



The journey everyone can

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Teddy Dream: a sustainability manifesto ahead of its time

The present sustainability report is the first document about the story of our company, our Dream, our corporate culture stemming from it and the results achieved seen through the lens of the principles of economic, social and environmental sustainability.

When four years ago we started our journey, whose early stages and efforts are for the first time, yet substantially, accounted here, we did not start from scratch.

First of all, we immediately realized that what we called “Teddy Dream”, and therefore the factor actually driving our entrepreneurial journey, was already a sustainability manifesto ahead of its time, because it was first designed to be focused on two of the pillars of modern sustainability: the economic and social factors.

The journey this report is meant to start illustrating is an early balance of our ambitions, actions and future commitments to make our company increasingly more sustainable from a social and economic point of view, and how we can play our part ambitiously from the point of view of environmental challenges.

Our goal has always been to dress people, give our customers the opportunity to wear something to make themselves feel good, to allow them to express their personality, their spiritual wealth in that particular external detail.

We try to go ahead with this “way of building fashion” with the wish to engage all those who, in various ways, are involved with our company and brands, in making things better, starting from our collaborators to our suppliers, from our business partners to the

communities we come in contact with, up to allocate a part of the profits of our work to charitable organizations in Italy and abroad that are committed to building physical and non-physical spaces for welfare, solidarity, charity and beauty.

We start this journey to add further transparency, committing ourselves to reporting on the results achieved and the challenges we set ourselves every year, well aware that the challenge for sustainability has no final goal to attain, but it is the most reasonable and effective point of view to assume today in order to achieve a sound, lasting and regenerative growth.

As you can read in the following pages, this is the beginning of an exciting journey that, we are sure, is a road to innovation and



responsibility, which we take not because we are forced to but because we are attracted by it. This is the reason why we take on ambitious goals, being well aware they are not to be easily reached and that we must not give up for any failure over the journey.

We first worked on the internal cultural change that an approach to integral sustainability requires. It is precisely on this cultural change we have focused on over the last three years, because no big evolution occurs in our Company without us having a shared awareness about the need for it, starting from the development of a basic competence and the simultaneous perception of the attractiveness the challenge entails.

Thanks to such a work on competence culture, everyone inside Teddy, from our headquarters to the stores, starts experiencing this adventure today with the same intensity. We are well aware of working in a complex and

environmentally-impacting industry, which is to blame for an amount between 8% to 10% of global CO2 emissions each year and has a significant impact on biodiversity and pollution due to the use of chemicals and water. We take to heart the responsibility to mitigate that impact and fully embrace an approach to a responsible use of resources from the perspective of circularity. Therefore, we took on the commitment to reducing our CO2 footprint endorsing the goals of the Science Based Target protocol; we signed ZDHC protocol to eliminate the use of chemicals throughout our entire production chain; and we set as a goal to use an increasingly higher quota of recycled and certified fabrics in our collections.

It is clear that any company, let alone ours, when considering its dimensions, can neither think to work all by itself towards such a change or think that this may happen without difficulties or slowdowns. For this reason we started to join and engage with some

of the main organizations promoting an interdependent fashion system, oriented to shared value creation.

Our motto at Teddy has always been “shared responsibility”. This is the way we also understand our journey to sustainability, being aware that everyone of us experience firsthand the change happening every day, one step at a time, and that enthusiasm, skills, dedication and the wish to build something great are needed to bring it forward.

And we have it all at Teddy.

ALESSANDRO BRACCI
CEO of
Teddy Group

Methodology Statement and Goals of the Report

The aim of Teddy first public sustainability report is to show to all our stakeholders the evolutionary journey taken by Teddy, on the ground of the values characterizing us, in order to integrate our business philosophy with sound principles of sustainability and make more responsible choices for the society and the planet, moving towards a future-proof business model.

The Document is a collection of information about the strategies Teddy set to reduce its negative social and environmental impact on key areas and at the same time to contribute to positive and lasting value creation for both internal and external stakeholders.

We aim at communicating our performance in a transparent way and make a public statement on the short- and long-term goals we set for ourselves that will be the subject of regular reports from now on, within our ever-changing industry and global context. The report will be published every year, in compliance with current European regulations and those under development that will be enforced in the coming years, which reaffirmed the key role of an active engagement of the stakeholders through the provision of timely, regular and accurate information. In order to be able to draft the report, starting from last year Teddy adopted a structured process to collect, check and approve data and information, for which all the corporate bodies are actively involved, each one in charge of its own area of expertise, with the coordination of our Sustainability Department.

