities:¹⁸

Table 8
Non-financial risks management methods

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
COMBATING CORRUPTION	Active/passive corruption - identified in the context of activities at risk pursuant to Legislative Decree no. 231/2001	Reputational Economic	Misconduct and corruption	Medium	Specific risk assessment on corruption through the organisation, management and control model pursuant to Legislative Decree no. 231/01 Elaboration of specific protocols relating to the management of activities at risk	Model of organisation, management and control pursuant to Legislative Decree no. 231/01 Code of Ethics Company policies and procedures Whistleblowing procedure
	Failure to identify unethical conduct by staff and contractors due to the widespread model across the territory	Reputational Operational Economic	Misconduct and corruption Human rights	High	Dissemination of risk management policies through Company Regulations and Codes of Conduct Interception of possible violations through the whistleblowing system Internal Auditing and supervisory activities through the Supervisory Board (SB)	Code of conduct

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
HUMAN RIGHTS	Human rights violations along the supply chain	Reputational Operational Economic	Human rights Working conditions	High	Adherence to the Code of Conduct by suppliers, binding on environmental and social performance Development of internal and external audit programs based on the Code of Conduct	Code of Conduct Industry Collaboration Initiatives Higg Index Responsible sourcing strategy for raw materials
	Relationships with a high-impact supply chain	Operational Economic	Waste Water consumption and pollution	High	Participation in “Industry collaboration” initiatives in order to share actions for the monitoring and development of environmental and social performance in the supply chain	Product certifications
	Scarce availability of resources suitable for environmentally friendly processes for garment production ¹⁹	Economic	Climate change Water consumption and pollution	High	Definition of a raw materials sourcing strategy that favours sources certified for sustainability performance	

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
EMPLOYEE WELFARE EMPLOYEE TRAINING	Inadequate organisational structure and loss of know-how due to a lack of investment in training and the absence of a performance or career evaluation plan	Operational Economic	N.A.	Medium	Definition of a training program focused on achieving objectives and developing technical and soft skills Development of performance appraisal systems Development of channels for dialogue and sharing business objectives Adoption of the Code of Ethics containing principles for the protection of workers and human rights	Training programs Performance evaluation programs Code of Ethics Remote working plan Online stores (e-commerce, click and collect) Health and safety protection plans Mandatory rules for social distancing, sanitising gel dispensers in all enclosed areas, provision of masks, medical assistance and advice on site
	Loss of key business continuity skills	Operational Economic	N.A.	High	Establishment of employee health and safety protection plans in accordance with regulations Promotion of safe and environmentally friendly processes in accordance with current environmental legislation	
	Ineffective management of the health and safety of workers in Italy and abroad at the Group's offices and points of sale.	Reputational Operational Economic	Health and safety	Medium	Supervisory activities for risks of regulatory non-compliance Adaptation of the necessary measures related to the COVID-19 emergency	

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
DIVERSITY AND INCLUSION	Discriminatory actions in the Group and the supply chain	Reputational	Human rights Working conditions	High	Developing a person-friendly work environment through specific programs	Wellbeing and inclusion programs
	Failure to include under-represented categories	Reputational Operational	Human rights Working conditions Local communities	Medium	Development of specific training plans for care-givers (Lifed program for the enhancement of soft-skills related to caregiving) Development of policies aimed at reducing the Gender Pay-gap Establishing hiring programs in areas of high unemployment	Lifed Program Periodic Gender Pay-gap Analysis
RELATIONS WITH LOCAL COMMUNITIES	Lack of integration and involvement of the local communities in which the company operates	Reputational Operational	Local communities	Low	Defining programs to involve communities in projects that address area needs Definition of processes for institutional proactive communication and social media strategy	Community Development Programs Social media strategy
CIRCULAR ECONOMY AND ECO-DESIGN	Reduced consumer awareness and involvement on circular economy processes	Reputational Economic	Waste Natural resources	Medium	Adoption of an action plan for the development of virtuous Circular Economy models and processes	Plan for the development of a Circular Economy ICESP Working Group - Italian Circular Economy Stakeholder Platform

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
COMBATING CLIMATE CHANGE	Inadequate contribution to the fight against global warming (not aligned with scientific evidence) ²⁰	Economic Reputational	Climate change	High	Definition of a plan for reduction and efficiency of energy resources Exclusive use of certified renewable energy and installation of photovoltaic systems Prevention of pollution generated by air pollutant emissions Waste-management process Procurement and sourcing policies aligned with decarbonisation goals	Energy Saving Programs Real-time monitoring systems Certificates of Guarantee of Origin Photovoltaic systems ISO 14064 Carbon Footprint Assessment and SBTi Reduction Plan Management system compliant with ISO 14001:2015. Sustainability-Linked Bond
	Consequences of extreme weather events	Operational	Climate change	High		
	Inability to plan seasonality of collections due to climate change	Economic Operational	N.A.	High		
WATER RESOURCES	Over-exploitation of water basins for productive activities	Economic Operational Reputational	Water use and scarcity Wastewater, water pollution and eutrophication	High	Procurement and sourcing policies aligned with the objectives of reducing the environmental impact	ECO Value Higg MSI
BIODIVERSITY AND ANIMAL WELFARE	Procurement of raw materials through processes that damage ecosystems and natural habitats	Economic Operational Reputational	Biodiversity Deforestation Animal welfare	Medium	Procurement and sourcing policies that favour certified raw material sources Fur-Free Retailer Policy	Product Certifications and Chain of Custody

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
RESPONSIBLE MARKETING	Loss of credibility with stakeholders	Reputational	N.A.	High	Adoption of Codes of Conduct governing relations with stakeholders Stakeholder engagement and sustainability information activities	Codes of conduct Stakeholder Engagement Website and financial statements Eco Value Higg Transparency
	Failure to intercept priority issues for different stakeholders	Reputational	N.A.	Medium	Publication of the annual Non-Financial Statement on the company website Periodic updating of company information on the institutional website Using Eco Value for each online product	Customer service Loyalty systems (Digital ID Program) Periodic surveys Dedicated newsletters
	Failure to intercept consumer preferences	Economic Reputational	N.A.	Medium	Integration with third-party platforms (ex: Higg) Definition of customer satisfaction evaluation programs (research and focus groups) Dedicated customer feedback process	
	Lack of transparency in customer communication (marketing, labelling)	Reputational	Health and safety	Medium	Loyalty programs	

MATERIAL TOPIC	RISKS	INTERNAL RISK CLASS	EXTERNAL RISK CLASS	PRIORITIES	POLICY/MANAGEMENT METHODS PURSUANT TO LAW 145/2018, ART. 1, PARAGRAPH 1073	GOVERNING TOOL
CONSUMER HEALTH AND SAFETY	Use of raw materials or production processes with high environmental impact Realisation of products with negative impact on consumer health Inadequate management of the disposal of waste generated	Economic	Climate change	High	Implementation of management systems to monitor non-compliance risks Execution of Life cycle assessment projects	Management and monitoring systems Product certifications and labelling Restricted Substances List and Product Test Program
WASTE AND END-OF-LIFE MANAGEMENT		Reputational	Health and safety	High	Procedures for obtaining necessary certifications Adaptation to the regulations for the management of chemical agents in the production of garments	LCA Better Cotton Platform Higg MSI
		Economic	Waste	Medium		
WORKERS' HEALTH AND SAFETY	Unsafe sales and work environments for employees and customers	Reputational Operational Economic	Health and safety	Medium	Adoption of in-store security measures	Occupational safety management system

The internal control system

OVS has adopted a system of internal control and risk management, consisting of tools, organisational structures, procedures and company rules which allow the company to be managed in a healthy, correct manner and in line with the strategic and operational objectives. The system complies with the applicable laws and regulations of correct and transparent internal and market reporting, and makes it possible to prevent and limit the consequences of unexpected results.

It also integrates the Code of Ethics and the Organisation Model drawn up in accordance with Legislative Decree 231/01 (Model 231).

Furthermore, in order to disseminate the principles and practices to be followed to combat the risk of corruption, OVS has included in the intercompany service contracts which regulate the activities of the group, the adoption by subsidiaries based abroad of the principles expressed in the Code of Ethics and Model 231.

Code of Ethics

OVS identifies in the Code of Ethics the ethical and behavioural principles of reference for all Group companies, highlighting the set of rights, duties and responsibilities of all those who, for whatever reason, operate within them or collaborate with them (directors, statutory auditors, managers, employees, external collaborators, business partners, suppliers and more generally any other subject with whom contact is established). The Code of Ethics also sets out OVS's commitment to preventing and combating active and passive corruption, sanctioning any corruptive behaviour (including, for example, the pledging or promising money or other benefits, even in the form of gifts, perks of any kind, employment of individuals, etc.), in the relationships with Stakeholders or Partners.

In particular, the conduct of any person giving or promising money or other benefits to any person belonging to other entities is censured, even where such conduct may lead to conferring a direct or indirect advantage on the Company. In this context, the Company also condemns any corruptive behaviour aimed at obtaining from its Stakeholders or Partners any information relating to third parties or the disclosure of industrial and corporate secrets or in any case of confidential data or know-how. This commitment applies to both employees and third parties, through an appropriate Disciplinary System and the provision of specific contractual clauses of an "ethical" nature.

Within the Code of Ethics, OVS promotes the value of people and is committed to offering equal employment opportunities without distinctions based on nationality or ethnicity, religion or belief, gender, age,

sexual orientation, physical or mental disability, aware of the value of a diverse workforce, capable of representing multiple points of view, also considering the many countries in which it operates. Indeed, the Group intends to proactively enhance and promote a positive environment, centred on mutual respect, in which everyone can express and develop their personal identity through their professional contribution.

The Code of Ethics was adopted by resolution of the Board of Directors of the Company on 27/10/2014 and subsequently updated by resolution of the Board of Directors on 14 December 2016 and 18 April 2018, 15 April 2021 and 31 January 2023. The Code of Ethics is available for consultation on the Corporate website.

Organisation, Management, and Control Model

The main objective of Model 231 is to set up a structured and organic system of prescriptions, including organisational prescriptions, procedures and control activities, in order to make all those who work in the name and/or on behalf of OVS aware of the need to inform their behaviour of the principles of loyalty and correctness, as well as to prevent the risk of committing the offences referred to in the decree. Model 231 is also available on the Corporate website and is communicated and distributed to all employees of OVS and all foreign branches through the signing of intercompany contracts. Similarly, the Model is communicated to all suppliers and business partners of OVS at the time of contract execution.

Whistleblowing

OVS has for some time now defined reference values and behaviours which

must inspire those who work within it or who collaborate with our company. It is in the interest of OVS to promote and direct its work according to principles of loyalty and fairness and to adopt the necessary countermeasures to prevent crimes from being committed. In this context, OVS has equipped itself with a Whistleblowing System, an on-line platform for whistleblowing that ensures the highest levels of confidentiality and privacy. The management of this system is regulated internally by the "Whistleblowing Procedure", defined in April 2018, with the aim of regulating the process of managing reports of unlawful conduct relevant pursuant to Legislative Decree 231/2001, or violations of the Model 231 adopted by the Company, based on precise and concordant facts.

Breaches of the Code of Ethics, laws and regulations can be reported on the Corporate website. Reports are handled with the utmost confidentiality and guarantee of anonymity for the reporter. During 2022, a report was received, subject to in-depth analysis, which did not highlight situations of offence under Legislative Decree 231/2001.

There is also an email box (sustainability@ovs.it) that all suppliers may use to report any breaches to the Code of Conduct. No reports were received during 2022.

Finally, during 2022, no episodes of corruption, either active or passive, were detected with reference to company activities.



Corporate social and environmental policies
During 2020, in support of the objectives defined in the Sustainability Plan and in order to formalise the Group's social and environmental commitments, OVS adopted two policies, available on the corporate website <https://wecare.ovscorporate.it/>:

Environmental and Local Community

Policy, which establishes principles to be followed when conducting business activities, in full respect of the planet and the communities in which OVS operates. These principles, shared and communicated to all internal and external stakeholders, express OVS's commitment to consider its environmental footprints in relation to: biodiversity and conservation of natural resources, climate change, waste production and recycling processes, water consumption and water footprint, use of chemicals and animal welfare.

The same principles are also extended to the Group's supply chain: suppliers, in fact, must see and accept what is established in the Policy and are also subject to periodic due diligence by OVS, which verifies compliance and monitors performance.

Labour and Human Rights Policy

which sets out the guidelines that all the people who work with OVS, both in Italy and abroad, must respect in relation to Labour practices (e.g. contracts, parental leave, welfare), human rights (e.g. diversity and inclusion, abolition of child and forced labour) and health and safety (e.g. workplace management, risk assessment, training), in full compliance with current legislation.



Audit activities

Internal audit activities are carried out to support the Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, and are aimed at all corporate areas. The 231 compliance audit activities are carried out in support of the Supervisory Board and constitute the main monitoring and control tool along with the whistleblowing system described above. In 2022, audits focused on the corporate area, with four audits of an operational nature and one intervention regarding regulatory compliance issues. Two other interventions concerned foreign subsidiaries.

INDICATORS BREAKDOWN

Economic and financial performance

The economic value generated and distributed expresses the ability of a company to generate wealth for the benefit of its stakeholders. The consolidated economic value generated by OVS was Euro 1,621,027 thousand and increased by 12% compared to 2021. The economic value distributed was Euro 1,361,535, an increase of 15%. Of the economic value produced in 2022, 84% was therefore, distributed to the various stakeholders while the remaining 16% was

retained within the Group. Of the economic value distributed, more than Euro 965,725 million was allocated to suppliers of raw materials, products and services, Euro 314,628 million to the people of OVS for the activities carried out during the year and approximately Euro 53,409 to the Group's lenders.

A large part of the economic value distributed by the OVS group is intended to remunerate and support the system of companies in the supply chain.

Table 9

Income statement for value generated and distributed (in thousands of Euro)

	2022	2021
ECONOMIC VALUE GENERATED BY THE GROUP	1,621,027	1,444,278
Revenue	1,512,719	1,358,899
Other income	91,062	71,661
Financial income	800	368
Value adjustments to financial assets	-	-
Bad debts provision	(1,200)	(1,472)
Currency exchange rate differences	18,331	18,547
Income/expenses from the sale of tangible and intangible assets	(165)	(4,601)
Tangible and intangible assets value adjustments	(520)	876
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,361,535	1,187,047
Operating costs	965,725	791,406
Employees remuneration	314,628	294,890
Lenders remuneration	53,409	66,373
Investors remuneration	-	-
Public administration remuneration*	27,709	34,325
External donations	64	53
ECONOMIC VALUE RETAINED BY THE GROUP	259,492	257,231
Depreciations	218,811	206,901
Provisions	1,109	1,690
Reserves	39,572	48,640.00

* Public administration remuneration also includes deferred taxes

*Approach to taxation*²¹

The Group recognises its responsibilities to investors, governments, suppliers, employees and the communities in which it operates. This is also reflected in the fiscal approach, which seeks a constant balance between regulatory compliance, business activities, ethical and social expectations.

The organisation has defined a tax risk management taking into account the Organisation and Management Model, and in particular Art. 25-quinquiesdecies, which provides for the Group’s liability in the event that certain types of tax crimes are committed.²²

In particular, the Group has updated the Model 231 - after assessing the specific risk - by evaluating and integrating the protocols already in place for managing taxation.

The Group adopts procedures for the detection, measurement, management and control of tax risks, compliance with which is ensured at all company levels. It also undertakes to carry out monitoring aimed at activating the necessary corrective actions with respect to any deficiencies and/or criticalities detected. In fact, the process of determining taxes derives from a correct and truthful representation of the financial statements, in accordance with the reference accounting standards.

The Group, which operates in sectors with a high content of style and know-how on sourcing activities from Far-Eastern countries, is also attentive to the tax benefits that may derive from domestic and foreign regulations that stimulate research and innovation, such as, for example, the tax credit on research and development activities in Italy. In view of the Group’s

international activities (particularly with regard to goods procurement), transfer pricing regulations are one of the most sensitive topics. This aspect is periodically monitored by the Administration, Finance and Control department of the Parent Company OVS, which monitors the intragroup transfer prices. The Group believes that tax practices conducted in a responsible manner support the economic and social development of markets, which is why it believes in diligently applying tax and fiscal regulations.

In addition, activities are planned to monitor regulatory updates on tax matters, and the compilation and transmission of tax returns within the timeframe and manner required by law.

Specifically, administrative and fiscal management processes include aspects related to:

- identification and periodic updating of the main and significant areas of risk in the tax area;
- mapping and updating of the chart of accounts and its layout in accordance with the tax rules applicable to individual cases;
- periodic recognition of the tax treatment associated with the principal and most significant asset and liability transactions recorded in the accounts by the Administration Office;
- verification of the methods of recording operating events and the related taxation when calculating the taxes to be recorded in the annual financial statements, and when preparing the tax return;
- procedures for managing transactions with foreign Group companies and the Transfer Pricing Manual (“Country File”), which is revised annually.

Supply chain

The following table shows the percentage of expenditure incurred by OVS with local suppliers²³, divided between purchases of goods and other purchases.

Table 10

Turnover of local third-party suppliers²⁴

	2022		2021	
	Goods	Non-goods	Goods	Non-goods
ITALY AND THE EU	23%	97%	31%	97%

Table 11

Number of new product suppliers evaluated with respect to environmental and social parameters

	2022	2021
TOTAL NUMBER OF NEW SUPPLIERS	65	74
TOTAL NUMBER OF NEW SUPPLIERS EVALUATED ACCORDING TO SOCIAL CRITERIA	65	74
% NEW SUPPLIERS EVALUATED ACCORDING TO SOCIAL CRITERIA	100.00%	100.00%
TOTAL NUMBER OF NEW SUPPLIERS EVALUATED ACCORDING TO ENVIRONMENTAL CRITERIA	65	74
% NEW SUPPLIERS EVALUATED ACCORDING TO ENVIRONMENTAL CRITERIA	100.00%	100.00%

As of 2020, OVS has adopted a policy for the accreditation of new suppliers to only enter into business relations with partners who guarantee maximum transparency in environmental and social matters through the Higg platform, used by members of the Sustainable Apparel Coalition.