The reporting scope will only include Teddy SpA, unless otherwise specified; the data refer to the fiscal year going from the 1st of January 2022 to the 31st of December 2022 and are compared to the data referring to the same period in the previous fiscal year, if available. The distribution hub in Gatteo, all the directly-operated stores and the stores managed by Teddy through a franchise agreement for any of its brands are included in the reporting scope.

The information contained in the report and prepared in accordance to GRI standards refers to the subjects identified as important by the stakeholders, following a materiality analysis, whose results allowed us to structure the contents of the sustainability report. Each material theme, as also listed by the GRI table of contents, includes a description of the initiatives carried out, the policies set and the commitments taken on by Teddy, together with the metrics and predictors used to monitor the trend of performances and the results achieved as set by the Strategic Plan for sustainability. Where quantitative data could not be retrieved, an estimate was provided following methodologies that can guarantee a true and reliable representation, with the estimate expressly indicated in the text.

About Us

Teddy SpA (Società per Azioni - public limited company), the parent company of Teddy Group, is a fashion retailer with an Italian soul, four clothing brands and a big dream that travel all over the world. It operates in the clothing market through its brands Terranova, Rinascimento, Calliope and QB24, dressing millions of customers via omni-channel retail and wholesale distribution networks.

Our brands

TERRANOVA

Terranova: a POP brand created in 1988 in the land of smile and hospitality, Romagna! Products, from menswear, womenswear to kidswear and underwear lines are colorful, ironic, innovative but, best of all, affordable. It guarantees one of the best quality-price ratios in the market, without forgetting attention to details and a wide range of colors.

RINASCIMENTO

Rinascimento: a posh womenswear brand, but with a rocker soul, dressy and versatile, the expression of femininity with a hidden drive and the awareness of being a true woman, romantic sometimes, but determined and tough when required, to live life always as the protagonist. In just a few years the brand won the retail market and customers, becoming the ambassador of Made-in-Italy top-of-the-range fast fashion.

CALLIOPE

Calliope: a contemporary, trendy brand, creating collections through a careful selection of products and outfits fulfilling the needs of our customers for any occasion: work, leisure time and special occasions, with a style based on the search for something new and always ready to impress without forgetting its Italian roots.

QB 24

QB24: it was created to offer men the right piece of clothing at any time of the day and make them feel comfortable on any occasion, with the right outfit. Garments and accessories made up of well-finished materials, rich in details, to make men feel comfortable and classy on any occasion.



The main figures of Teddy SpA

Directly-operated stores and franchised stores: 803
Rinascimento “Fits You”-business formula stores: 46

Retail markets: 41

Wholesale markets: 84

Employees: 2,155

Average age of employees: 33.1

Turnover: 607 Mil Euros

Ebitda Adjusted: 77 Mil Euros



The Dream.

Purpose beyond profit

Founded in 1961 by Vittorio Tadei, Teddy has always thrived in a sound way and expanded itself globally, without ever losing track thanks to the Dream, the vision Tadei left to his company orienting its corporate culture.

Teddy Dream is to build up a large and global company that earns much money, enough to have the means to expand it, to create jobs and to use, every year, a part of the net profits to help weaker people, thanks to charities operating in Italy and abroad.

The Dream is to build up a company where, thanks to their job, young people and even less young ones are able to give a meaning to their own life.

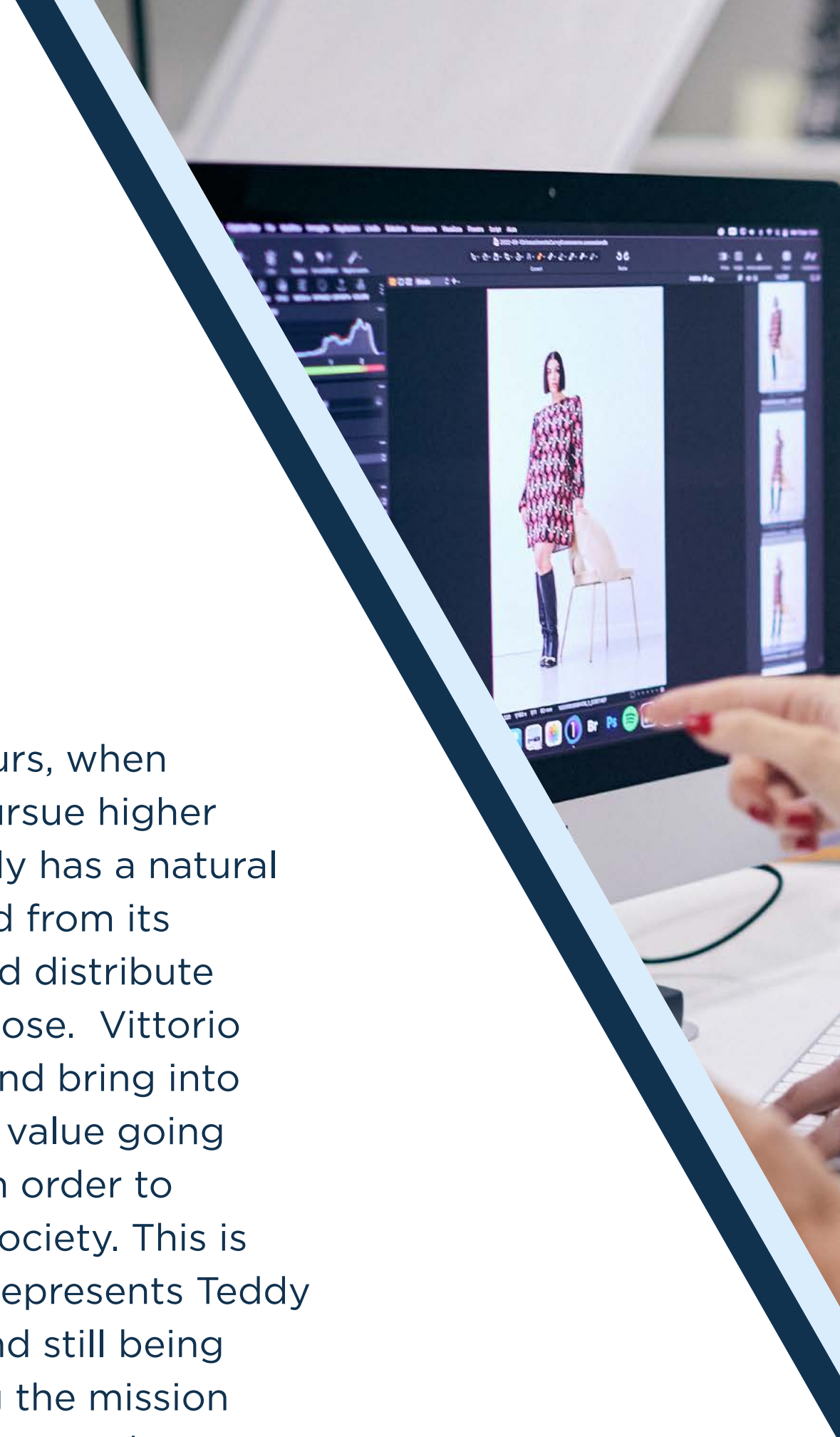
The Dream is to build up a company where every five so-called “normal” people there is

one with disabilities or difficulties and where “normal” people help those less lucky to settle in their job environment and to live a normal life, because it is only through work that people discover their own dignity.

The Dream is to educate brave, responsible, qualified management who is projected into the future without fear and who is able to convey all the values I spoke of before to all the people coming after them.

Teddy goal is to grow more and more as an international top player in the fashion industry through its brands and build day by day the company described in *The Dream*, as to leave it to future generations larger, sounder and more sustainable.

In a time of great change like ours, when companies are challenged to pursue higher goals going beyond profit, Teddy has a natural vocation for it, which it inherited from its founder, to conceive, design, and distribute apparel to pursue a higher purpose. Vittorio Tadei created Teddy to create and bring into the community and the world a value going beyond the profits generated, in order to actively contribute to a better society. This is Vittorio’s Dream, which vividly represents Teddy vision and which is kept alive and still being built, day by day, accomplishing the mission of dressing people. This commitment does not only include those working in corporate headquarters, but it also involves the people working in our directly-operated points of sale, and applies even to our franchised network, in order to develop a company that can last



in time and give its contribution to make the world a better place.

A natural vocation enshrined even more concretely in the establishment of Gigi Tadei Foundation in 2014, in memory of Luigi Tadei, Vittorio's son who died in 2006, and the inclusion of the same foundation in the shareholding structure of the parent company T&M Holding S.p.A, entitled to the same amount of shares of Vittorio's other daughters.

Gigi Tadei Foundation, together with Teddy, is the keeper of the Dream and helps charity and social organizations with their activities thanks to the profits made by Teddy.

The sustainability journey undertaken represents the natural continuation and at the same time an even more conscious development of the values permeating Teddy business philosophy, thus inspiring everyday actions.