This tool is synergic with the internal supply chain due diligence process and allows for a more effective and efficient assessment of key source indicators.

In 2022, OVS consolidated historical partnerships with major manufacturing groups while also seeking the greatest possible efficiency through a rationalisation of the supplier base.

In fact, the table below shows a substantial stability in the number of suppliers per country.

Table 12

Ordered goods by Made-in²⁵

COUNTRY	2022			2021	
	SUPPLIERS	ORDERED (EUR)	DELTA ORDERED (%)	SUPPLIERS	ORDERED (EUR)
Albania	4	650,084	-73.21%	6	2,426,246
Bangladesh	77	315,182,084	38.88%	77	226,947,195
Bulgaria	1	2,977	-72.83%	1	10,956
Cambodia	6	7,818,852	23.77%	8	6,317,494
China	217	174,856,214	25.82%	232	138,973,125
Greece	1	90	-99.92%	2	110,670
India	95	77,271,844	31.88%	99	58,592,973
Italy	160	38,088,687	12.96%	149	33,718,482
Myanmar ²⁶	10	18,950,341	189.51%	11	6,545,688
Pakistan	28	23,702,240	32.88%	29	17,837,093
Poland	3	2,757,883	138.29%	4	1,157,383
Portugal	11	1,944,052	1.79%	10	1,909,958
Romania	2	1,444,764	-23.16%	5	1,880,107
Serbia	-	-	-100.00%	1	22,113
Spain	12	325,186	9.53%	10	296,892
Thailand	-	-	-100.00%	1	25,673
Tunisia	8	8,786,813	30.35%	10	6,741,141
Turkey	39	4,374,330	-6.81%	32	4,694,144
Vietnam	12	17,344,226	94.88%	8	8,899,755
Other countries	45	13,877,158	147.68%	41	5,602,818
Total		707,377,825			522,709,910

A reading of the table shows an increase of more than 33% in the volume ordered compared to 2021. However, this increase was largely due to a change in the timing of purchases, which led to a large part of the Spring/Summer 2023 collection shipments being brought forward in order to avoid delays and help reduce air freight emissions.

The number of total providers is 659. In the table above, suppliers with different Made-In have been counted as many times as the number of countries in which they produce. On the other hand, the grouping “Other Countries” is considered as a single production area, in which each supplier is counted uniquely according to the grouping (for example, a supplier that produces in Indonesia and South Korea is counted once and not as many as the number of countries in which it produces).

The main business area of OVS is developed in the field of house-brand clothing. In this area there are 410 active product suppliers that realise orders equal to Euro 630,517,312 (89% of total orders). Due diligence in the supply chain is conducted on the basis of each supplier’s risk profile and realised through an internal audit process, evaluation of third-party certifications and analysis of ESG performance on Higg.

The use of this platform requires the supplier to publish environmental and social impact data via the independently verified third-party FEM (Facility Environmental Module) and FSLM (Facility Social and Labour Module).

Table 13

Controls on the production volume of house-brand clothing suppliers²⁷

PRODUCTION VOLUME COVERAGE	2022	2021
INTERNAL AUDIT	90%	84%
THIRD-PARTY CERTIFICATIONS	69%	69%
HIGG SELF ASSESSMENT	93%	91%
HIGG VFEM	70%	56%
HIGG VFSLM	51%	27%

Since 2022, OVS has defined the Making Progress program to proactively trigger improvement actions towards specific key suppliers. This program includes an in-depth root-cause analysis in case of

repeated criticalities and support, including financial support, to the supplier to implement corrective actions. The currently ongoing projects will be discussed in detail in the next report.

06 Details

Human resources - Workforce

The success of the OVS Group depends on the work of over 8,000 people worldwide, more than half of whom have been working with the company for over 10 years. In addition

to the personnel of the Group companies, also noted is the presence of over 600 external collaborators, 40% of whom seasonal, who carry out the activities of handling goods inside the Pontenure warehouse.

Table 14

Workforce distribution by geographical area²⁸

EMPLOYEES	2022			2021		
	Men	Women	Total	Men	Women	Total
BANGLADESH	98	5	103	99	5	104
CHINA	23	78	101	20	82	102
SPAIN	4	48	52	6	57	63
FRANCE	5	6	11	-	-	0
CROATIA	4	33	37	4	38	42
INDIA	39	10	49	39	11	50
ITALY	1,580	6,187	7,767	1,580	6,245	7,825
PAKISTAN	12	-	12	12	-	12
SERBIA	13	44	57	13	40	53
TURKEY	1	7	8	1	7	8
TOTALE	1,779	6,418	8,197	1,774	6,485	8,259

The workforce of companies operating in the clothing sector is 80% female. OVS is in line with industry figures with 78% of women employed in the Group companies and 22% of men. Since 2022, the Group has opened 2 stores in France in addition

to maintaining its business through commercial affiliations. Moreover, the production area in Cambodia is followed directly by the Chinese office, since the direct presence in the country is no longer active.

Table 15

Breakdown of total workforce by contract type in Italy

	2022			2021		
	Men	Women	Total	Men	Women	Total
PERMANENT STAFF	1,385	5,116	6,501	1,361	4,961	6,322
FIXED-TERM STAFF	195	1,071	1,266	219	1,284	1,503
TOTAL	1,580	6,187	7,767	1,580	6,245	7,825

Table 16

Breakdown of total workforce by contract type in other countries

	2022			2021		
	Men	Women	Total	Men	Women	Total
PERMANENT STAFF	195	207	402	190	199	389
FIXED-TERM STAFF	4	24	28	4	41	45
TOTAL	199	231	430	194	240	434

With reference to the permanent workforce of OVS, 884 people carry out their work activities at the company's headquarters or logistics centre.

The remaining part of the staff is distributed evenly throughout Italy thanks to a capillary sales network throughout the country. In addition, over 300 people are present at the foreign offices and over 120 at the direct points of sale abroad.

Table 17

Permanent workforce by gender and professional category in Italy (headquarter roles)

	2022				2021		
	Men	Women	Total	Delta%	Men	Women	Total
MANAGERS - EXECUTIVES	57	18	75	0%	60	15	75
PROFESSIONALS - MANAGERS	102	85	187	14.2%	87	75	162
EMPLOYEES - OFFICE WORKERS	143	479	622	4.1%	148	438	586
TOTAL	302	582	884	7.7%	295	528	823

With reference to fixed-term contracts, there were 5 men and 30 women in the “office workers” category.

Table 18

Permanent workforce by gender and professional category in other countries (headquarter roles)

	2022				2021		
	Men	Women	Total	Delta%	Men	Women	Total
MANAGERS - EXECUTIVES	19	7	26	8.3%	16	8	24
PROFESSIONALS - MANAGERS	3	1	4	100%	2	-	2
EMPLOYEES - OFFICE WORKERS	162	112	274	-1.1%	162	115	277
WORKERS	-	1	1	100%	-	-	0
TOTAL	184	121	305		180	123	303

With reference to fixed-term contracts, 2 women were reported in the “office workers” category.

Table 19

Permanent workforce by gender and professional category in Italy (point of sale role)

	2022				2021		
	Men	Women	Total	Delta%	Men	Women	Total
STORE MANAGERS	302	319	621	1.5%	306	306	612
OTHER DUTIES	781	4,215	4,996	2.2%	760	4,127	4,887
TOTAL	1,083	4,534	5,617	2.1%	1,066	4,433	5,499

With reference to fixed-term contracts, 150 men and 995 women were reported in the “other duties” category, while in the “store managers” category 40 men and 46 women were reported.

Table 20

Permanent workforce by gender and professional category in other countries (point of sale role)

	2022				2021		
	Men	Women	Total	Delta%	Men	Women	Total
STORE MANAGERS	4	14	18	0%	4	14	18
OTHER DUTIES	10	97	107	-5.3%	10	103	113
TOTAL	14	111	125		14	117	131

With reference to fixed-term contracts, 4 men and 22 women were reported in the “other duties” category.

The incidence of female presence remains prevalent. At the headquarters in Italy it accounts for 66%, in stores in Italy for over 80% and in foreign stores for 88%.

At the points of sale, it should be noted that over 51% of Store Managers in Italy are

female, a slight increase compared to 2021, and the figure for other countries is confirmed at around 80%.

As regards “corporate” roles, at managerial level the incidence of female presence is reduced to 24% (up compared to 20% in 2021) in Italy and to 27% at foreign offices. If middle management roles are included, the percentage rises to 38% at Group level.

06 Details

The number of people belonging to the protected categories is 251, of which 58 are men and 193 are women.

Table 21

Permanent workforce in Italy by gender and age group²⁹

	2022			2021		
	Men	Women	Total	Men	Women	Total
<24	16	52	68	8	26	34
24-37	474	1,470	1,944	483	1,440	1,923
38-50	443	2,106	2,549	422	2,096	2,518
>50	452	1,488	1,940	448	1,399	1,847
TOTAL	1,385	5,116	6,501	1,361	4,961	6,322

Table 22

Permanent workforce in other countries by gender and age group³⁰

	2022			2021		
	Men	Women	Total	Men	Women	Total
<24	-	8	8	-	8	8
24-37	20	66	86	55	94	149
38-50	162	135	297	127	123	250
>50	16	23	39	12	15	27
TOTAL	198	232	430	194	240	434

The majority of Group personnel with permanent contracts are in the 38 to 50 age group. OVS continues to represent

an employment opportunity for older age groups, despite having a business model typically aimed at younger staff.

Table 23

Breakdown of permanent workforce by Full-Time/Part-Time work status

TYPE OF CONTRACT	2022			2021		
	Men	Women	Total	Men	Women	Total
FULL-TIME EMPLOYEES	1,534	3,461	4,995	1,508	3,300	4,808
PART-TIME EMPLOYEES	46	1,862	1,908	43	1,860	1,903
TOTAL	1,580	5,323	6,903	1,551	5,160	6,711

Table 24

Breakdown of fixed-term workforce by Full-Time/Part-Time work status

TYPE OF CONTRACT	2022			2021		
	Men	Women	Total	Men	Women	Total
FULL-TIME EMPLOYEES	184	728	912	208	932	1,140
PART-TIME EMPLOYEES	15	367	382	15	393	408
TOTAL	199	1,095	1,294	223	1,325	1,548

The type of activity in the OVS store network requires a flexible operating model with extensive use of part-time work. In fact, in continuity with last year, 28% of our staff work part time (2,290 people).

In 2022, as in previous years, the Group also made use of fixed-term employees and at the end of the year (31 January 2023) had 1,294 employees on fixed-term contracts.

06 Details

Human resources – Turnover

In 2022, the Group hired 2,797 people, with an incoming turnover³¹ of 34%, a slight increase compared to 2021.

Table 25

Recruitment by gender and incoming turnover

	2022			2021		
	Men	Women	Total	Men	Women	Total
BANGLADESH	2	-	2	2	-	2
CHINA	3	7	10	4	21	25
SPAIN	5	41	46	5	26	31
FRANCE	5	6	11	-	-	0
CROATIA	-	7	7	-	10	10
INDIA	-	-	0	1	2	3
ITALY	466	2,228	2,694	403	2,205	2,608
PAKISTAN	-	-	0	1	-	1
SERBIA	7	20	27	4	26	30
TURKEY	-	-	0	-	-	0
TOTAL	488	2,309	2,797	420	2,990	2,710
% ON TOTAL RECRUITMENT	17%	83%		15%	85%	
INCOMING TURNOVER RATE	27%	36%	34%	24%	35%	33%

Table 26

Recruitment by age group and incoming turnover

AGE GROUP	2021									
	<24		24-37		38-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
BANGLADESH	-	-	2	-	-	-	-	-	2	0
CHINA	-	-	2	12	2	7	-	2	4	21
SPAIN	1	-	4	22	-	4	-	-	5	26
FRANCE	-	-	-	-	-	-	-	-	0	0
CROATIA	-	3	-	5	-	2	-	-	0	10
INDIA	-	-	-	-	-	-	-	-	0	0
ITALY	76	543	255	1,282	54	285	18	95	403	2,205
PAKISTAN	-	-	-	-	1	-	-	-	1	0
SERBIA	-	2	3	19	1	5	-	-	4	26
TURKEY	-	-	-	-	-	-	-	-	0	0
TOTAL	77	548	266	1,341	59	304	18	97	420	2,710
% ON TOTAL RECRUITMENT	3%	20%	10%	49%	2%	11%	1%	4%	15%	85%
INCOMING TURNOVER RATE	4%	8%	15%	21%	3%	5%	1%	1%	24%	35%

2022										
AGE GROUP	<24		24-37		38-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
BANGLADESH	-	-	-	-	-	-	2	-	2	0
CHINA	-	1	-	1	3	2	-	3	3	7
SPAIN	0	4	4	23	1	13	0	1	5	41
FRANCE	3	1	1	5	1	0	0	0	5	6
CROATIA	0	2	0	5	0	0	0	0	0	7
INDIA	-	-	-	-	-	-	-	-	0	0
ITALY	104	632	282	1,239	73	299	7	58	466	2,228
PAKISTAN	-	-	-	-	-	-	-	-	0	0
SERBIA	0	4	1	0	5	8	1	8	7	20
TURKEY	-	-	-	-	-	-	-	-	0	0
TOTAL	107	644	288	1,273	83	322	10	70	488	2,309
% ON TOTAL RECRUITMENT	4%	23%	10%	46%	3%	12%	0.4%	3%	17%	83%
INCOMING TURNOVER RATE	6%	10%	16%	20%	5%	5%	1%	1%	27%	36%

In 2022, outgoing turnover³² was 35%, an increase compared to 2021, although the turnover rate is aligned with the reference sector, the Group has launched a process to improve welfare and induction policies with the aim to increase the retention rate.

Considering the Group's outgoing turnover for permanent staff, the turnover dropped to 8% in line with last year.

Table 27

Terminations by gender and outgoing turnover

	2022			2021		
	Men	Women	Total	Men	Women	Total
BANGLADESH	3	-	3	4	-	4
CHINA	8	3	11	4	30	34
SPAIN	6	51	57	4	32	36
FRANCE	-	-	0	-	-	0
CROATIA	-	12	12	2	28	30
INDIA	-	1	1	-	1	1
ITALY	466	2,286	2,752	294	1,360	1,654
PAKISTAN	-	-	0	-	-	0
SERBIA	7	16	23	4	24	28
TURKEY	-	-	0	-	-	0
TOTAL	490	2,369	2,859	312	1,475	1,777
% OF TOTAL TERMINATIONS	17%	83%		17%	83%	
OUTGOING TURNOVER RATE	28%	37%	35%	18%	23%	22%

Table 28

Terminations by age group and outgoing turnover

2021										
AGE GROUP	<24		24-37		38-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
BANGLADESH	-	-	2	-	2	-	-	-	4	0
CHINA	-	-	2	9	2	15	-	6	4	30
SPAIN	1	16	3	12	-	4	-	-	4	32
FRANCE	-	-	-	-	-	-	-	-	0	0
CROATIA	2	1	-	27	-	-	-	-	2	28
INDIA	-	-	-	1	-	-	-	-	0	1
ITALY	40	296	193	790	37	157	24	117	294	1,360
PAKISTAN	-	-	-	-	-	-	-	-	0	0
SERBIA	-	2	4	16	-	6	-	-	4	24
TURKEY	-	-	-	-	-	-	-	-	0	0
TOTAL	43	315	204	855	41	182	24	123	312	1,475
% OF TOTAL TERMINATIONS	2%	18%	11%	48%	2%	10%	1%	7%	17%	83%
OUTGOING TURNOVER RATE	2%	5%	11%	13%	2%	3%	1%	2%	18%	23%

2022										
AGE GROUP	<24		24-37		38-50		>50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
BANGLADESH	-	-	-	-	3	-	-	-	3	0
CHINA	-	1	6	-	-	1	2	1	8	3
SPAIN	1	2	5	33	-	14	-	2	6	51
FRANCE	-	-	-	-	-	-	-	-	0	0
CROATIA	-	2	-	3	-	7	-	-	0	12
INDIA	-	-	-	-	-	1	-	-	0	1
ITALY	84	567	285	1,270	67	316	30	133	466	2,286
PAKISTAN	-	-	-	-	-	-	-	-	0	0
SERBIA	-	6	6	8	1	-	-	2	7	16
TURKEY	-	-	-	-	-	-	-	-	0	0
TOTAL	85	578	302	1,314	71	339	32	138	490	2,369
% OF TOTAL TERMINATIONS	3%	20%	11%	46%	2%	12%	1%	5%	17%	83%
OUTGOING TURNOVER RATE	5%	9%	17%	20%	4%	5%	2%	2%	28%	37%

Human resources – Parental leave

In 2022, 166 employees took parental leave. Return to service after parental leave was 93%, while the retention rate was 86%.

Table 29

Return to work and job retention after parental leave in Italy³³

	2022			2021		
	Men	Women	Total	Men	Women	Total
EMPLOYEES ENTITLED TO PARENTAL LEAVE (NO.)	45	180	225	44	189	233
EMPLOYEES WHO HAVE TAKEN PARENTAL LEAVE (NO.)	6	160	166	2	159	161
EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF PARENTAL LEAVE (NO.)	5	150	155	2	145	147
EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF PARENTAL LEAVE AND ARE STILL EMPLOYED 12 MONTHS AFTER THEIR RETURN (NO.)	1	126	127	3	149	152
TOTAL RETURN RATE (%)	83%	94%	93%	100%	91%	91%
TOTAL RETENTION RATE (%)	50%	87%	86%	75%	86%	85%

Human resources – Training

OVS considers training a strategic resource for professional and personal growth; the Group has always believed that the development of skills is a fundamental element for a successful company.

The training areas involve the entire production process and all areas within the Group. Training includes the so-called “transversal skills”, as well as team working skills and a propensity for change, which are essential for operating within a Group

in which competitiveness represents a lever for development.

The activities developed are mainly structured in the classroom, on-the-job training, project work and social learning. The main development paths are both inherent to cross-company competencies, such as health and safety, code of ethics, soft skills and language courses, and specific to the role held within the company, i.e. courses dedicated to managers or for professional development.

Table 30

Training hours by geographical area

	2022		2021	
	Total hours of training	Average hours per employee	Total hours of training	Average hours per employee
ITALY	202,159	26	88,573	11.3
CHINA	591	5.8	372	3.6
SPAIN	920	17.7	752	11.9
FRANCE	40	3.6	--	-
CROATIA	-	-	6	0.1
BANGLADESH	285	2.8	240	2.3
INDIA	60	1.2	60	1.2
PAKISTAN	192	16	-	-
TURKEY	34	4.3	-	-
TOTAL	204,281	24.9	90,003	10.9

During 2022, approximately Euro 480,000 was invested in training. During the year, an average of 24.9 hours of training were provided per employee (compared to 10.9 in 2021), for a total of over 204,281 hours of training (compared to 90,003 in 2021).

The hours provided are significantly increased compared to 2021, as programs involving all store teams “the customer at the centre of omnichannel” have been launched for the OVS and UPIM brands with the aim of strengthening customer relationship skills.

Table 31
Average hours of training by professional category and gender³⁴

	2022					
	Men		Women		Total	
	Hours	Average hours	Hours	Average hours	Hours	Average hours
MANAGERS - EXECUTIVES	1,737	23	320	13	2,057	20
PROFESSIONALS - MANAGERS	1,730	16	2,484	29	4,214	22
EMPLOYEES - OFFICE WORKERS	2,042	7	6,087	10	8,129	9
STORE MANAGERS	18,725	61	23,486	71	42,211	66
OTHER DUTIES	15,953	20	131,718	31	147,671	29
TOTAL	40,186		164,095		204,281	

The Group places great importance on training according to the training-on-the-job model, especially at points of sale, where there is a clear prevalence of female staff. This type of training is excluded from the data shown in the table above, in line with the GRI standard.

Even in some of the foreign locations, only on-the-job training was provided during 2022.

Table 32
Hours of training by type

	2022			2021		
	Men	Women	Total	Men	Women	Total
MANAGERIAL TRAINING	5,174	7,240	12,414	9,062	8,512	17,574
PROFESSIONAL TRAINING	22,480	112,170	144,650	7,563	10,972	18,535
LINGUISTIC TRAINING	60	780	840	531	700	1,231
TRAINING ON CODE OF ETHICS (231 ORGANISATIONAL MODEL, ETC.)	331	1,410	1,741	486	1,933	2,419
HEALTH AND SAFETY TRAINING	5,706	20,002	25,708	4,755	18,591	23,346
OPERATION	4,766	9,270	14,036	7,044	12,417	19,461
SOFT SKILLS	1,669	3,224	4,893	2,263	5,174	7,437
TOTAL	40,186	164,096	204,281	31,704	58,299	90,003

Table 33

Number of employees trained by gender and professional category

	2022			2021		
	Men	Women	Total	Men	Women	Total
MANAGERS - EXECUTIVES	67	31	98	69	21	90
PROFESSIONALS - MANAGERS	92	91	183	86	88	174
EMPLOYEES - OFFICE WORKERS	316	774	1,090	252	622	874
STORE MANAGERS	377	416	793	315	399	714
OTHER DUTIES	727	4,911	5,638	595	2,920	3,515
TOTAL	1,579	6,223	7,802	1,317	4,050	5,367
% OF TOTAL WORKFORCE	89%	97%	95%	74%	62%	65%

*Human resources – Remuneration*³⁵

Over time, great attention has been paid to being an equal opportunity employer, not only in hiring, but also in the periodic salary review process.

Each year, the process of defining the remuneration plans considers different variables such as: individual results, individual paths and the benchmark with other realities through market studies. This process includes, among other things, establishing variable compensation plans primarily for headquarters and sales managerial roles tied to individual or team performance and with an access threshold linked to overall company results.

The assessment of sustainability performance concerns first and foremost

the Chief Executive Officer, in fact, from 2020 his annual variable component is linked not only to economic, financial and operational objectives, but also to non-financial strategic objectives. These have an overall weight of 30% and include the launch of other initiatives aimed at laying the foundations for other value creation channels including: increasing traffic and conversion rates at points of sale, improving the company's sustainability profile as perceived by end consumers and measured on criteria set by rating agencies, and continuing the Group's organic and inorganic growth.

Please refer to the Remuneration Report for details of the CEO's pay mix and the gross remuneration detailed on the basis of the offices of the other Board members.

As of 2021, a specific indicator has been included for a sustainability target that determines 20% of the variable remuneration of specific managerial figures (logistics, import, product managers and PM) linked to product development.

As a complement to the salary, all OVS employees are offered a supplementary pension fund with free membership and a health care program guaranteed to all

employees regardless of the type of contract (fixed-term/permanent and part-time/full-time). All collaborators are offered various agreements with gyms, fitness centres and shopping opportunities made available through a dedicated web portal.

In detail, the OVS remuneration policy ensures that the minimum entry wage is equal for men and women in full compliance with equal opportunities.

Table 34

Comparison of minimum entry wage between women and men

	2022		2021	
	Men	Women	Men	Women
STANDARD SALARY FOR NEW RECRUITS (EURO)	21,198	21,198	21,198	21,198
MINIMUM WAGE IN ITALY (EURO)	21,198	21,198	21,198	21,198
STANDARD MINIMUM WAGE RATIO BY GENDER TO MINIMUM WAGE IN ITALY	1	1	1	1

In order to ensure better comparability of average salaries by gender for the same role, the roles used in the previous tables have been partially reclassified to take account of certain peculiarities of the company's managerial structure.

From reading the table below, the gender-related salary gap at the managerial level (Executives and Middle management) is not significant. Therefore, the pay gap is in continuity with 2021 and does not show any particularly critical situations, but suggests a substantial gender pay balance.

Table 35

Gender pay-gap on average gross annual salary (RAL) by professional category and gender Italy (headquarter roles)

	2022	2021
NON-EXECUTIVE MANAGERS	1	1
MIDDLE MANAGEMENT	1	1
SPECIALIST	0.9	0.9
STORE MANAGERS	0.9	0.9
OTHER STORE ROLES	1	1

The “Executive” category was the subject of new additions of figures with a lower salary package than the incumbents due to lower seniority. Being a grouping of a limited number of people, the figure is unrepresentative. For the sake of completeness, however, the salary ratio of this category in 2022 is 0.8. The “Specialist” category includes a wide variety of roles, specialisations and company seniority. Therefore, the analysis of the gender pay-gap is influenced by an uneven distribution of genders and pay across multiple company functions.

Detailing the analysis by contractual categories and homogeneous company functions, the salary ratio between women and men in the “Specialist” category is 1. As already pointed out in 2021, as far as the role of Store Manager is concerned, there is still an aggregate gender pay-gap of 10%, which is impacted by a rather outdated pay setting. In fact, over the last 10 years the gap has narrowed to zero for seniority of less than 5 years. There remains a significant gender pay-gap for seniority over 10 years due to situations linked to the market context in which OVS operated.

Table 36

Gender pay-gap on average gross annual salary (RAL) for Store Managers Italy

LENGHT OF SERVICE (IN YEARS)	2022	2021
<5	1	1
5-10	0.9	0.9
10+	0.8	0.8

*Human resources – Health and safety*³⁶

OVS has set up a Prevention and Protection Service, as required by law, and in accordance with Article 17, letter b, paragraph 4 of the T.U.S. (Consolidated Health and Safety Law), has appointed an external Prevention and Protection Service Manager (RSPP), who has the requirements of professionalism, experience and training. The specific competences and attributions of the RSPP, designated by the employer to whom he answers and whose service the Employer avails himself of, consist in the coordination of the Risk Prevention and Protection Service, whose tasks in particular consist in:

- identifying risk factors, assessing risks and identifying measures for the safety and healthiness of work environments, in compliance with current legislation, based on specific knowledge of the company organisation;
- drawing up, to the extent of its competence, the preventive and protective measures resulting from the risk assessment (RAD) and the control systems for such measures;
- developing safety procedures for the various company activities;
- offering training and information programs for workers;
- participating in consultations on occupational health and safety protection, as well as regular annual safety protocol meetings;
- providing workers with information:
 - on the occupational health and safety risks associated with the company's activities in general;
 - on first aid, fire-fighting and evacuation procedures;
 - concerning the names of the workers in charge of first aid and fire prevention and of the competent doctor.



The management methods described below are also the subject of specific instructions for subsidiaries, which implement them taking into account the specific local regulatory features.

Occupational Safety Management System

It should be noted in particular that, in line with the provisions of the Safety Consolidation Act (Legislative Decree 81/2008), the Risk Prevention and Protection Service (i.e. the set of people, systems and means, external or internal to the company, aimed at preventing and protecting workers from occupational risks) has taken steps, improving its effectiveness over time, to implement a Workplace Safety Management System that provides, in addition to compliance with current regulations, the performance of a series of activities, coordination meetings and checks aimed at ensuring periodic monitoring of the state of worker safety in the workplace. Consistent with the provisions of Legislative Decree 81/2008, OVS has followed the UNI INAIL Guidelines for the drafting of the procedures of its own Occupational Safety Management System.

Risk assessment and identification of health and safety protection measures

The employers, in collaboration with the prevention and protection service manager ("RSPP") and with the competent doctor, after consulting the safety representative (where present), carry out the risk assessment and prepare the Risk Assessment Documents (hereinafter also "RAD") in compliance with the provisions of the law in force and the company safety policy. These documents are prepared both for the Company's headquarters and for each Point of Sale (or warehouse, if any) and are kept respectively at the headquarters or at the POS (or warehouse) concerned.

The document contains: a report on the assessment of the risks to health and safety at work, the identification of the prevention and protection measures adopted on the basis of the assessment carried out and the individual protection devices used, the program of measures considered appropriate to guarantee the improvement of safety levels over time, the identification of the procedures for implementing the measures to be implemented as well as the roles within the company organisation that must provide for them, the indication of the name of the prevention and protection service manager, of the workers' safety representative or of the territorial representative and of the competent doctor who participated in the risk assessment, and finally the identification of the tasks that may expose workers to specific risks that require recognised professional skills, specific experience, adequate education and training. The Risk Assessment Documents are updated whenever there is a substantial change in the work activity.

Emergency management activities and first aid activities

In consideration of the fact that OVS carries out activities with a low risk of triggering and with a low presence of manual activities, procedures have been adopted for the management of emergencies aimed mainly at prevention, a prompt request for intervention to the bodies in charge (e.g. Fire Brigade, etc.), a definition of tasks and responsibilities in the management of emergencies, as well as a rapid evacuation of the premises in case of need. The emergencies for which the procedures have been implemented are: lack of electricity, start of fire, alarm from smoke detector system, alarm from automatic fire extinguishing system (sprinkler), earth tremor, failure of the air conditioning system (ventilation).

Every year, the Manager in charge of Technical Services checks the state of implementation of the procedures and sends the Supervisory Board a report on the controls carried out. Inside the premises and the Points of Sale, the Company shall ensure that fire safety signs are placed on the emergency exits, fire extinguishers and fire hydrants. In addition, sound diffusion systems have been installed in order to emit messages aimed at the eventual evacuation of the unit and, finally, inside each unit there is a medication pack for first aid cases.

Periodic safety meetings

The periodic safety meeting is held annually and is attended by: the Employers, the RSPP, the competent doctor, the workers' safety representative (where present) and the Supervisory Board pursuant to Legislative Decree no. 231/01 which, however, is reported. During this meeting, the Company checks that the risk assessment document is up-to-date, the accident trend, the training and information programs and any measures to be implemented in the field of safety.

Health surveillance activities

Health surveillance shall be carried out by a competent doctor. For each worker subjected to health surveillance, the competent doctor shall keep under his responsibility a health record in which the results of the checks carried out shall be reported and the results of the health checks shall be attached. The doctor performs medical examinations prior to admission to work in order to ascertain the absence of contraindications to the task for which the worker is intended and to assess the suitability for the specific task.

Medical examinations, by and at the expense of the Company, include clinical and biological examinations and diagnostic

investigations aimed at the risk and deemed necessary by the competent doctor. The competent doctor shall visit the workplace at least twice a year, together with the Risk Prevention and Protection Service Manager.

Training and information activities

On the basis of the prevention and protection system adopted by the Company and in accordance with the provisions of Articles 36 and 37 of the T.U.S. (Consolidated Health and Safety Law), the Company carries out adequate training and information activities, as indicated in the tables above. Training and information activities focus in particular on: (i) the importance of the compliance of the Recipients' actions with the company's safety policy; (ii) the consequences of the conduct and activities to be carried out; (iii) the consequences in the event of deviation from safety regulations. Training activities are the responsibility of the Human Resources and Organisation Department, in collaboration with the RSPP and the Sales Department.

The implementation of training is delegated to Store Managers, with the exception of courses for the Safety Team, which are coordinated by the Technical Services and also carried out through external consultants. At the Headquarters level, training is provided at the time of hiring and is handled by the Human Resources and Organisation Department. In addition to the specific training activities on topics related to health and safety at work, OVS offers supplementary training programs, on a voluntary basis, for its employees. These programs cover training in first aid, healthy lifestyle, healthy eating, tobacco dependence reduction, and other topics updated annually. In addition, there is a free medical clinic at the headquarters available to staff.

Coordination and control activities in case of entrusting of works to third parties

In compliance with the provisions of Legislative Decree 81/2008, in the event of work being assigned within the company, or the production unit, to contractors or self-employed workers, the Technical Services staff, also in consultation with the Legal and Corporate Affairs Department shall:

- verify, also by means of registration with the chamber of commerce, industry and handicrafts, the technical-professional suitability of the contractors or self-employed workers in relation to the works to be entrusted under contract or work contract;
- provide the same parties with detailed information on the specific risks existing in the environment in which they are to operate and on the prevention and emergency measures adopted in relation to their activities;
- cooperate in the implementation of the measures of prevention and protection from the risks of occupational accidents that is the subject of the contract;
- coordinate the protection and prevention of risks to which workers are exposed, informing each other also in order to eliminate risks due to interference between the work of the various companies involved in the execution of the overall work.
- The integrated Risk Assessment Document (RAD) is attached to all contracts or their implementing documentation. The personnel of the contractor must be provided with a special identification card with a photograph, the employee's personal details and an indication of the employer. Workers are required to display this identification card.

During the fiscal year, there were 82 accidents at work (+17% compared to 2021), of which no serious accidents and no fatal accidents at work. It should also be noted that as far as OVS is concerned, there was no recognition of occupational diseases.



Table 37

Employee Accident Index Italy³⁷

	2022	2021
TOTAL HOURS WORKED	11,131,090	13,446,560
NO. OF EMPLOYEES ACCIDENTS (>1 DAY OF ABSENCE)	82	70
OF WHICH SERIOUS INJURIES	0	1
ACCIDENT FREQUENCY INDEX (NO. OF ACCIDENTS X 1,000,000/HOURS WORKED)	7.4	5.2
SERIOUS ACCIDENT FREQUENCY INDEX	0	0.1

During 2022, 27 non-serious injuries were recorded against 838,210 hours worked by external collaborators operating in the Pontenure warehouse, down compared to the 34 that occurred in 2021.

Human resources - Performance appraisal³⁸

In order to encourage the development of employees, a structured Performance Management system has been implemented, aimed at periodically

assessing work performance through formal meetings with managers to analyse the level of achievement of expected objectives and career growth. In general, OVS Performance Management involves periodic formal meetings with the manager, individual or group evaluations and observations in the field by the direct supervisors or by the staff of the human resources function.

Table 38

Number of people at headquarters receiving performance evaluations

	2022		2021	
	Men	Women	Men	Women
MANAGERS - EXECUTIVES	57	18	65	19
PROFESSIONALS - MANAGERS	98	83	91	77
EMPLOYEES - OFFICE WORKERS	134	497	266	574
TOTAL	289	598	422	670

Table 39
Number of people in stores receiving performance evaluations

	2022		2021	
	Men	Women	Men	Women
STORE MANAGERS	334	487	318	321
OTHER ROLES	47	87	-	-
TOTAL	381	574	318	321

Baseline 2019 Review

With reference to Scope 1 and Scope 2 emissions, as highlighted in the 2021 NFS, it was necessary to revise the calculation in order to integrate some methodological and corrective measures, in relation to the Carbon Footprint of the parent company.

OVS has always considered Scope 1 and 2 emissions from buildings under its operational control, even if it did not hold energy supply contracts, thus including the distribution centre and some stores.

However, while this is a prudent approach, in light of a more correct application of the reporting standards, it is hardly sustainable to include certain properties in one’s operational control if there is no possibility for OVS to decide on the origin of the energy supplied. The issues related to these types of real estate are more appropriately allocated to category 8 Upstream Leased Assets of Scope 3.