Everyone Can: the manifesto of our commitment

Our “Everyone Can” Manifesto was developed from the evolution and expansion of Teddy Dream. It mirrors the great challenges we are going to face and at the same time the spirit of inclusiveness and courage in accepting them, which have always been our distinctive features. The manifesto is based on the assumption that we are deeply interdependent from each other and on our absolute certainty that everyone can play their part to take the lead in the change. Thus, the idea of “everyday heroes” came from our aptitude of being an active part in challenges and entrepreneurs of ourselves. You do not need to be special to act like a hero, as everyone can contribute to make a positive change playing their yet even small part.



The Everyone Can Manifesto

Look at what it's happening to our world.
Maybe you think no one can save it.
No one can change things as they are.
But the truth is... Everyone can do it.
Everyone can start changing a small habit,
set and achieve a small goal,
try to do something in a different way,
little by little.

Is it enough? Yes, it is,
if each one of us takes on their own part
and if we avoid thinking of being too little
to make a difference.
Taking care of the planet and
those who live on it
is actually a heroic and monumental mission,
which can be only carried out
by normal people, just like us.
At Teddy Group we have always
believed that
fashion must belong to everyone.

Likewise, we think that
it does not matter
who you are or where you come from:
you can always change things,
as long as you are not alone.
We are not waiting for a hero
who will save us all.
We will start working on what truly matters.
Now, together. Join us.
Because everyone can do it.

Everyone Can.

The Everyone Can Pillars

We took on a journey towards growth to make our business philosophy evolve, constantly strengthening the principles of a virtuous business management, environmental protection and the promotion of human resources inside and outside the company. In order to make our corporate group keep on being a future-proof Company able to last further 500 years, our efforts must be based on three main pillars.

EVERYONE CAN **ACT RIGHT**

Any Company must do the right thing, seizing the opportunities to behave in a different way. This approach must be structural and intrinsic to any decision taken and any goal set in order to have a lasting and tangible effect.

EVERYONE CAN **HEAL THE PLANET**

The effects of human activities on the planet are increasingly more disruptive and require us a shared and immediate change in attitude. We need to rethink not just the way we design clothing, but our overall approach to business, from stores to Logistics.

EVERYONE CAN **CARE FOR PEOPLE**

The respect and promotion of human dignity has always been the core of our actions and of the way of thinking as one of our distinctive features. We feel the responsibility of giving value to the life of all those we run across every day, dressing them with our passion and dedicating them the attention they deserve.





Interview **LUCA GALVANI** - *Head of Sustainability | Teddy Group*

A challenging journey towards awareness and responsibility

“

How was year 2022 for Teddy Group in terms of sustainability?

2022 was for us the year to take action and consolidate what we have done so far, consistently with what done the previous year. We managed to consolidate good practices and formalize policies and procedures in order to make the sustainability theme the most shared and permeating as possible within the Company.

Our evolutionary path developed through several key stages. In the beginning we invested in awareness and training, setting up a working team in each internal department fully involved in our sustainability plans.

In 2021 we set goals and plans that led us to write down a Multi-year Strategic Plan: a clear guide for our transformation journey.

Engaging suppliers has been and still is a key aspect of our approach: in all the impacting areas we try to guide them to adopt responsible practices from both a social and environmental point of view.

To this purpose we joined SAC - Sustainable Apparel Coalition, introducing the Higg Index as a shared tool to measure performances and transparency.

Which were the main goals achieved during the year?

In 2022 we increased our monitoring activities in the factories, both in Italy and abroad in order to guarantee the compliance with strict social and environmental standards. We established a direct dialogue with our suppliers,

including those less structured, in order to make them feel part of the change, even though it might not be always natural to them.

Our greatest challenge is to guide our suppliers towards more responsible procedures, on the base of our deep knowledge of their dynamics and the stability of the supply chain.

We concentrated our efforts on the most relevant environmental impacts in our industry, such as climate-changing emissions and chemical management. This year the Science Based Targets Initiative (SBTi) did validate and published our commitment to reducing GHG emissions within 10 years, as a proof of our will to adopt approaches based on scientific data to tackle environmental challenges.

We speeded up towards the full implementation of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme and the phasing out of hazardous chemicals and pollutants throughout

the entire production chain, mainly in wet processing.

We are working to strengthen our initiatives for the collection of used garments, promoting their re-use through donation and reselling. Furthermore, we massively promote a circularity approach at each stage of the lifecycle of our collections. For example, we engaged manufacturers in an initiative to recycle fabric cutting scraps, joining the "Circular Fashion Partnership" project led by Global Fashion Agenda.