In the baseline year 2019, OVS’s direct electricity consumption amounted to 162,911 Mwh from supply contracts. In addition, OVS attributed estimated consumption of 19,710 Mwh to stores and the warehouse

for which it does not hold the contractual energy supply relationship. Excluding the latter consumption, therefore, the maximum possible emission of certificates to cover electricity included in Scope 2 is 162,911 Mwh. However, the energy suppliers cancelled Guarantee of Origin certificates for 166,846 Mwh, attributing to OVS a surplus of 3,935 Mwh of zero-emission electricity that should have contributed to Scope 3 emissions because it did not relate to directly generated consumption.

Scope 2 emissions in 2019 amounted to 8,009 tCO₂e of which 7,352 tCO₂e from non-renewable electricity consumption, 2 tCO₂e from biomass electricity and 655 tCO₂e from district heating.

In light of the above, the baseline year 2019 emissions are restated as follows:

- Scope 1: 11,489 tCO₂e (compared to 11,780. Reduction due to 291 tCO₂e referring to natural gas utilities not in the name of OVS);
- Scope 2: 658 tCO₂e (compared to 8,009 Reduced by the share of stores and the warehouse with electricity supply contracts not in the name of OVS and considering

only Guarantee of Origin Certificates attributable to direct consumption).

Similarly to 2019, the Scope 1 and Scope 2 issues of the years 2020 and 2021 were revised, in addition to the reporting year.

Environment - Energy consumption and emissions

The total energy consumption of the OVS Group, determined by the consumption of electricity and fossil fuels, amounts to 680,188 GJ. It should be noted that this value derives from direct consumption³⁹ of 608,476 GJ, of which 517,342 GJ came from renewable sources (85%), in particular from certified electricity. Renewable energy is currently purchased only in Italy, but the Group is considering extending it to foreign locations and stores.

Although considerable, OVS S.p.A’s energy consumption is nevertheless limited when compared to the consumption generated by its own supply chain. Based on Higg Analytics, 26,000,000 GJ of energy is consumed in the OVS supply chain, of which approximately 1,000,000 GJ is dedicated to garment production. Bangladesh is the area with the highest electricity consumption, given also the largest allocated production quantity and requires about 635,000 GJ.

It is noteworthy that energy consumption per square metre was reduced by 5% for stores, which are the main source of consumption, thanks to energy saving programs that mainly involved store staff.

The following tables show the electricity consumption generated directly by OVS.

Table 40
Aggregate energy consumption in Italy (GJ)⁴⁰

	2022					2021				
	Direct consumption		Indirect consumption		Total	Direct consumption		Indirect consumption		Total
	Head-quarters	Points of sale	Points of sale	Warehouse		Head-quarters	Points of sale ⁴¹	Points of sale	Warehouse	
ELECTRICITY	10,556	513,683	49,951	19,500	593,691	10,684	509,420	45,994	19,529	585,617
FOSSIL FUELS	2,296	47,191	211	2,050	51,747	2,671	55,392	173	5,198	63,434
DISTRICT HEATING	-	14,362	-	-	14,362	-	10,996	-	-	10,996
TOTAL	12,852	575,235	50,162	21,550	659,800	13,356	575,798	46,167	24,727	660,047
ENERGY/PERSONNEL (GJ/HC)	14		91	-	84.95	16		90	-	84.35
ENERGIA/MQ (GJ/MQ)	0.61		0.84	0.19	0.76	0.64		0.88	0.22	0.78

Table 41Aggregate energy consumption in other countries (GJ)⁴²

	2022			2021		
	Headquarters	Points of sale	Total	Headquarters	Points of sale	Total
ELECTRICITY	1,376	5,297	6,673	1,147	6,183	7,330
FOSSIL FUELS	664	212	876	709	252	961
DISTRICT HEATING	-	-	0	-	-	0
TOTAL	2,039	5,509	7,548	1,857	6,435	8,291
ENERGY/PERSONNEL (GJ/HC)	7	36	16	6	48	19
ENERGY/M2 (GJ/M2)	0.37	0.81	0.61	0.37	0.72	0.59

With regard to electricity consumption, it should be noted that most stores have automatic systems to monitor consumption relating to lighting and air conditioning systems. The constant monitoring of the data relating to the individual points of sale provides for the sending of reports regarding anomalies to the Technical Services Department, which can intervene accordingly.

In 2022, OVS produced 4,475 GJ of electricity from photovoltaic panels⁴³, in line with as produced the previous year. Renewable energy production is expected to increase significantly in the coming years, given the photovoltaic park installation program.

Since 2017, the requirement for electricity purchased directly by OVS in Italy has been covered by certified green energy by company policy. The total value of electricity from renewable sources is equal to 517,342 GJ out of 524,239 GJ (equal to 98%) of total consumption.

The difference between total electricity and that certified from renewable sources mainly refers to electricity consumption during the takeover stage in supply contracts for which the Guarantee of Origin coverage option has not yet been activated.

OVS continues on its path of eliminating directly consumed fossil fuels with a 17% reduction (62,520 GJ in 2022 vs. 75,768 in 2021).

Table 42

Consumption of fossil fuels in Italy (standard m3 for Methane, Lt for Diesel, Petrol and LPG)

	2022					2021				
	Direct consumption		Third-party consumption		Total	Direct consumption		Third-party consumption		Total
	Headquarters	Points of sale	Points of sale	Warehouse		Headquarters	Points of sale	Points of sale	Warehouse	
NATURAL GAS	67,762	842,447	5,870	57,112	968,191	77,897	992,014	5,046	151,585	1,226,542
HEATING OIL	1,200	465,654	-	-	466,854	-	586,864	-	-	586,864
LPG	-	8,800	-	-	8,800	-	9,200	-	-	9,200
AUTOMOTIVE PETROL	28,482	-	-	-	28,482	20,699	-	-	-	20,699
AUTOMOTIVE DIESEL	337,047	-	-	-	337,047	474,445	-	-	-	474,445

The significant change in natural gas consumption noted for the warehouse is due to an adjustment that took place in 2021. The consumption of fossil motor fuels is calculated by allocating 80% of the consumption of company cars assigned for personal use to company employees and 100% of other consumption related to refuelling on business trips or for service cars.

In 2022, OVS's Scope 1 emissions in Italy were 8,050 tCO₂e⁴⁴ down 22% from 2021 and 29% from baseline 2019.

This change is the result of the actions developed in the decarbonisation strategy, thanks to the replacement of some diesel boilers with heat pump systems, an improvement in the car fleet, which recorded a 3% reduction in fuel consumption per km, and a preventive maintenance program to reduce fugitive HFC gas emissions.

Table 43
Scope 1 emissions in Italy (tCO₂e)

		2022	2021 ⁴⁵
STATIONARY COMBUSTION	Natural gas	1,825	2,163
	Heating oil	1,288	1,619
	LPG	14	14
MOBILE COMBUSTION	Automotive petrol	62	45
	Automotive diesel	862	1,192
FUGITIVE EMISSIONS	Coolant gases	4,000	5,258
TOTAL		8,050	10,291

Scope 1 emissions for the foreign perimeter amounted to 68 tCO₂e mainly due to consumption of heating oil (compared to 70 tCO₂e in 2021). As far as Scope 2 emissions are concerned, in Italy we recorded an absolute reduction of 26%.

Table 44
Scope 2 emissions (tCO₂e) - Market based in Italy⁴⁶

	2022	2021
NON-ZERO EMISSION RENEWABLE ELECTRICITY	293	293
NON-RENEWABLE ELECTRICITY	839	1,628
DISTRICT HEATING	681	521
TOTAL	1,812	2,443

Table 45
Scope 2 emissions (tCO₂e) - Market based in other countries⁴⁷

	2022	2021
NON-RENEWABLE ELECTRICITY	764	645

Scope 2 location-based emissions in 2022 amount to 39,022 tCO₂e in Italy and 621 tCO₂e abroad. Thanks to the purchase of certified renewable energy by OVS, emissions into the atmosphere of 37,066 tCO₂ have therefore been prevented.

OVS periodically analyses Scope 3 emissions, in order to better understand the impacts that it induces in its value-chain and to define the most effective strategies to reduce the overall carbon footprint.

Table 46
Scope 3 emissions (tCO₂e)

CATEGORY	DESCRIPTION	2022	2021
1. PURCHASE OF GOODS AND SERVICES	Raw materials, processing, packaging, point of sale accessory materials	300,992	328,760
2. CAPITAL GOODS	Increase in Tangible assets	55,304	53,558
3. FUEL AND ENERGY RELATED ACTIVITIES	Energy life cycle emissions	9,667	6,133
4. UPSTREAM AND DOWNSTREAM TRANSPORTATION	Inbound and outbound transport	15,095	22,281
5. WASTE GENERATED IN OPERATIONS	Disposal of point-of-sale, headquarters and warehouse waste	9,204	8,752
8. LEASED/RENTED ASSETS	Energy consumption from non-OVS contracts	6,347	5,874
12. END-OF-LIFE TREATMENT OF SOLD PRODUCTS	Consumer disposal of end-of-life products	17,727	17,553
13. LEASED/RENTED ASSETS	Energy consumption from non-OVS contracts	2,057	2,293
14. FRANCHISES	Emissions related to energy consumption of affiliated stores	9,843	8,190
TOTAL		426,237	453,394

As announced in last year’s reporting, issues in the categories “8 Upstream leased assets” and “13 Downstream leased assets” that were previously allocated to Scope 1 and 2 were added, based on what was described under “Baseline 2019 Review”.

The “6 Business Travel” and “7 Employee commuting” categories are insignificant, representing less than 1% of total emissions. Categories “9 Downstream transportation and distribution”, “10 Processing of sold products”, “13 Downstream leased assets” and “15 Investments” are not applicable. The category “11 Use of sold products” is excluded as it is optional for the clothing sector, since there are no direct emissions attributable to the use of the product but only indirectly through the care of the garment.

Overall Scope 3 emissions were reduced by 6% compared to the previous year. OVS has defined Scope 3 emission

reduction targets on categories that are particularly relevant and where there is significant scope for action.

As can be seen from the following table, thanks to an improved raw materials portfolio with a greater selection of low-impact materials and the reduction in the incidence of shipments by air, Scope 3 emissions decreased by 11% compared to 2019, substantially in line with the target of 12.6% defined by the objectives approved by SBTi. Considering the reduction per kg of product, the reduction is 12%.

The significant reduction in transport emissions comes from the almost complete elimination of air transport. The slight upward shift from 2021 in emissions related to purchased Goods and Services should be read in light of the fact that in 2022, some purchases of finished goods were brought forward compared to the normal procurement curve typically adopted.

Table 47
Scope 3 emissions covered by the reduction plan (tCO₂e)

	2022	2021	BASELINE 2019
1. PURCHASED GOODS AND SERVICES⁴⁸	251,210	244,767	268,678
4. UPSTREAM TRANSPORTATION AND DISTRIBUTION⁴⁹	15,095	22,281	29,284
TOTAL	266,305	267,048	297,962
CHANGE VS PREVIOUS YEAR	-0.3%		
CHANGE VS BASELINE	-11%		

OVS’s approach to Carbon Neutrality
OVS is committed to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), publishing within this document and future reporting the actions and progress, in relation to the 4 areas of the framework: Governance, Strategy, Risk Assessment and Metrics & Targets.

Governance: as highlighted in the materiality analysis, the Fight against climate change and the management of the Group’s environmental footprint was assessed, both internally and by the stakeholders involved, as one of OVS’s main priorities. In line with these results, an Environmental and Local Community Policy has been adopted, which expresses the commitment to make every person who works with OVS, in any capacity, aware of the impact of its activities on the climate and to involve them in activities to reduce their contribution to climate change. As with all sustainability issues, the decisions and actions to be taken in relation to climate change are supervised and approved by the Control, Risk and Sustainability Committee (see the “Sustainability governance” section), and are formalised in a Sustainability Plan, updated in 2021;

Strategy: the Group’s new sustainability strategy was defined and approved in 2020, thanks also to the use of ad hoc tools, such as the B Impact Assessment and the SDG Action Manager, for which reference should be made to the “Sustainability Strategy” section. The Group’s commitment to fighting climate change is formalised in particular within the two pillars “Products and Supply chain” and “Sustainable stores”, which are considered the major environmental footprint areas for OVS

and for which specific qualitative and quantitative improvement objectives have been established;

Risk Assessment: in 2020, OVS started a risk assessment process according to the recommendations of the TCFD, thus analysing physical risks and transition risks arising from climate change phenomena in relation to the fashion sector and the characteristics of the business. The results of this process, which we intend to improve in the years to come, are integrated into the description of the methods for managing non-financial risks;

Metrics & Targets: in October 2021, 2030 emission reduction targets were established and approved by Science Based Targets Initiative. Reduced emissions refer to Scope 1&2 and Scope 3 limited to the “Purchased Goods and Services” and “Upstream Transportation and Distribution” categories, taking 2019 as the base year for the inventory and for future emissions monitoring.

Environment – Water consumption
The direct use of water by OVS is very limited, as it does not directly manage the production activity. However, a staff awareness program has been initiated that includes communication materials specifically designed and placed in areas where most of the water is consumed (snack areas, bathrooms).

In addition, an awareness program was launched on the conscious use of water resources, dedicated to store managers, concerning a 10% water reduction plan.

With reference to production activities, OVS has always been committed to reducing the impacts associated with its products, through research into virtuous materials and production processes that allow a lower use of natural resources, in particular water. In fact, one of the main risk categories related to product development is water consumption, for which pervasive solutions have been studied and implemented with respect to the OVS collection. A plan has been established to use water-efficient processes for 100% of denim by 2025. In 2022, over 50% of the denim assortment is made with water-efficient systems using technologies such as

reverse osmosis systems to recycle wastewater, reduced liquor ratio jet dyes and/or ozone bleaching.

In 2022, the water consumption of the OVS Group was 596,634 cubic meters, up by 2.4% compared to 2021.

99% of direct water consumption is concentrated in Italy, with a consumption of 588,313 cubic meters. Compared to last year, the water consumption figures for the warehouse are shown in the table. It should be noted, however, that this consumption stems from a contract not in the name of OVS.

Table 48
Fresh water consumption (m3)⁵⁰

	2022			2021		
	Groundwater	Third-party waters ⁵¹	Total	Groundwater	Third-party waters	Total
HEADQUARTERS	-	30,397	30,397	160	28,140	28,300
STORES	80,693	477,223	557,917	84,552	463,853	548,405
WAREHOUSE	-	8,320	8,320	-	5,518	5,518
TOTAL	80,693	515,940	596,634	84,712	497,510	582,222

Water data were calculated from the readings of the relevant meters where these were available. For the remainder, consumption has been estimated using an average per square metre which, for Italy, excludes stores with special characteristics (e.g. evaporation towers, condensation systems), for which the precise figure is used instead.

The water used is mainly taken from municipal water networks. As far as water consumption in Italy is concerned, it is necessary to point out that the data recorded at the points of sale consists of the sum of consumption directly attributable to OVS and other consumption, not attributable to it, which cannot be measured at the moment.

This circumstance arises in cases where OVS sub-contracts part of the premises to third parties, without the installation of a dedicated meter to measure the consumption of the third party. OVS recharges the aforementioned consumption in a way which is not necessarily related to the actual consumption.

It should also be noted that some of the Group's offices and stores are located in areas of the world with a high water risk (water stress indicator). For the determination of consumption in the above areas OVS uses the Aqueduct Tool developed by the World Resources Institute⁵². Water consumption occurring in geographic areas with a Water Stress factor classified as "extremely high" and "high" scarcity is considered. According to the analysis conducted, 370,053 cubic meters of water withdrawn (65% of total consumption) came from water stressed regions.

On the other hand, with regard to the water used in our supply chain, consumption was estimated, applying the ReCipe2016 method to the basis of the Eco Value calculation. The resulting consumption is approximately 35 million m3 (of which about 90% in the production of materials and 10% in subsequent processing).

Although in line with sector data, these indicators require OVS to pay particular attention to initiatives to reduce water consumption along the entire value chain. In addition to the impacts in terms of water withdrawals, the textile sector is responsible for much of the production of industrial wastewater that can sometimes be contaminated with hazardous chemicals. For this reason, OVS has included a specific section in the Code of Conduct which requires its suppliers to comply with the limits expressed in the Manufacturing Restricted

Substance List of ZDHC (an international program whose acronym stands for Zero Discharge of Hazardous Chemicals) regarding the detection of chemical substances in waste water. Consistently with this commitment, OVS has activated a program to monitor its suppliers by collecting and reviewing the tests carried out on the wastewater and, in the event of critical issues, it initiates a constructive collaboration to research the causes and identify solutions.

Environment - Waste⁵³

In recent years, OVS has paid increasing attention to the containment of waste produced throughout the production cycle, and some important actions have been undertaken:

- since 2013, we have been collecting used clothing in store, and up to 2022, over 1,300 tonnes of garments have been collected, giving them a second life through reuse in used clothing markets or, ultimately, through recycling processes;
- the life cycle of packaging has been optimised through the use of poly bags made of recycled plastic and more efficient management of hangers, also made of recycled plastic;
- secondary packaging used in distribution process logistics is reused multiple times to reduce paper waste;
- "green purchasing" policies have been adopted that envisage the prevalent use of recycled or FSC-certified paper.

In addition, a program to raise the awareness of headquarters staff on environmental issues and a plan of operational actions affecting all Group operations have been implemented.

Below is the amount of waste generated in 2022, which is equal to 11,005 tonnes.