What challenges will Teddy face in the coming years and decades?

New international regulations and standards, as well as an increasing attention by consumers, mass media and financial institutions, make us confront with increasingly more challenging future scenarios but with a clearer outlook: there are no options for the future but also the certainty that sustainability will be at the core

of corporate strategies. I dare to say that Teddy is ready to deal with those scenarios. We have been actively preparing for them, attracted by the challenge and aware of our responsibility, and we will again play a leading role.

Ist.2

LINEA DAILY
Daily wear

LINEA DAILY
Daily wear



Materiality Analysis

The structure of this report is based on a materiality analysis that led us to identify significant themes, which have an impact on business and stakeholders, and to set out the sustainability aspects to be reported.

The material themes were assessed in terms of importance as designated by internal and external stakeholders and later compared to Teddy strategic priorities to assess their compliance.

The analysis allowed us to establish a constructive dialogue with stakeholders with regard to social and environmental impact issues and reset our priorities and the corporate group strategies based on their expectations.

The methodological approach provided for 3 main steps.

1 - Identification of a list of relevant themes, which provides for:

- themes included in Teddy Strategic Plan and internally measured using the BIA (B Impact Assessment) tool;
- list of themes reported by leading companies in the international fashion industry.

2 - Mapping of Stakeholders and identification of key stakeholders.

We created a map of our stakeholders, grouping them into similar categories. The different groups were therefore assigned a relative weight, calculated according to their impact on the achievements of the goals of the Strategic Plan and the impact of our actions on them. We selected four key stakeholder groups: customers, employees, suppliers and charity organizations. For each category the most effective engagement process was later identified in order to collect their perceptions on the material themes for the Company.

3 - Engagement of stakeholders, through:

- online surveys: for the largest categories, customers and employees
- interviews with a representative sample: some suppliers, colleagues and representatives from the charity organizations were asked questions through direct interviews

We asked all the stakeholders engaged to express a significance index for each sustainability theme, setting a level of relative significance on a scale going from 1, “no significant at all”, to 4, “highly significant”.

4 - Analysis of the results.

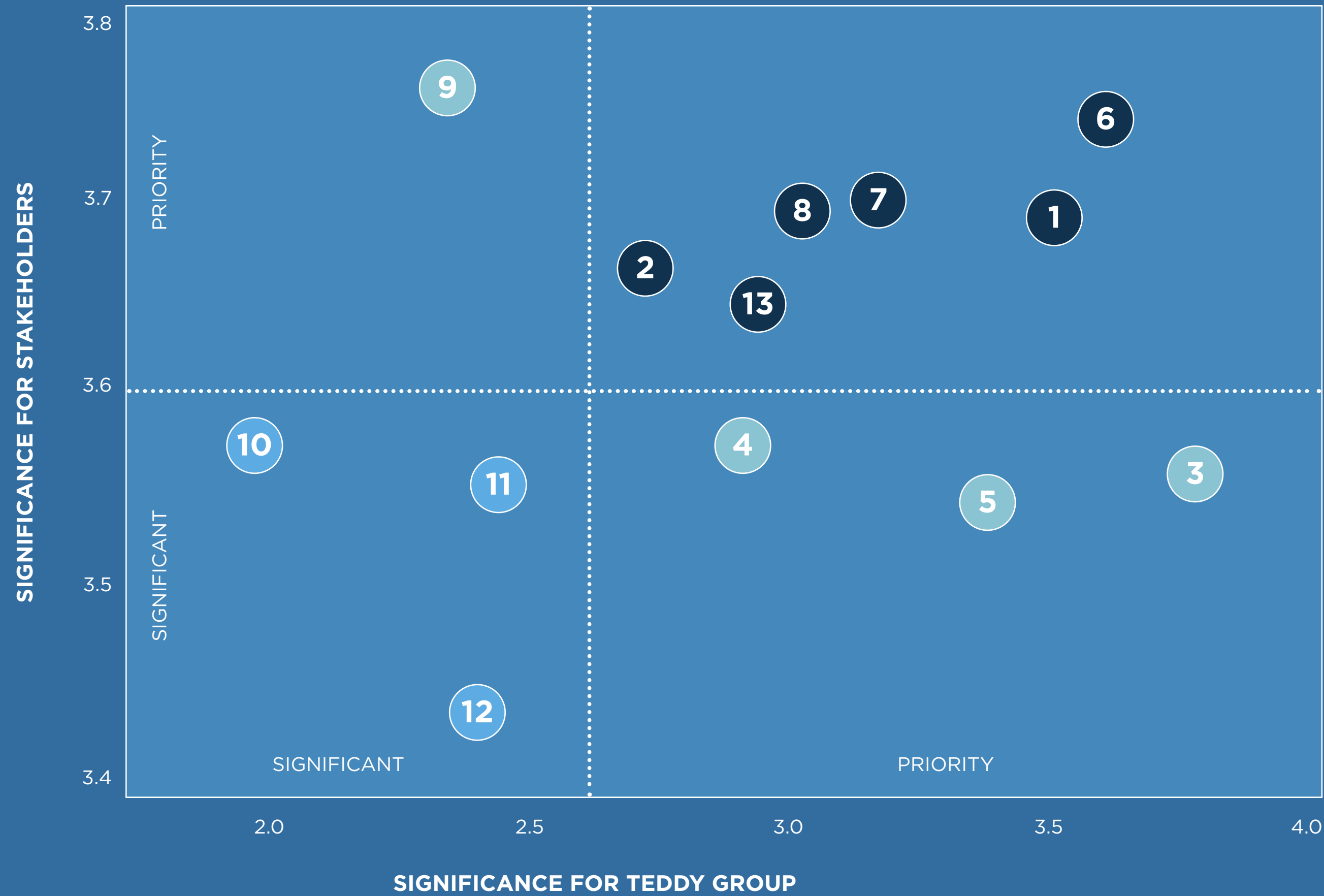
The results obtained from the surveys were combined and analyzed, comparing them to the assessments on the same themes carried out internally by the management team. The internal vision and the external significance can be effectively managed and visually summarized in the materiality matrix, which allowed the overlapping of priorities or any discrepancies to be highlighted. Furthermore, thanks to the matrix, it is possible to immediately understand which themes are regarded as a priority by everyone.