06 Details

Table 49

Total waste production (tonnes)

	2022			2021		
	Warehouses	Headquarters	Stores	Warehouses	Headquarters	Stores
TOTAL WASTE	3,769.22	70.87	7,165.25	4,008.29	76.82	6,709.71

The information shown in the table above has been determined on the basis of actual data for the headquarters, warehouses and part of the store network.

Table 50

Non-hazardous waste production (tonnes)

	2022			2021		
	Warehouses	Headquarters	Stores	Warehouses	Headquarters	Stores
PAPER AND CARDBOARD	3,312.46	40.36	2,456.86	3,479.04	39.38	2,990.83
MIXED PACKAGING	454	27.18	2,466.44	522.25	6.97	2,311.53
PLASTIC	-	-	1,990.58	-	-	1,183.98
CLOTHING	-	-	0.02	-	-	0.64
WOOD	3	-	8.51	7	-	1.84
TONER	-	-	3.24	-	0.01	4.15
METAL-IRON AND STEEL	-	-	17.36	-	-	6.70
NON-HAZARDOUS BATTERIES	-	0.11	0.19	-	0.13	0.15
BULKY WASTE	-	-	200.15	-	-	200.10
DISCONTINUED EQUIPMENT	-	2.32	7.28	-	2.30	4.89
GLASS	-	0.34	0.67	-	0.16	-
UNDIFFERENTIATED⁵⁴	-	-	7.11	-	12.60	0.80
ORGANIC⁵⁵	-	-	-	-	14.40	-
GASES IN PRESSURE CONTAINERS⁵⁶	-	-	0.103	-	-	-
OTHER MATERIALS⁵⁷	-	-	1.91	-	-	-
TOTAL	3,769.22	70.31	7,160.42	4,008.29	75.95	6,705.62

The increases in waste wood, metal, iron, steel and glass are due to a more accurate sorting of materials that were previously included in the bulky waste item.

Table 51

Hazardous waste production (tonnes)

	2022			2021		
	Warehouses	Headquarters	Stores	Warehouses	Headquarters	Stores
DANGEROUS BATTERIES	-	-	0.63	-	-	-
FLUORESCENT TUBES	-	0.26	2.45	-	0.07	2.63
CFC-CONTAINING EQUIPMENT	-	-	0.03	-	-	0.07
DISCONTINUED EQUIPMENT	-	0.30	1.44	-	0.80	1.30
PPE⁵⁸	-	-	-	-	-	0.01
PAINTS AND VARNISHES CONTAINING ORGANIC SOLVENTS OR OTHER DANGEROUS SUBSTANCES	-	-	0.08	-	-	0.09
ORGANIC WASTE CONTAINING DANGEROUS SUBSTANCES⁵⁹	-	-	0.11	-	-	-
ABSORBENTS, FILTER MATERIALS⁶⁰	-	-	0.05	-	-	-
PACKAGING CONTAINING RESIDUES OF DANGEROUS SUBSTANCES⁶¹	-	-	0.04	-	-	-
TOTAL	0	0.56	4.83	0	0.87	4.09

As regards the methods of disposing of the waste generated by the Group, 89% of the waste produced was sent for recycling, whilst approximately 5% was sent for incineration

with energy recovery. Approximately 6% goes to thermal disposal and the remaining 0.04% goes to landfill.

Table 52
Disposal and recovery method (tonnes)

	2022			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
RECYCLING	4.80	9,805.36	9,810.16	4.42	9,618.08	9,622.50
INCINERATION (WITH ENERGY RECOVERY)	0.26	539.00	539.26	0.24	528.70	528.95
INCINERATION (WITHOUT ENERGY RECOVERY)	0.31	651.20	651.52	0.29	638.76	639.05
LANDFILLING	0.002	4.40	4.40	0.002	4.32	4.32
TOTAL	5.38	10,999.96	11,005.34	4.96	10,789.86	10,794.82

Regarding the production of waste along the supply chain, OVS has estimated an overall production of over 6,000 tonnes, thanks to a re-elaboration of data from Higg Analytics.

In general, the challenge for OVS in this area is to follow a new concept of production and consumption, moving from a linear input-output model to a circular one, in which each element has a new life, and can be regenerated. The basic principle is that what is not consumed is assimilated

in another process. Consistently with the objective of not dispersing the value of garments which have reached the end of their life, OVS's strategy of minimising stocks foresees that once the possibility of using commercial channels to sell the stock has been exhausted, OVS will resort to philanthropic channels such as the donation of garments to people in need or the response to international emergencies. Production samples are also recovered through donations to local charities or through staff-only in-house sales.

Table 53
Overview of pre-consumer waste re-use in 2022

QUANTITY	2022
CHARITY	164,978
STOCK	7,023,367
WASTE	36,443
REFURBISHED	10,852,548
TOTAL UNSOLD	18,077,336

OVS is also part of the Circular Fashion Partnership in Bangladesh, which has developed a new alliance between brands and manufacturers to make recycled materials from production waste. In this way, the production surpluses will provide the raw material for the creation of new collections, avoiding the dispersion into the environment of thousands of tonnes of unused fabrics and avoiding the impacts due to the production of new materials.

This program is being developed in collaboration with BGMEA (Bangladesh Garment Manufacturers and Exporters Association) and will later be expanded to other countries.

OVS constantly monitors the use of logistics packaging, reusing as much of it as possible. For many years now, it has been running the RIUTILIZZAMI (REUSE ME) project for the recovery and reuse of packaging used in the logistics centre and of packages sent to stores. During 2022, the REUSE ME Program resulted in the reuse of 1,906,727 cartons or 58% of the cartons received.

At the Pontenure warehouse, the process of reconditioning wooden transport pallets continued, involving the repair of damaged pallets in order to avoid their disposal as waste.

From 2021, primary product packaging has not used virgin plastic, having replaced it with cardboard or recycled plastic substrates.

Product and raw materials
More than 74% of the raw materials used in the production of OVS products come from renewable sources, up compared to 70% in 2021.



Table 54

Breakdown of materials (tonnes)⁶²

	DERIVED FROM RENEWABLE SOURCES	2022	%	2021	%
COTTON	Y	23,151	67.15%	21,410	67.06%
POLYESTER	N	5,502	15.96%	4,923	15.42%
VISCOSE	Y	1,409	4.09%	1,386	4.34%
ACRYLIC	N	1,254	3.64%	978	3.06%
POLYAMIDE	N	1,130	3.28%	1,081	3.39%
LINEN	Y	408	1.18%	225	0.70%
ELASTANE	N	343	0.99%	332	1.04%
WOOL	Y	192	0.56%	198	0.62%
POLYURETHANE	N	150	0.44%	173	0.54%
OTHER RENEWABLES	Y	695	2.01%	809	2.53%
OTHER NON-RENEWABLES	N	244	0.71%	400	1.25%
TOTAL		34,478	100.00%	31,915	100.00%

The increase in the quantity of materials was mainly due to a change in the timing of purchases, which led to a large part of the shipments of the Spring/Summer 2023 collection being brought forward, in order to avoid delays and to contribute to the reduction of emissions for air transport.

The main material is represented by cotton, which is sourced consistently with a sourcing policy that favours Better Cotton Initiative (BCI) certified crops, cotton from organic farming or recycled cotton. Specifically, in 2022, 1,683 tonnes of cotton come from organic crops.

This figure is down significantly from 2020 due to a general lack of availability of this material in the market. In addition, OVS's decision not to compromise on sourcing areas has led the company to exclude the possibility of sourcing from the Xinjiang region, an area that produces about 20% of cotton globally. This area is the subject of an international dispute in relation to the possible exploitation of the Uyghurs ethnic minority. The reduction in organic cotton has been offset by increased use of supply chains operating within the Better Cotton Initiative system.

In 2021, OVS obtained BCI (Better Cotton Claim Units) credits corresponding to 27,948 tonnes of cotton. Net of the processing waste along the supply chain, and together with the 81 tonnes of recycled cotton, this result made it possible to achieve 100% sourcing of cotton from more sustainable sources.

As for the other materials deriving from renewable sources, 61% of the viscose comes from FSC-certified cellulose sources, with a significant increase compared to 2021.

To improve the sustainability of its products made with non-renewable materials, OVS favours the choice of recycled fibres: 16% of polyester and 4% of polyamide, used in 2022, come from recycling processes.

Approximately 68% of the sales value ordered quantity, relating to house brand clothing, is made by an OEKO - TEX 100 certified supply chain, to guarantee the safety of the garments. This figure is even better if analysed with specific reference to the children's collection, where coverage reaches over 85%.

THE EUROPEAN TAXONOMY

1. Introduction to EU Regulation No. 2020/852 on Taxonomy

This fiscal year coincides with the second year of application of EU Regulation No. 2020/852 on the European Taxonomy (hereinafter referred to as "Taxonomy", "European Taxonomy" or "Regulation"), which came into force on 12 July 2020. The Regulation involves OVS, as a public interest entity that must prepare a Non-Financial Statement pursuant to the requirements of Directive 2014/95/EU, implemented in Italy through Legislative Decree 254/2016.

The objective of the Taxonomy is to establish an unambiguous classification system, at EU level, useful for defining economic activities considered eco-sustainable, avoiding the spread of Green-Washing practices and increasing transparency towards external stakeholders.

To this end, six environmental objectives have been identified within the Regulation: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and eco-systems.

The European Taxonomy therefore sets out the requirements that an economic activity must fulfil in order to be identified as "environmentally sustainable", and thus aligned, namely:

- **Meet the substantial contribution criteria** defined in the Regulation for each type of activity. Said criteria, identified on a scientific basis and specific to each of the objectives,

describe the conditions to be met in order to contribute substantially to the achievement of the objectives.

- **Do No Significant Harm (DNSH)** to any of the other environmental objectives.
- **Respect minimum safeguards** by recognising the importance of human rights and international standards in relation to labour rights, taxation, fair competition and corruption.

With respect to the above, it should be noted that the substantial contribution criteria and DNSH criteria are defined as the technical screening criteria.

In 2021, the European Commission adopted the Climate Delegated Act (EU) 2021/2139 (hereafter referred to as the “Climate Delegated Act”), which regulates the two climate objectives (mitigation and adaptation), establishing the technical screening criteria.

In relation to the fiscal year 2022, the Regulation requires companies to publish a disclosure in accordance with the Disclosure Delegated Act (EU) 2021/2178 (hereafter referred to as the “Disclosure Delegated Act”) concerning the economic activities that are eligible to and aligned with the Taxonomy, with reference to the climate objectives.⁶³ Companies are required to publish quantitative economic performance indicators (KPIs) - i.e. the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) - that are attributable to the economic activities that are eligible to or aligned with the Taxonomy.

2. The OVS eligibility and alignment analysis

The business activities carried out by OVS do not fall within those listed in the Climate Delegated Act. Therefore, the Group does not generate eligible turnover (and therefore

CapEx and OpEx associated with it) with respect to the climate objectives governed by the Taxonomy.

In line with as required by the regulations, the Group assessed the eligible activities with reference to CapEx items (Annex I of the Disclosure Delegated Act, para. 1.1.2.2 point (c)) related to the purchase of output from Taxonomy-eligible economic activities and individual measures, which allow activities to reduce the emission profile of OVS.

In particular, the following activities were identified as eligible:

- “7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings”, related to the installation of energy management systems in OVS buildings;
- “7.6 - Installation, maintenance and repair of renewable energy technologies” related to the installation of photovoltaic panels on OVS buildings.

In addition, in order to ensure greater comparability with other companies in the sector, the company included in the analysis the activity “7.7 - Acquisition and ownership of buildings” relating to the right of use of buildings, calculating a CapEx percentage of 63,4%. However, following a prudential approach, this activity was deemed to be ineligible.

Finally, it should be noted that although OVS has carried out renovation works on its assets, activity “7.2 - Renovation of existing buildings” was also not considered eligible, considering that it was not possible to separate the works aimed at

improving the emission profile of OVS assets from the other renovation works.

Once the eligibility assessment was completed, the alignment was evaluated through the application of technical screening criteria and minimum safeguards.

Substantial contribution

For the purposes of the alignment assessment, eligible activities must comply with the specific substantive contribution criteria for individual activities.

With reference to activity 7.5, the activity of installation of energy management systems in OVS buildings was considered aligned with the substantial contribution criterion under b) installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS).

On the other hand, with reference to activity 7.6, the activity of installing photovoltaic panels carried out by third parties was deemed to be aligned with the substantial contribution criterion of a) installation, maintenance and repair of photovoltaic solar systems and ancillary technical equipment.

Do Not Significant Harm

The OVS Group assessed, for each eligible economic activity, its compliance with the “Do No Significant Harm” (DNSH) criteria to ensure that such economic activities do not cause significant harm to the other environmental objectives of the Regulation.

For both activities 7.5 and 7.6, the DNSH criterion is only present for the objective of climate change adaptation, with reference to Appendix A of Annex I of the Climate Delegated Act. In particular, Appendix A requires that the entity carrying out the activity conducts an analysis to identify and assess its vulnerability to chronic and acute physical climatic risks, also evaluating adaptation solutions that can reduce these risks.

OVS took a prudent approach and considered the activity to be non-aligned because there was insufficient evidence available for a complete and accurate assessment of compliance with the DNSH criterion.

Minimum Safeguards

Finally, the Group analysed its level of adherence to the principles referred to in Article 18 of the Regulation, which defines the minimum safeguards aimed at ensuring that an economic activity is carried out in line with the principles indicated by:

- the OECD Guidelines for Multinational Enterprises
- the UN Guiding Principles on Business and Human Rights, including those set out in the eight fundamental conventions of the International Labour Organisation (ILO)
- the International Bill of Human Rights.

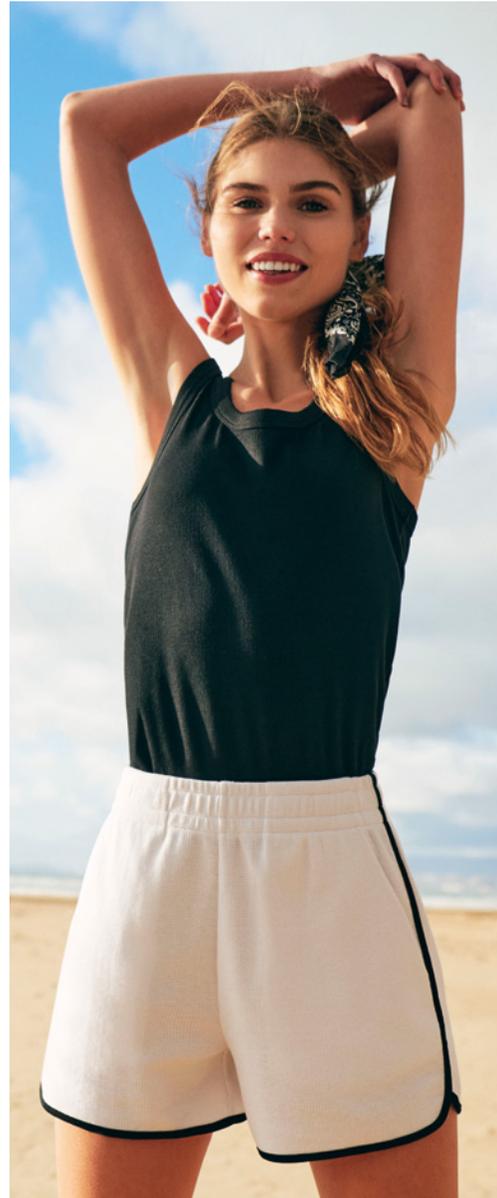
OVS therefore carried out an analysis of the minimum safeguards also on the basis of the guidance provided by the Platform on Sustainable Finance⁶⁴, also verifying compliance with these minimum safeguard criteria by the Group’s suppliers related to the activities identified as eligible.

The Group has adopted instruments aimed at promoting compliance with minimum safeguards, both internally and externally to the organisation; these include:

- **Group Code of Ethics:** through which OVS undertakes to operate according to the principles of honesty and safety, fairness and respect for people and the environment, as well as compliance with the laws and regulations in force. The Code is shared not only with all the Company's employees, but also with all new suppliers, who are involved in the Company's core business and who are asked to countersign the Code and comply with its provisions.
- **Model 231:** which defines the company's structure, its management methods and commits the company to operating in compliance with the conditions of fairness, transparency and legality in the conduct of its business.
- **Labour and Human Rights Policy:** through which OVS is committed to promoting respect for human rights in the conduct of its business, requiring all those who work with the Group, including suppliers, to fully share the same vision.
- **Due Diligence on suppliers:** the Group continuously monitors the risk level of its suppliers with regard to environmental and social issues, regularly conducting in-depth audits; however, these activities are mainly focused on OVS's strategic suppliers, related to its core-business.

OVS, adopting a prudential approach, does not consider the current practices in place on the supply chain to be sufficient to consider activities 7.5 and

7.6 aligned with the minimum safeguard criteria as it does not yet have all the elements to provide the clearest and most precise analysis involving suppliers of marginal activities with respect to OVS's core-business activities.



KPI Calculation Methodology - Accounting Policy

The following paragraphs present in detail the methodologies used to collect the information and data needed to calculate the KPI.

Turnover

In line with the Disclosure Delegated Act, the Group considered the following components in calculating the proportion of Turnover:

- **denominator:** net turnover from the sale of goods, net of sales discounts and value-added taxes directly related to turnover. In order to avoid double counting, intercompany items have been eliminated and do not contribute to the determination of the KPI. As a result, the denominator (Euro 1,512,719 thousand) of the KPI corresponds to the item "Revenues", presented in Note 7.23 - Revenues in the Group's Consolidated Financial Statements - and is in line with the provisions of IAS 1, par. 82(a);
- **numerator:** the Group did not detect any eligible and/or aligned economic activities with reference to the economic activities defined by the climate change-related objectives of the Taxonomy. Therefore, the numerator of the Turnover KPI was 0.

CapEx

In calculating the denominator of the CapEx KPI, the Group considered the additions incurred in the reporting period relating to tangible assets (development and restructuring of corporate assets), intangible assets (patents, software and capitalised research and development costs) and Right of Use Assets (RoU).

The approach used for the extraction of the above-mentioned figures included a detailed analysis of management reports showing the investments made during the year by all the companies within the scope of consolidation.

The Group considered the following components in calculating its proportion of CapEx:

- **denominator:** for the calculation of the denominator, the Group considered increases in tangible assets accounted for in accordance with IAS 16 - note 6.8 to the annual financial report -, intangible assets accounted for in accordance with IAS 38, net of goodwill, which was instead excluded - note 6.10 to the annual financial report - and leases accounted for in accordance with IFRS 16 - note 6.9 to the annual financial report. This analysis returned a total value for the year 2022 of: Euro 272,470 thousand;
- **numerator:** for the purpose of determining the numerator, increases in the purchase of output from Taxonomy-eligible economic activities and individual measures that enable the target activity to reduce the Group's emission profile were taken into account. In this regard, the Group included in the numerator of the KPI the increases related to the following activity:
 - 7.6 - Installation, maintenance and repair of renewable energy technologies (0.51%)
 - 7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (0.44%)

Opex

The Group considered the following components in calculating its proportion of OpEx:

- denominator:** for the calculation of the denominator, a detailed analysis of the chart of accounts was carried out, identifying the items that could be associated with the cost categories expressly mentioned in the Disclosure Delegated Act. Specifically:
 - non-capitalised R&D costs relating to internal and external projects, from which the cost component relating to the “managing” of R&D projects carried out, as recommended by the European Commission, has been eliminated.⁶⁵ All costs incurred during the year related to the project management of R&D projects were identified as expenses.
 - short-term leases, whereby all items in the chart of accounts relating to leases accounted for in the Income Statement were considered, as they relate to contracts with a duration of less than 12 months and therefore represent exemptions from accounting under IFRS 16;
 - costs related to maintenance and repairs, incurred during operation, on buildings and IT equipment. For this category, costs related to maintenance and repair activities carried out internally were taken into account, in addition to maintenance commissioned to third-party companies. Within the accounts for maintenance and repairs, renovations to buildings that can be assimilated to the concept of “building renovation measures” mentioned in the Disclosure Delegated Act were also considered.
 - the cost category associated with “day-to-day servicing of assets” was identified by reference to cleaning costs.

The result of these analyses resulted in a value of Euro 51,542 thousand.

- numerator:** Following the Group’s analysis of the economic activities identified as eligible, the numerator value of the Opex KPI was found to be 0.



Table 55

Share of turnover derived from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic Activities	A. Activities eligible for taxonomy					B. Activities not eligible for taxonomy				
	A.1 Eco-sustainable activities (aligned with taxonomy)	Turnover of Eco-Sustainable Activities (A.1)	A.2 Activities eligible for taxonomy but not eco-sustainable (activities not aligned with taxonomy)	Turnover of activities eligible for the taxonomy but not eco-sustainable (activities not aligned to the taxonomy) (A.2)	Total (A.1 + A.2)	Turnover of activities not eligible for taxonomy (B)	Total (A + B)			
Category (transition activity) (T)										
Category (enabling activity) (A)										
Share of turnover aligned with taxonomy, Year 2021 (%)										
Share of turnover aligned with taxonomy, Year 2022 (%)										
Minimum safeguards (Y/N)										
DNSH Criterion	Biodiversity and ecosystems (Y/N)									
	Pollution (Y/N)									
	Circular Economy (Y/N)									
	Water and marine resources (Y/N)									
	Climate change adaptation (Y/N)									
	Climate change mitigation (Y/N)									
Substantial contribution	Biodiversity and ecosystems (%)									
	Pollution (%)									
	Circular Economy (%)									
	Water and marine resources (%)									
	Climate change adaptation (%)									
	Climate change mitigation (%)									
Share of turnover (%)		0%		0%	0%		100%		100%	
Absolute turnover (€ thousand)		0		0	0		1,512,719		1,512,719	
Codes										

Table 56

Share of capital expenditure from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic Activities	Substantial contribution		DNSH Criterion		Share of CapEx (%)	Absolute CapEx (€ thousand)	Codes
	Substantial contribution	DNSH Criterion	Substantial contribution	DNSH Criterion			
Category (transition activity) (T)							
Category (enabling activity) (A)							
Share of CapEx aligned with taxonomy, Year 2021 (%)							
Share of CapEx aligned with taxonomy, Year 2022 (%)		0%					0%
Minimum safeguards (Y/N)							
Biodiversity and ecosystems (Y/N)							
Pollution (Y/N)							
Circular Economy (Y/N)							
Water and marine resources (Y/N)							
Climate change adaptation (Y/N)							
Climate change mitigation (Y/N)							
Biodiversity and ecosystems (%)		0%					
Pollution (%)		0%					
Circular Economy (%)		0%					
Water and marine resources (%)		0%					
Climate change adaptation (%)		0%					
Climate change mitigation (%)		0%					
Share of CapEx (%)		0%			0.44%	1,197	7.5
Absolute CapEx (€ thousand)		0			0.51%	1,365	7.6
Codes					0.95%	2,562	
Total (A.1 + A.2)					0.95%	2,562	
B. Activities not eligible for taxonomy							
CapEx of activities not eligible for taxonomy (B)					99.05%	269,870	
Total (A + B)					100%	272,470	

Table 57

Share of operating expenses from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

Economic Activities	Substantial contribution		DNSH Criterion		Share of OpEx (%)	Absolute OpEx (€ thousand)	Codes
	Substantial contribution	DNSH Criterion	Substantial contribution	DNSH Criterion			
Category (transition activity) (T)							
Category (enabling activity) (A)							
Share of OpEx aligned with taxonomy, Year 2021 (%)							
Share of OpEx aligned with taxonomy, Year 2022 (%)							
Minimum safeguards (Y/N)							
Biodiversity and ecosystems (Y/N)							
Pollution (Y/N)							
Circular Economy (Y/N)							
Water and marine resources (Y/N)							
Climate change adaptation (Y/N)							
Climate change mitigation (Y/N)							
Biodiversity and ecosystems (%)							
Pollution (%)							
Circular Economy (%)							
Water and marine resources (%)							
Climate change adaptation (%)							
Climate change mitigation (%)							
Share of OpEx (%)		0%			0%	0	
Absolute OpEx (€ thousand)					0%	0	
Codes						0	
Total (A.1 + A.2)					0%	0	
B. Activities not eligible for taxonomy							
OpEx of activities not eligible for taxonomy (B)					100%	51,542	
Total (A + B)					100%	51,542	

ESG SUMMARY TABLE

Sustainability guides the strategic orientation of the OVS Group, which on this front has launched initiatives that can be classified in the three key pillars ESG - Environmental, Social and Governance. This section summarises the main achievements of the OVS Group related to these areas.

Environmental

One of the key values for the OVS strategy is respect for the environment. The table below sets out a series of actions implemented during the year and specific targets set for the coming years, which testify to a concrete commitment to reducing the impact of company processes and products on the environment.

Table 58

Main environmental achievements and objectives

MATERIAL TOPICS	MAIN RESULTS 2022	FUTURE ACTIVITIES
CIRCULAR ECONOMY AND ECO-DESIGN	<p>Launch of RE-UP upcycling program with positive social impact</p> <p>OVS Cotone Italiano: start of the procurement program for cotton grown in Italy</p> <p>100% sourcing of cotton from more sustainable sources</p> <p>74% of materials of renewable origin</p> <p>84% of assortment made with materials from certified low impact supply chain</p> <p>Over 6 million garments made from recycled synthetics compared to 1,800,000 in 2021</p> <p>67% of products recyclable fibre to fibre</p>	<p>Implementation of the OVS Cotone Italiano and RE-UP product programs</p> <p>Further use of materials from certified low impact supply chain</p> <p>Developing programs for increased use of recycled fibre</p> <p>More products designed according to sustainability criteria</p> <p>Development of the new Denim Awareness strategy</p>
COMBATING CLIMATE CHANGE	<p>Reduction of Scope 1 emissions by 22% by 2021, an improvement on expectations</p> <p>Absolute reduction of Scope 2 emissions in Italy by 26% by 2021, an improvement on expectations</p> <p>Reduced Scope 3 emissions by 11% compared to 2019, substantially in line with SBTi targets</p> <p>Reduce energy consumption per square metre by more than 5% compared to 2021</p> <p>98% of electricity purchased directly from OVS certified from renewable sources</p>	<p>Involvement of the supply chain in actions to reduce CO₂ emissions</p> <p>Implementation of the photovoltaic installation plan with a possible additional 40 installations</p> <p>Continuation of the decarbonisation plan approved by SBTi</p>

MATERIAL TOPICS	MAIN RESULTS 2022	FUTURE ACTIVITIES
	<p>Confirmation of ISO 14001:2015 certification on the Environmental Management System</p> <p>Start of the photovoltaic installation plan: 19 systems installed for a total installed capacity of 1,485 KwP</p> <p>71% of production from suppliers with third-party verification on Higg FEM (Facility Environmental Module)</p>	

Social

In order to achieve the strategic objectives and create economic, social and environmental value, people, the corporate culture and the community are the key resources of OVS. Through the enhancement of diversity, communication and information of corporate objectives, training at all levels, feedback on results achieved, teamwork and the development of fair remuneration policies that are competitive with the market, OVS promotes the development of human capital.

OVS is committed both to the sustainable supply chain, with particular attention to improving working standards along the entire supply chain, and to the local communities of reference, with which it has set up strong partnerships in order to spread a shared sense of responsibility, a culture of legality and protection of the common good, for the growth of its business. The success of OVS depends on the satisfaction and involvement of its end customer, whose preferences and needs are placed at the centre of the decision-making process and with whom OVS is committed to build a relationship of trust, based on transparency, innovation and product quality.



Table 59

Main achievements and objectives in the social arena

MATERIAL TOPICS	MAIN RESULTS 2022	FUTURE ACTIVITIES
HUMAN RIGHTS	<p>93% of production volume from suppliers active on the Higg platform</p> <p>52% of production from suppliers with third-party verification on Higg FSLM (Facility Social and Labour Module)</p> <p>100% of suppliers have signed the Code of Conduct</p> <p>Publication of the list of product suppliers and suppliers of manufacturing processes and raw materials</p> <p>Definition of objectives to improve social conditions in the supply chain with particular reference to freedom of association and collective bargaining</p>	<p>Extension of Higg to 100% of suppliers</p> <p>Integration of third-party verification on Higg into supply chain due diligence process</p> <p>Continuing Education Plan on Code of Ethics, Human Rights and Diversity</p> <p>Activation of tools for monitoring workers' conditions along the production chain</p>
DIVERSITY AND INCLUSION	<p>Female gender 38% at management level</p> <p>51% women in position of store manager</p> <p>Gender Pay-Gap for equal roles equal to 1.85%</p> <p>Development of the RE-UP collection in collaboration with Valemour</p>	<p>Adoption of policies aimed at reducing the Gender Pay gap in the 2021/2023 three-year period</p> <p>Extension of the RE-UP collection in collaboration with Valemour or other third sector organisations</p>
EMPLOYEE WELFARE WORKERS' HEALTH AND SAFETY EMPLOYEE TRAINING	<p>Over 8,000 OVS people worldwide</p> <p>Incoming turnover of 34%, a slight increase over 2021</p> <p>The outgoing turnover for permanent staff is 8%</p> <p>7,767 people in Italy of whom 6,501 with permanent contracts (78.7% women)</p> <p>An average of 24.9 hours of training per capita were provided, a significant increase compared to 2021</p> <p>100% of the headquarters staff was involved in periodic evaluation of work performance to define targeted growth programs</p>	<p>Obtained the SA8000 (Social Accountability) certification</p> <p>Adoption of tools for the systematic measurement of employee involvement/satisfaction</p>

MATERIAL TOPICS	MAIN RESULTS 2022	FUTURE ACTIVITIES
RELATIONS WITH LOCAL COMMUNITIES	<p>Consolidation of the partnership with Save The Children for support in humanitarian crises and fundraising projects</p> <p>Development of social impact projects with the Social Cooperative Progetto Quid and the Cooperative Vale Un Sogno</p> <p>Supporting projects for Ukraine and donating clothes</p>	<p>Plan of activities with a positive impact on the territory</p> <p>Training plan for secondary schools to promote job placement</p>
CONSUMER HEALTH AND SAFETY	<p>100% of products tested to high quality and safety standards and more than 68% of the total order certified OEKO - TEX 100</p>	<p>Extension of OEKO-TEX certification to other product categories</p>

Governance

OVS's business is oriented according to principles of honesty, professionalism and transparency, in compliance with the laws and regulations on social responsibility, which is why integrity and ethics are two of its core values. OVS Governance ensures transparent management of company activities and relations with the market. OVS aims to ensure the creation of value over time for shareholders and all other stakeholders,

in the medium to long term, in compliance with the principles of sustainable development, thanks to the presence of the Control, Risk and Sustainability Committee, which has the task of assessing policies and issues relating to sustainability. To reinforce OVS's commitment, it was established that 20% of the MBO of the product development, sourcing and supply chain functions should be linked to specific sustainability indicators.

Table 60
Main results and objectives in the area of governance

MATERIAL TOPICS	MAIN RESULTS 2022	FUTURE ACTIVITIES
RESPONSIBLE MARKETING	First place in the Fashion Transparency Index 2022 Publication of product footprint for 100% of OVS items through Eco Value	Development of the Digital Product Passport
COMBATING CORRUPTION	Adoption of the new Code of Ethics 1,741 hours of training on the Code of Ethics and Model 231	Continuous training plan on the Code of Ethics and Model 231



METHODOLOGICAL NOTE AND READING GUIDE

This Consolidated Non-Financial Statement (hereinafter also referred to as “NFS”) of the OVS Group (hereinafter also referred to as “OVS” or “Group”) as at 31 January 2023 is prepared in accordance with the provisions of Legislative Decree no. 254 (hereinafter also referred to as Legislative Decree 254) of 30 December 2016.

The NFS takes into account the requirements of the 2019 Budget Law, in Article 1, paragraph 1073, which introduces an amendment to Legislative Decree 254/2016, Art. 3, paragraph 1, letter c, prescribing also the illustration of the methods of management of the main risks generated or suffered related to non-financial issues.⁶⁶

This document is published annually. Unless otherwise specified, the data shall be for the period from 1 February 2022, through 31 January 2023, and shall be compared, where possible, to the same period in the preceding fiscal year.

The Non-Financial Statement has been prepared to the extent necessary to ensure an understanding of the Group’s activities, performance, results and impact, covering the issues deemed relevant and provided for by Art. 3 of Legislative Decree no. 254/2016.

The scope of economic, environmental and social information and data appears to be the same as in the OVS Consolidated Financial Statements at 31 January 2023. It should also be noted that the Pontenure logistics centre and all the direct stores are included in the scope, while the franchised stores are excluded. The two stores in Germany and the United States, opened in

November 2022, have been excluded from the scope as they are considered non-material. Any differences in the perimeter with respect to what has been reported so far, where present, are expressly indicated in the text, so as to make clear any indicators that are not fully comparable with previous years. Where it was not possible to find quantitative data with the reporting tools available to the Group, recourse was made to estimates which, where they exist, are based on shared methodologies and suitable for ensuring a reliable representation of performance and data, as well as being appropriately reported.

The NFS contains information relating to the fight against active and passive corruption, personnel management, environmental and social aspects and respect for human rights assessed as significant and material by the Group and its stakeholders according to a specific and consolidated process, which takes into account OVS activities, objectives and strategy, as well as the context and trends at Italian and international level.

Starting with fiscal year 2019, OVS has defined an internal Procedure for the Preparation of the Non-Financial Statement formally approved, in order to define the process for collecting and approving non-financial information subject to reporting, in line with the provisions of Legislative Decree 254/2016.

The addressees of the procedure are the persons belonging to the Corporate Bodies/Departments that are identified for the collection, control and certification of non-financial data and information, as well as the persons/bodies responsible for its drafting, approval and audit.

In order to standardise the reporting of information and facilitate its linkage with the contents indicated by Legislative Decree 254, for each theme, evidence is given of the materiality of the theme with respect to the Group's activities, the method of managing the related risks, the Group's policies and commitments and the results obtained and monitored through ad hoc indicators capable of representing management results.

The data and information in this Statement refer to events that occurred during the year of reference indicated above, deriving from the company's business activities, relevant on the basis of the materiality analysis carried out in accordance with the Decree. As part of the data collection process, the specific functions responsible for the areas subject to reporting provided the data for which they were responsible, using extractions from corporate information systems, invoicing and internal and external reporting, under the coordination of the Investor Relations and Corporate Sustainability functions.

The data are represented in the final balance, unless otherwise indicated.

This document has been prepared in accordance with the new 2021 GRI Standards. The GRI 303 standard: Water and Effluents and 306: Waste has been updated to the 2018 and 2020 version respectively; the GRI 207 indicator relating to Taxes was also reported. The appendix to the document contains the "GRI Content Index", detailing the content reported in accordance with GRI. These indicators focus on the material issues identified and reported by OVS (see the paragraph on the correlation table to the GRI standard).

This document has been audited by an independent audit firm. The audit was carried out in accordance with the procedures indicated in the "Report of the Independent Auditors" at the end of this document. The Board of Directors of OVS approved the Non-Financial Statement on 19 April 2023 and it is available on the Group's website: www.ovscorporate.it.