The **material themes**, validated by this procedure, are shown in the matrix below in the upper-right quadrant. The brief descriptions of the priority themes and the sustainable development goals (SDG) to which they contribute are shown below. Priority material themes are then shown connected to their relevant potential risks and to the actions to be undertaken to reduce those risks.



















Materiality matrix - Teddy S.p.A. - 2022



1	Mission and ethical behaviors
2	Stakeholder engagement
3	Professional growth and well-being of employees
4	Diversity and inclusion
5	Local communities and the foundation
6	Sustainable production chain
7	Climate and ecosystems
8	Sustainable products
9	Circular design
10	Sustainable stores
11	Innovation
12	Listening to customers
13	Transparency and sustainable communication

Interconnection between priority themes and sustainable development goals

THEME	SDG	DESCRIPTION
Mission and ethical behaviors		The business is developed and managed in line with a formal commitment, structured according to ethical choices, oriented to common good and connected to environmental sustainability
Stakeholder engagement		Corporate management is focused on dialogue and the active engagement of the ecosystem including all internal and external stakeholders, in order to prevent risks and to promote a positive change
Sustainable production chain	   	Monitoring and improvement of working conditions in the supply chain, guaranteeing the protection and respect of human rights through education and active support to suppliers
Climate and ecosystems	 	Application of practices useful to minimize the potential impact of products and of the production and distribution chain on climate, promoting animal welfare and the conservation of forests and water resources
Sustainable products	   	Selection of practices, materials and processes aimed at minimizing the potential impacts of our products in all the stages of their product life, from sourcing to the end of life, going through manufacturing, marketing and informed use
Transparency and sustainable communication	 	Transparent and regular communication of the goals and the results achieved by the several brands and by Teddy Group, in the development of the business and in connection with the commitments taken with the stakeholders