Registered office and contacts

Registered Office

OVS Spa
Via Terraglio, 17
30174 – Venice Mestre

Contacts

Simone Colombo
Head of Corporate Sustainability
(sustainability@ovs.it)

Enrico Giacomazzi
Head of Investor Relations
(investor.relations@ovs.it)

GRI CONTENT INDEX

General Information

THE ORGANISATION AND ITS REPORTING PRACTICES		PARAGRAPH, NOTES
GRI 2-1	Organisational Details	<ul style="list-style-type: none"> Registered office and contacts Group structure About us
GRI 2-2	Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> Methodological note and reading guide
GRI 2-3	Reporting period, frequency and contact point	<ul style="list-style-type: none"> Methodological note and reading guide Registered office and contacts
GRI 2-4	Restatement of information	<ul style="list-style-type: none"> Methodological note and reading guide
GRI 2-5	External assurance	<ul style="list-style-type: none"> External assurance

ACTIVITIES AND WORKERS		PARAGRAPH, NOTES
GRI 2-6	Activities, value chain and other business relationships	<ul style="list-style-type: none"> Stakeholders and materiality Supply chain
GRI 2-7	Employees	<ul style="list-style-type: none"> Human resources - Workforce
GRI 2-8	Workers who are not employees	<ul style="list-style-type: none"> Human resources - Workforce

GOVERNANCE		PARAGRAPH, NOTES
GRI 2-9	Governance structure and composition	<ul style="list-style-type: none"> Corporate Governance
GRI 2-10	Nomination and selection of the highest governance body	<ul style="list-style-type: none"> Corporate Governance <i>Please refer to the "Report on Corporate Governance and Ownership Structure" and the "Report on Remuneration Policy and Remuneration Paid" for further information.</i>
GRI 2-11	Chair of the highest governance body	<ul style="list-style-type: none"> Corporate Governance
GRI 2-12	Role of the highest governance body in overseeing the management of impact	<ul style="list-style-type: none"> Group profile Functional organisation chart of sustainability

GOVERNANCE		PARAGRAPH, NOTES
GRI 2-13	Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> Group profile Functional organisation chart of sustainability
GRI 2-14	Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> Sustainability Governance
GRI 2-15	Conflicts of interest	<ul style="list-style-type: none"> Corporate Governance
GRI 2-16	Communication of critical concerns	<ul style="list-style-type: none"> Audit activities <i>No reports were received during 2022.</i>
GRI 2-17	Collective knowledge of the highest governance body	<ul style="list-style-type: none"> Sustainability Governance
GRI 2-18	Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> Human resources - Remuneration
GRI 2-19	Remuneration policies	<ul style="list-style-type: none"> Human resources - Remuneration
GRI 2-20	Process to determine remuneration	<ul style="list-style-type: none"> Human resources - Remuneration
GRI 2-21	Annual total compensation ratio	<ul style="list-style-type: none"> <i>The total annual compensation ratio is 207.64. The figure refers to the Italy perimeter, which represents 95% of the group's workforce.</i>

STRATEGY, POLICIES AND PRACTICES		PARAGRAPH, NOTES
GRI 2-22	Statement on sustainable development strategy	<ul style="list-style-type: none"> Framework di riferimento
GRI 2-23	Policy commitments	<ul style="list-style-type: none"> Reference Framework
GRI 2-24	Embedding policy commitments	<ul style="list-style-type: none"> The internal control system
GRI 2-25	Processes to remediate negative impacts	<ul style="list-style-type: none"> The internal control system
GRI 2-26	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> The internal control system
GRI 2-27	Compliance with laws and regulations	<ul style="list-style-type: none"> <i>During 2022, penalties amounting to Euro 6,500 were paid for administrative irregularities related to waste disposal.</i>
GRI 2-28	Membership associations	<ul style="list-style-type: none"> Collaborations with sector associations

06 Details

STAKEHOLDER ENGAGEMENT		PARAGRAPH, NOTES
GRI 2-29	Approach to stakeholder engagement	<ul style="list-style-type: none"> Stakeholders and materiality
GRI 2-30	Collective bargaining agreements	<ul style="list-style-type: none"> OVS complies with the requirements of collective bargaining agreements by applying the relevant National Labour Collective Bargaining agreement (CCNL)

DISCLOSURES ON MATERIAL TOPICS		PARAGRAPH, NOTES
GRI 3-1	Process to determine material topics	<ul style="list-style-type: none"> Stakeholders and materiality
GRI 3-2	List of material topics	<ul style="list-style-type: none"> Stakeholders and materiality
GRI 3-3	Management of material topics	<ul style="list-style-type: none"> Stakeholders and materiality

Economic Performance Indicators

ECONOMIC PERFORMANCE - RELATIONS WITH LOCAL COMMUNITIES/EMPLOYEE WELFARE		PARAGRAPH, NOTES
GRI 201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> Economic and financial performance Table: Income statement for value generated and distributed (in thousands of Euro)
GRI 201-3	Coverage of pension plans defined by the organisation	<ul style="list-style-type: none"> Human resources - Remuneration
GRI 201-4	Funding received from public bodies	<ul style="list-style-type: none"> OVS obtained funding from public bodies during 2022 in the amount of Euro 7,574,385, mainly related to the energy bonus.

MARKET PRESENCE - EMPLOYEE WELFARE/DIVERSITY AND INCLUSION		PARAGRAPH, NOTES
GRI 202-1	Ratio of the standard salary of new hires by gender to the local minimum salary in the most significant operating locations	<ul style="list-style-type: none"> Human resources - Remuneration

INDIRECT ECONOMIC IMPACTS - RELATIONS WITH LOCAL COMMUNITIES		PARAGRAPH, NOTES
GRI 203-1	Development and impact of infrastructure investments and services supported primarily for "public utility".	<ul style="list-style-type: none"> On the side of the community

PROCUREMENT PRACTICES - HUMAN RIGHTS		PARAGRAPH, NOTES
GI 204-1	Percentage of expenditure concentrated on local suppliers in relation to the most significant operating sites	<ul style="list-style-type: none"> Supply chain Table: Turnover of local third-party suppliers

ANTI-CORRUPTION - COMBATING CORRUPTION		PARAGRAPH, NOTES
GRI 205-3	Number of corruption incidents and actions taken	<ul style="list-style-type: none"> No cases of corruption were reported during 2022

ANTI-COMPETITIVE BEHAVIOUR - COMBATING CORRUPTION		PARAGRAPH, NOTES
GRI 206-1	Legal actions for unfair competition and antitrust and their outcomes	<ul style="list-style-type: none"> During 2022, there were no legal actions relating to unfair competition or antitrust

TAXES - COMBATING CORRUPTION		PARAGRAPH, NOTES
GRI 207-1	Approach to taxation	<ul style="list-style-type: none"> Approach to taxation
GRI 207-2	Tax governance, control and risk management	<ul style="list-style-type: none"> Approach to taxation
GRI 207-3	Stakeholder engagement and management of concerns related to tax	<ul style="list-style-type: none"> Approach to taxation

Environmental Performance Indicators

MATERIALS - CIRCULAR ECONOMY AND ECO-DESIGN		PARAGRAPH, NOTES
GRI 301-1	Materials used	<ul style="list-style-type: none"> Product and raw materials Table: Breakdown of materials (tonne)
GRI 301-2	Materials used by weight or volume	<ul style="list-style-type: none"> Product and raw materials Table: Breakdown of materials (tonne)
GRI 301-3	Percentage of reclaimed products and related packaging materials by product category	<ul style="list-style-type: none"> Product and raw materials Table: Breakdown of materials (tonne)

ENERGY - COMBATING CLIMATE CHANGE		PARAGRAPH, NOTES
GRI 302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> Environment - Energy consumption and emissions Table: Aggregate energy consumption in Italy Table: Aggregate energy consumption in other countries
GRI 302-4	Reduction of energy consumption	<ul style="list-style-type: none"> Environment - Energy consumption and emissions

WATER AND EFFLUENTS - WATER RESOURCES		PARAGRAPH, NOTES
GRI 303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> Environment - Water consumption
GRI 303-2	Management of water discharge-related impacts	<ul style="list-style-type: none"> Environment - Water consumption
GRI 303-3	Water withdrawal	<ul style="list-style-type: none"> Environment - Water consumption Table: Fresh water consumption

BIODIVERSITY - BIODIVERSITY AND ANIMAL WELFARE		PARAGRAPH, NOTES
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> The OVS Group does not own or manage plants or operating sites that are located near protected areas or include protected areas or areas of high biodiversity outside protected areas. Indicators 304-2, 304-3, 304-4, 306-5 are consequently not applicable.
GRI 304-2	Significant impacts of activities, products and services on biodiversity	<ul style="list-style-type: none"> n/a
GRI 304-3	Habitats protected or restored	<ul style="list-style-type: none"> n/a
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> n/a

EMISSIONS - COMBATING CLIMATE CHANGE		PARAGRAPH, NOTES
GRI 305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Environment - Energy consumption and emissions Table: Scope 1 emissions in Italy
GRI 305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Environment - Energy consumption and emissions Table: Scope 2 emissions (tCO₂e) - Market based in Italy Table: Scope 2 emissions (tCO₂e) - Market based in other countries
GRI 305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> Environment - Energy consumption and emissions Table: Scope 3 emissions (tCO₂e) Table: Scope 3 emissions covered by the reduction plan (in tCO₂e)
GRI 305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> Environment - Energy consumption and emissions
GRI 305-6	Emissions of ozone-depleting substances (ODS)	<ul style="list-style-type: none"> In 2022, there were no ODS emissions

WASTE - WASTE MANAGEMENT AND END-OF-LIFE		PARAGRAPH, NOTES
GRI 306-1	Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> • Environment - Waste
GRI 306-2	Management of significant waste-related impacts	<ul style="list-style-type: none"> • Environment - Waste
GRI 306-3	Waste generated	<ul style="list-style-type: none"> • Environment - Waste • Table: Total waste production • Table: Non-hazardous waste production (t) • Table: Hazardous waste production (t) • Table: Disposal and recovery method
GRI 306-4	Waste diverted from disposal	<ul style="list-style-type: none"> • Environment - Waste • Table: Disposal and recovery method
GRI 306-5	Waste directed to disposal	<ul style="list-style-type: none"> • Environment - Waste • Table: Disposal and recovery method

SUPPLIER ENVIRONMENTAL ASSESSMENT - HUMAN RIGHTS		PARAGRAPH, NOTES
GRI 308-1	Percentage of new suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> • Supply chain • Table: Number of new product suppliers evaluated with respect to environmental and social parameters

Social Performance Indicators

EMPLOYMENT - EMPLOYEE WELFARE		PARAGRAPH, NOTES
GRI 401-1	Total number of new hires and turnover by age group, gender and geographic area	<ul style="list-style-type: none"> • Human resources - Turnover • Table: Recruitment by gender and incoming turnover • Table: Recruitment by age group and incoming turnover • Table: Terminations by gender and outgoing turnover • Table: Terminations by age group and outgoing turnover
GRI 401-3	Return to work and rate of return after parental leave	<ul style="list-style-type: none"> • Human resources - Parental leave • Table: Return to work and job retention after parental leave in Italy

OCCUPATIONAL HEALTH AND SAFETY - WORKERS' HEALTH AND SAFETY		PARAGRAPH, NOTES
GRI 403-1	Occupational health and safety management system	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-2	Risk identification, risk assessment and incident analysis	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-3	Occupational health services	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-4	Worker participation and consultation on health and safety at work	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-6	Promotion of worker health	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly related to the business	<ul style="list-style-type: none"> • Human Resources - Health and Safety
GRI 403-9	Work-related injuries	<ul style="list-style-type: none"> • Human Resources - Health and Safety • Table: Employee Accident Index in Italy
GRI 403-10	Occupational diseases	<ul style="list-style-type: none"> • Human Resources - Health and Safety

TRAINING AND EDUCATION - EMPLOYEE TRAINING		PARAGRAPH, NOTES
GRI 404-1	Company staff training	<ul style="list-style-type: none"> • Human resources - Training
GRI 404-2	Training to improve staff skills	<ul style="list-style-type: none"> • Human resources - Training
GRI 404-3	Percentage of employees evaluated on performance and career development	<ul style="list-style-type: none"> • Human resources - Performance appraisal

DIVERSITY AND EQUAL OPPORTUNITY - DIVERSITY AND INCLUSION		PARAGRAPH, NOTES
GRI 405-1	Composition of governance bodies and breakdown of staff by gender, age, membership of protected categories and other indicators of diversity	<ul style="list-style-type: none"> • Composition of the Board of Directors and of the Board of Statutory Auditors • Human resources - Workforce • Table: Permanent workforce by gender and professional category in Italy (headquarter roles) • Table: Permanent workforce by gender and professional category in other countries (headquarter roles) • Table: Permanent workforce by gender and professional category in Italy (point of sale role) • Table: Permanent workforce by gender and professional category in other countries (point of sale role) • Table: Permanent workforce in Italy by gender and age group • Table: Permanent workforce in other countries by gender and age group

NON-DISCRIMINATION - DIVERSITY AND INCLUSION		PARAGRAPH, NOTES
GRI 406-1	Number of incidents related to discriminatory practices and actions taken	<ul style="list-style-type: none"> • OVS did not record any incidents of discriminatory practices during 2022.

CHILD LABOUR - HUMAN RIGHTS		PARAGRAPH, NOTES
GRI 103-1; 103-2; 103-3	General information on management procedures	<ul style="list-style-type: none"> • Supply chain • Enterprise Risk Management and Management of Non-Financial Risks • Table: Impact areas of social and environmental risks • Table: Non-financial risks management methods
GRI 408-1	Identification of operations and major suppliers with a high risk of child labour and measures taken	<ul style="list-style-type: none"> • <i>In some countries where OVS operates, the risk of child labour, although not high, is still significant. However, thanks to OVS's due diligence processes, there are no specific suppliers considered to be at significant risk.</i>

FORCED OR COMPULSORY LABOUR - HUMAN RIGHTS		PARAGRAPH, NOTES
GRI 409-1	Identification of operations and major suppliers with a high risk of forced labour, and measures taken	<ul style="list-style-type: none"> • <i>In some countries where OVS operates, the risk of the use of forced labour, although not high, is nevertheless significant. However, thanks to OVS's due diligence processes, there are no specific suppliers considered to be at significant risk.</i>

RIGHTS OF INDIGENOUS PEOPLES - HUMAN RIGHTS		PARAGRAPH, NOTES
GRI 411-1	Number of violations involving rights of indigenous people and actions taken	<ul style="list-style-type: none"> • <i>During 2022, OVS did not record any incidents of human rights violations</i>

LOCAL COMMUNITIES - RELATIONS WITH LOCAL COMMUNITIES		PARAGRAPH, NOTES
GRI 413-2	Activities with current or potential negative impacts on the local community	<ul style="list-style-type: none"> • <i>No activities with negative impacts on the local community were noted in 2022.</i>

SUPPLIER SOCIAL ASSESSMENT - HUMAN RIGHTS		PARAGRAPH, NOTES
GRI 414-1	Percentage of new suppliers that were screened using social criteria	<ul style="list-style-type: none"> • Supply chain • Table: Number of new product suppliers evaluated with respect to environmental and social parameters

PUBLIC POLICY - COMBATING CORRUPTION		PARAGRAPH, NOTES
GRI 415-1	Political contributions	<ul style="list-style-type: none"> • <i>OVS did not grant political contributions during 2022.</i>

CUSTOMER HEALTH AND SAFETY - CONSUMER HEALTH AND SAFETY		PARAGRAPH, NOTES
GRI 416-1	Assessment of the impacts of products and services on customer health and safety	<ul style="list-style-type: none"> Product and materials
GRI 416-2	Incidents of non-compliance with regulations concerning the health and safety of products and services during their life cycle	<ul style="list-style-type: none"> During 2022, OVS had a few minor cases of non-compliance as a result of which OVS withdrew the product.

MARKETING AND LABELLING - RESPONSIBLE MARKETING		PARAGRAPH, NOTES
GRI 417-2	Incidents of non-compliance concerning product information and labelling	<ul style="list-style-type: none"> During 2022, OVS had a few minor cases of non-compliance as a result of which OVS withdrew the product.
GRI 417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> During 2022, OVS did not record any incidents of non-compliance in relation to marketing communications.

EXTERNAL ASSURANCE



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree 30 December 2016, n° 254 and article 5 of CONSOB Regulation n° 20267 of January 2018

To the board of directors of OVS SpA

Pursuant to article 3, paragraph 10, of Legislative Decree 30 December n° 254 (the "Decree") and article 5 of CONSOB Regulation n° 20267 of January 2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of OVS SpA and its subsidiaries (the "Group") for the year ended 31 January 2023 prepared in accordance with article 4 of the Decree, and approved by the board of directors on 19 April 2023 (the "NFS").

Our review does not extend to the information set out in the "Methodological note and reading guide" paragraph of the NFS, required by article 8 of European Regulation 2020/852 of 18 June 2020.

Responsibilities of the directors and the board of statutory auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the GRI - Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard.

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Venezia 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 272911 - **Pescara** 65127 Piazza Ettore Trullo 8 Tel. 085 4543711 - **Roma** 00154 Largo Fucini 29 Tel. 06 570031 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissimo 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285939 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Auditor's independence and quality control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

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In detail, we held meetings and interviews with the management of OVS SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- as to OVS SpA, at its headquarter office in Mestre (VE), which was selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its location, we carried out meetings during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of OVS Group for the year ended as of 31 January 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of OVS Group do not extend to the information set out in the "Methodological note and reading guide" paragraph of the NSF, required by article 8 of European Regulation 2020/852 of 18 June 2020.

Treviso, 10 May 2023

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the translation of NFS for the year ended 31 January 2023.

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SUSTAINABILITY-LINKED BOND

In October 2021, the Board of Directors approved the issuance of a sustainability-linked bond.⁶⁷

The purpose of this operation was to improve the group’s financial structure, reduce the cost of debt, and free up resources to implement technological innovation initiatives aimed at energy saving, including the construction of photovoltaic panels, the replacement of lighting systems with others with less heat dispersion, and the digitalisation of control systems and energy management in stores.

The KPIs selected for the Sustainability-linked Bond are aligned with the Group’s sustainability path and reflect the main elements included in the OVS Sustainability Plan, including:

Driving our supply chain toward sustainable goals with the goal of minimising social impacts throughout the supply chain.

Increasing the sustainability of the stores by designing and managing the stores in full respect of the environment and people, following the logic of green design and energy efficiency, and at the same time ensuring the well-being of customers.

Combating climate change through carbon footprint and environmental footprint reduction initiatives.

As part of the offer, Bonds were subscribed for a total amount of Euro 160,000,000; the interest rate and gross annual yield on the Bonds is 2.25%, increased by a margin of a maximum of 0.25% per year following the failure of OVS to achieve certain sustainability performance objectives, or in the event of OVS’s failure to report on these indicators.

In order to provide investors with public updates on the status of each KPI, related targets, and any other significant events that occurred during the year, OVS will annually publish a Sustainability-linked Bond Progress Report (“SLB Progress Report”) included in the Group’s annual Sustainability Report (or NFS) no later than 120 days after each fiscal year (ending 31 January).

The progress status of the individual KPIs is shown below.

KPI 1: Scope 1 and Scope 2 GHG emissions related to the central warehouse, headquarters and directly operated stores located in Italy.

Scope 1+2



Table 61

Performance KPI1 2022 vs Baseline

EMISSIONS (TCO ₂ EQ)	BASELINE 2019	CURRENT YEAR	CHANGE	TARGET 2024
SCOPE 1 + 2	12,147	9,876	-19%	-21 %

KPI 2: Scope 3 GHG emissions related to purchased goods and services (raw materials, processing, and packaging) and upstream transportation and distribution (limited to housebrand apparel).

Scope 3

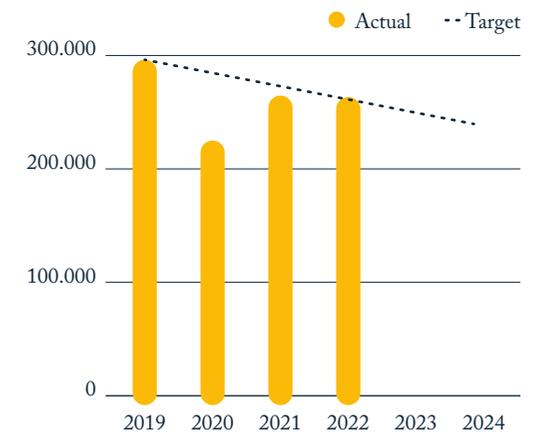


Table 62

Performance KPI2 2022 vs Baseline

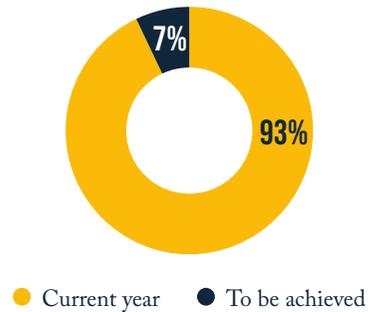
EMISSIONS (TCO ₂ EQ)	BASELINE 2019	CURRENT YEAR	DELTA VS 2019 (%)	TARGET 2024
SCOPE 3	295,909	261,861	-12%	-21 %

KPI 3: Percentage of production volume related to Tier1 housebrand apparel suppliers registered on Higg and related production volume verified.

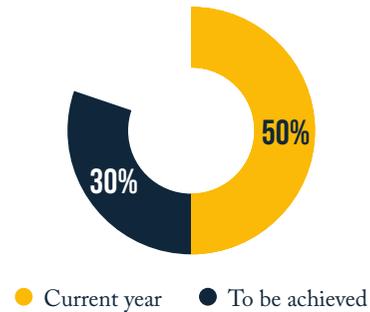
Table 63
Performance KPI3 2022

	BASILINE 2019	CURRENT YEAR	TARGET 2024
PRODUCTION VOLUME RELATED TO TIER 1 HOUSEBRAND APPAREL SUPPLIERS REGISTERED ON HIGG	44%	93%	100%
PRODUCTION VOLUME FROM SUPPLIERS VERIFIED HIGG FEM + FSLM	1%	50%	80%

% Production volume related to Tier 1 housebrand apparel suppliers registered on Higg



% Production volume from suppliers verified on Higg



SPT 1: OVS is committed to reducing its absolute CO₂eq Scope 1 and 2 emissions by 21% by 2024 compared to baseline fiscal year 2019.

KPI 1: Scope 1 and Scope 2 GHG emissions related to the central warehouse, headquarters and directly operated stores located in Italy. KPI1 shows a 19% reduction from the original baseline due to methodological revision as argued in the section “Baseline 2019 Review” of the NFS. Not considering the revision, the reduction would have been 50% from the original baseline of 19,749 tCO₂e.

Scope 1 emissions were 22% lower than last year and 30% lower than the baseline. This is mainly due to energy saving programs implemented in collaboration with store personnel and the gradual elimination of diesel boilers and their replacement with more efficient systems.

Moreover, thanks to the plant engineering interventions at the stores, it was possible to monitor consumption and performance in real time and intervene where necessary to eliminate energy waste. A contribution has also come from upgrading the car fleet with lower emissions per kilometre driven.

Scope 2 emissions are down 26% from last year and up 175% from the 2019 baseline, due to a lower share of purchased Guarantee of Origin Certificates. It should be noted that emissions are already almost completely reduced through the purchase of renewable electricity and only account for 5% of KPI1, so even significant changes in this magnitude do not significantly affect the overall performance of SPT1. As an illustration of this, we point out that KPI1 decreased overall by 19% from baseline, performing better than expected.

Table 64
Performance detail KPI1 2022

EMISSIONS (TCO ₂ EQ)	BASILINE 2019	TARGET 2024	CURRENT YEAR	DELTA VS 2019 (%)
SCOPE 1	11,489		8,064	-30%
SCOPE 2	658		1,812	+175%
TOTAL	12,147	-21%	9,876	-19%

06 Details

SPT 2: OVS is committed to reducing its absolute Scope 3 CO₂e emissions related to “Purchased goods and services” (raw materials, garment production, packaging production) and “Upstream transportation and distribution” by 21% by 2024 compared to the baseline fiscal year 2019.

KPI 2: Scope 3 GHG emissions related to purchased goods and services (raw materials, processing, and packaging) and upstream transportation and distribution (limited to housebrand apparel).

Scope 3 emissions were 12% below baseline, in line with the plan despite a procurement schedule in FY2022 that brought forward some product shipments. The reduction in parity was 13%. This was achieved through an improved raw material portfolio with a greater selection of reduced-impact materials and reduced incidence of air shipments.

Table 65

Detail Performance KPI2 2022

EMISSIONS (TCO ₂ EQ)	BASELINE 2019	TARGET 2024	CURRENT YEAR	DELTA VS 2019 (%)
PURCHASED GOODS AND SERVICES	268,678		251,210	-7%
UPSTREAM TRANSPORTATION AND DISTRIBUTION⁶⁸	27,231		10,651	-61%
TOTAL	295,909	-21%	261,861	-12%

SPT 3⁶⁹: OVS is committed to engaging 100% of its suppliers on the Higg platform and purchasing at least 80% of its production volume from Tier 1 suppliers with both Higg FEM and FSLM modules verified by a third party by 2024.

KPI 3: Percentage of production volume related to Tier1 housebrand apparel suppliers registered on Higg and related production volume verified.

In 2021, production volume related to housebrand apparel suppliers registered on Higg is 93%, up significantly from the baseline year. This increase was possible thanks to the policy of not accrediting new suppliers who were not active users of the

platform and to the effective involvement program implemented by the Sourcing Offices located in the production countries. Production volume verified through Higg Facility Environmental Module (FEM) is 71% and through Higg Facility Social and Labor Module (FSLM) is 52%. Both indicators are significantly up thanks to the constant monitoring guaranteed by the Sourcing Offices and in line with forecasts. The difference in verification program performance between the FEM module and the FSLM module is due to the fact that the latter was initiated later than the former.

Table 66

Detailed Performance KPI3 2022

	BASELINE 2019	CURRENT YEAR	TARGET 2024
PRODUCTION VOLUME RELATED TO TIER 1 HOUSEBRAND APPAREL SUPPLIERS REGISTERED ON HIGG	44%	93%	100%
PRODUCTION VOLUME FROM SUPPLIER VERIFIED HIGG FEM	27%	71%	80%
PRODUCTION VOLUME FROM SUPPLIER VERIFIED HIGG FSLM	1%	52%	80%

NOTES

- 1 In this document with “OVS” we refer to the group OVS Spa unless there is a specific reference to one of the brands.
- 2 Working Paper Roadmap to Net Zero: Delivering Science-Based Targets in the Apparel Sector, World Resources Institute, November 2021.
- 3 Cornell, S., Häyhä, T., and Palm, C. 2021. *A sustainable and resilient circular textiles and fashion industry: towards a circular economy that respects and responds to planetary priorities*. A Research Report by Stockholm University’s Stockholm Resilience Centre for the Ellen MacArthur Foundation and H&M Group.
- 4 For a more detailed discussion of Better Materials see “Product and Raw Materials” in the “Details” section of this document.
- 5 Preferred Fibre & Materials Market Report 2022
- 6 Excluding cotton, linen, hemp and ramie.
- 7 The analysis was conducted on a sample of suppliers representative of 70% of the production volume.
- 8 Confindustria Job Survey 2022.
- 9 <https://www.wired.it/article/donne-stipendi-gender-pay-gap-europa-italia/#:~:text=Gender%20pay%20gap%2C%20ovvero%20la,arriva%20al%2012%2C7%25>
- 10 For more information: see our “Report on Corporate Governance and Ownership Structure”, available on the Company website: www.ovscorporate.it, under the Governance section.
- 11 Chiara Mio, professor at Ca’ Foscari University of Venice, with consolidated experience in sustainability and corporate social responsibility.
- 12 It should be noted that the BRM 2020 score was for the Environmental part 80.8% and for the Social part 84.1%. However, the performance is not comparable because in the BRM 2021 OVS was evaluated both as a brand and as a retailer of third-party products. In BRM2020, on the other hand, the evaluation took place only at the Brand level as the share of business related to the “marketplace” sector was not significant.
- 13 For the identification of the stakeholder categories involved, please refer to the Stakeholder Map section.
- 14 The graph is intended to be a representation of the OVS Group’s value chain and all the stages analysed to identify impacts.
- 15 It should be noted that the order in which the material topics and their impacts are reported does not coincide with their significance.
- 16 See previous note.
- 17 The approach implemented by OVS is in line with the provisions of the principles of “Double Materiality” provided for by the proposed Corporate Sustainability Reporting Directive (CSRD), following the revision process of the Non-Financial Reporting Directive (NFRD).
- 18 The priority level was calculated as the average between internal and external significance.
- 19 The current macro-economic and geopolitical scenario was also assessed, influenced by the Ukraine-Russia war, which could affect internal impacts linked to uncertainty in the supply of raw materials and external impacts linked to a potential worsening of CO₂ emissions due to the energy crisis caused by the conflict.
- 20 See previous note.
- 21 The Group has begun the process of analysing and collecting data and information relating to GRI 207-4 indicator “Country-by-country reporting”, which will be disclosed in future reports.
- 22 Tax offences include: fraudulent declaration by means of other artifices, untrue declaration or omitted declaration; issue of invoices or other documents for non-existent transactions, as well as concealment or destruction of accounting documents, undue compensation or fraudulent evasion of tax payments.
- 23 Local suppliers are companies based in Italy or in the European Union. Expenses for goods and ancillary services not related to the product (e.g. consultancy, leases, furniture, etc.) are categorised as “non-goods” purchases.
- 24 The figure does not include non-EU countries, this reporting boundary represents over 95% of the OVS Group’s total costs.
- 25 The data shown refers only to OVS S.p.A.
- 26 Following the coup d’état, which took place in February 2021, the stability of the country was significantly compromised, making the system of control of suppliers complex. For this reason, OVS chose to rationalise its presence in the country, keeping active only those partnerships that guaranteed good environmental and social performance.
- 27 The percentages for Higg refer to the perimeter used for the Sustainability-Linked Bond.
- 28 It should be noted that the integration of the gender-related disclosures required by GRI 2.7 on “Employees” will be reported after the company’s information systems are updated.
- 29 With the goal of providing a better view of the distribution of the corporate population, new, more representative age groups were introduced.
- 30 With the aim of providing a better view of the distribution of the company’s population, new, more representative age brackets have been introduced, which are currently not yet reportable by foreign companies.
- 31 In order to calculate incoming and outgoing turnover, the number of employees hired/terminated is compared to the total number of employees, with relative details by contract type, age group and gender.
- 32 In order to calculate incoming and outgoing turnover, the number of employees hired/terminated is compared to the total number of employees, with relative details by contract type, age group and gender.
- 33 This figure does not include foreign companies, this reporting boundary represents approximately 95% of the OVS Group’s employees at 31/12/2023.
- 34 In general, training focused on permanent staff; for this reason, the calculation of average hours broken down by professional category does not include fixed-term contract staff in Italy.
- 35 The figure does not include foreign companies for which it is not statistically significant. In any case, the reporting boundary represents 95% of the employees of the OVS Group at 31/01/2023.
- 36 This figure does not include foreign companies for which risk assessments have been conducted that have determined a low level of health and safety risk. This reporting boundary represents approximately 95% of the OVS Group’s employees at 31/12/2023.
- 37 A ‘serious’ injury, as defined by GRI Standards, is an injury that results in an absence of 180 days or more.
- 38 The figure does not include foreign companies. This reporting boundary represents approximately 95% of the OVS Group’s employees at 31/12/2023.
- 39 Direct consumption means energy consumption arising from supply contracts in the name of Group companies. Indirect consumption arises from contracts with third parties (typically shopping centres) which are subsequently charged back to OVS. OVS does not exercise operational control over this consumption, but it is nevertheless represented for completeness of information.
- 40 In the calculation of per capita consumption, the consumption recorded in the calendar year is compared with the staff at 31/01/2023. In addition, note that the table excludes consumption of fossil fuels for motor vehicles, which is reported separately below.
- 41 The figure for point-of-sale electricity consumption in 2021 has been corrected for a calculation error.
- 42 In the calculation of per capita consumption, the consumption recorded in the calendar year is compared with the staff at 31/01/2023. In the foreign perimeter, energy consumption is all from supply contracts in the name of group companies.
- 43 It includes the plant’s share of production at the warehouse.
- 44 For the calculation of CO₂e emissions, the DEFRA 2022 factor was used
- 45 The figures for 2021 have been adjusted due to the methodological revision described under “Baseline 2019 Review”.

46 For the calculation of CO₂ emissions, AIB 2021, DEFRA 2022 and ISPRA 2022 factors have been used.

47 For the calculation of CO₂ emissions, AIB 2021 and TERNA 2019 factors have been used.

48 The emission reduction targets of the “Purchased goods and services” category focus on house-brand clothing products, which account for 83% of the category’s emissions in 2022. Emissions from products developed by third-party brands or not related to the clothing category (cosmetics, home furnishings, etc.) and store-fitting materials are therefore excluded.

49 The emission reduction targets of the “Upstream transportation and distribution” category.

50 Fresh water is defined as water containing ≤1,000 mg/l total dissolved solids.

51 Due to a meter failure at the HQ, consumption in 2022 was estimated on the basis of the average consumption per person at the venue measured in 2021 and applied to the permanent workforce in 2022.

52 The WRI tool, available on the WRI website, was used for the analysis of water stress areas: <https://www.wri.org/our-work/project/aqueduct> and the results in the “baseline water stress” column were taken into account.

53 It should be noted that the data relating to waste refer to the Italian perimeter and include the Pontenure warehouse.

54 For this year, the figure has not been received from the supplier, but we estimate it to be in line with last year.

55 See previous note.

56 This item includes old fire extinguishers, the collection of which was done on an exceptional basis.

57 Construction site waste is reported under this item.

58 In contrast to 2021, in 2022 PPE were disposed of properly in the undifferentiated collection.

59 Perfumery articles, such as enamels and perfumes, that contain flammable substances are reported under this item.

60 Filters from air conditioners that have been taken back on an exceptional basis are accounted for under this item.

61 Containers with paint residues are reported under this item.

62 The data shown are estimated from the weight of each product ordered.

63 For the reporting year 2021, companies were required to publish only eligible economic activities according to the Taxonomy with reference to climate objectives.

64 Final Report on Minimum Safeguards, October 2022

65 Clarification provided by Commission Notice 2022/C 385/01 of October 2022 - “Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets”.

66 For details, see section “Enterprise Risk Management and Non-Financial Risk Management”.

67 The Sustainability Linked Bond is aligned with Sustainability Bond Principles established by ICMA - International Capital Markets Association.

68 It should be noted that in the Upstream Transportation and Distribution category, unlike in Table 47 of the NFS, emissions from transport to the point of sale of 2,053 tCO₂e in the baseline year and 4,444 tCO₂e in 2022 are not included in SPT2.

69 Data correspond to 100% of Volume production.



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