Risk analysis of priority themes

AREA	THEME	INTERNAL RISKS	EXTERNAL RISKS	RISK LEVEL	TIME HORIZON	MONITORING TOOLS
Governance	Mission and ethical behaviors	Reputational Operational Economic	Corruption	Medium	Long-term	<ul style="list-style-type: none"> • Model 231. Code of Ethics • Special Risk Assessment on corruption • Internal Auditing and monitoring activities
Governance	Stakeholder engagement	Reputational	Breach of the rights of communities and ethnic minorities	Low	Medium-term	<ul style="list-style-type: none"> • Materiality Analysis • Priority stakeholder Engagement • Awareness activity • Partnership and collaborations
Community	Sustainable production chain	Strategic Operational Reputational Economic	<ul style="list-style-type: none"> • Regulation compliance • Respect of human rights in the factories • Raw materials traceability • Health and Safety in local communities • Environmental impact on local communities 	High	Short-term	<ul style="list-style-type: none"> • Code of Conduct • Industry Collaboration initiatives (for ex. HIGG Index; ZDHC) • Internal and external auditing programs • Adoption of certified third-party standards • Financial and technical support to suppliers
Environment	Climate and ecosystems	Reputational Operational Economic	<ul style="list-style-type: none"> • Climate emergency connected to greenhouse gases • Reduction of biodiversity 	High	Long-term	<ul style="list-style-type: none"> • SBT Goals • Energy Saving Programs
Environment	Sustainable products	Reputational Economic Operational	<ul style="list-style-type: none"> • Production of hazardous chemical waste • Water scarcity and pollution • Safe products for consumers 	High	Medium-term	<ul style="list-style-type: none"> • Adoption of RSL and MRSL • Purchase of certified materials • Eco-design (e.g., Zero-water collections) • Procedures with a lower environmental impact than traditional ones
Customers	Transparency and sustainable communication	Reputational Economic	<ul style="list-style-type: none"> • Green Washing • Regulation compliance 	High	Short-term	<ul style="list-style-type: none"> • Campaigns dedicated to the themes of education and clothing care • Public Reporting

Teddy Highlights 2022



ACT RIGHT

- Development of **Teddy first materiality matrix** thanks to the engagement of our main stakeholders.
- Use of the **BIA - B Impact Assessment**, carried out as a self-assessment with the support of NATIVA, a B Corp that supports companies in a radical business evolution towards regenerative economic models, and the SDG Action Manager.



HEAL THE PLANET

- More than **10% of the garments manufactured** in the calendar year with important, intentional characteristics of sustainability that categorize them as an **“Everyone can”** garment.
- Inclusion of all the retail brands (Terranova, Rinascimento and Calliope) in the launch of a new **scheme for the collection and recycling of used clothes**, with an overall amount of **314 stores involved** in Italy.
- **100% renewable energy** used in the corporate headquarters and in the distribution hubs.
- **94% renewable energy** used in the Italian directly-operated stores and corporate headquarters.



CARE FOR PEOPLE

- **100% product suppliers** signed and comply with the corporate **Code of Conduct**.
- **50% of our long-lasting product suppliers** have an average seasonal rating of A or B.
- **650 employees were trained** on diverse skills throughout the year (30.16% out of the total number of employees) **+40% compared to 2021**.
- **28% of the workers** were awarded an **internal promotion**.
- More than **€ 270K donated** to support no-profit organizations operating in the fields of **education** and **social inclusion**.
- **908 hours of volunteering paid by the company** and **388 collaborators** working at corporate headquarters and in the stores involved in projects and campaigns designed to help those more in need.

Everyone Can
act right



The background and the challenge

We are not an isolated entity, we know that the processes leading to the creation of new collections have an impact on the biosphere and on all the people, from workers to local and global communities.

Each Company is required to pursue its sustainable vocation and we make clear and want to make the most of ours on the base of the values that have always been our distinctive mark. In order to do it we need to be sure to build a participatory governance system that may help to guide our intentions towards the implementation of the principles expressed in the “Everyone Can” Manifesto, in all the business processes, from strategic to operational ones.

Our corporate culture draws strength from and grows thanks to it being shared with all Teddy people, and such a participation has always been the backbone of our business philosophy. Furthermore, we need to make sure the Strategic Plan for sustainability follows the same approach to shared responsibilities and goals, so this will guarantee us to always act right and in the general interest.

In order to carry out effective changes we need to measure our social and environmental impact and the related progress with precision, taking the same care and attention we have when doing our usual business. This is the only way we have to take a pathway towards a structured, lasting improvement, which will be left as legacy to the future generations of Teddy collaborators, thus making us a Company operating in an increasingly more responsible, ethical and transparent way.



Teddy approach to sustainability

Sustainability Governance

In order to be able to face global challenges better and drive our Company towards greater sustainability, in 2021 we developed a Multi-year Strategic Plan with a main timeline covering up to 2025. The plan was inspired and designed according to the “Everyone Can” manifesto, which mirrors our vision of the world to which any person and organization can actively contribute for a sustainable future. The Plan includes a series of key goals driving our actions and initiatives over the period of its implementation.

Those goals cover several fields, including environmental impact, social responsibility, business ethics and sustainable governance. The Strategic Plan for sustainability is a living

document, constantly being updated. We are committed to assessing the effectiveness of our actions periodically and taking on and including new challenges and opportunities in the plan. Through a periodical review process, we make sure that the plan keeps being aligned with the best sustainability practices and the expectations of our stakeholders.

The Sustainability Department is entrusted with the management of the Strategic Plan: they plan, coordinate and connect with each other thematic work groups, the so-called B-Teams, which involve different Teddy functions. The aim of workgroups is to develop and carry out concrete actions with a positive environmental and social impact, integrating them in all the areas of the company and at each stage of our value cycle. The Committee of Directors is constantly aligned with the progress of the plan and the CEO plays an active role in the process,

participating to both the Board’s meeting and as a member of the B Team in charge of governance management.

Reference tools

Monitoring and assessing the progress made to achieve the sustainability goals are an integral part of our Strategic Plan. We use Key Performance Indicators (KPIs) relevant to each goal, which allow us to measure and monitor results over a period of time. Furthermore, we are committed to carrying out an accountability process through sound, internationally-recognized and used tools such as the B Impact Assessment (BIA) and the Sustainable Development Goals (SDG) Action Manager to assess our performance in terms of sustainability and soundness of the developed plans for improvement.



The BIA, developed by the no-profit company B Lab, is the most reliable, used and advanced tool in the world to assess the social and environmental performance of Companies. The BIA analyzes practices and performances in details through a questionnaire modelled on the specific features of a Company, and the resulting score can be compared to an international reference framework useful to understand the actions for improvement inspired by the best sustainability initiatives.

Performance is measured across five main categories.

Governance: how the company's mission is set and managed, the transparency in communicating commitment and impacts and the company's ability to engaging its stakeholders in the process.

People: how the company pays attention to the tangible and intangible well-being of its employees, with an assessment of salary, corporate benefits for workers, quality of the workplace, opportunities for career development.

Community: how the company engages with and benefits the communities it works with and its impact in terms of social and economic value. Furthermore, the commitment of the company towards its supply chain is also assessed.

Environment: assessment of the overall company's environmental management practices and their impact, including product design and manufacturing processes, structures, use of the resources, emissions and Logistics.

Customers: Analysis of the positive impact of products according to the benefits created for the user, consumers or an entire category.

The result of the analysis is an overall score of the Company between 0 and 200, based on the practices and innovative business models implemented in order to create a positive social and environmental value and reduce the negative impacts in the reference industry. Among the aspects that determined Teddy current score, some very peculiar to our company, the one that are most highlighted are the following.

A model oriented to charity donations: the role of Gigi Tadei Foundation, as a shareholder of Teddy Group, is a formal, regular and lasting commitment by Teddy to donating a part of the profits earned for charitable purposes.



Growth of the workforce: Teddy natural ability, driven by the Dream of Vittorio Tadei, to create jobs and offer training to people who struggle to find a job is a distinctive and unique feature in the industry.

Environmental benefits of product: the increasing number of products containing other more environmental-friendly fabrics, such as certified organic ones, recycled or manufactured using other sustainable materials, is a strategic opportunity as well as one of the keys for the development towards a more virtuous value chain.

The overall assessment of Teddy sustainability performance using the BIA led to the development of our Strategic Plan for sustainability, which allowed us to optimize the efforts already being made and include new intentional, structural and structured actions,


as to carry them out progressively in the next years. Teddy is, in its soul, a combination of a strong local presence with a global spirit, connecting the areas where our products are manufactured to the places where they are later marketed. Such an international drive strongly commits us to contributing to achieve the Sustainable Development Goals (SDGs) within 2030, as promoted by the United Nations in 2015. Those goals trace a tangible pathway towards a more just, inclusive, fairer and environmentally-friendly world and one of the goals of the Strategic Plan for sustainability is also to accelerate the progression towards the fulfilment of this vision. Thanks to the use of the SDG Action Manager, we measured the positive contribution our actions give with particular reference to the 7 specific SDGs, connected to the industry we operate in and to the themes we care for.





Impact of Sustainable Development Goals.









Source: SDG Action Manager

 <p>4 QUALITY EDUCATION</p>	<p>Quality education can improve the life conditions of people. Goal 4 is not limited to primary education, but it is focused on the contact point between basic education and professional training. Furthermore, it highlights the need for equity and quality in education in the view of lifelong learning.</p>	<p>TEDDY SCORE</p> <p>37.9%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p> <p>0 100</p>
 <p>5 GENDER EQUALITY</p>	<p>Gender inequalities are one of the main obstacles to sustainable development and economic growth. Goal 5 aims at achieving equal opportunities for women and men in economic development.</p>	<p>TEDDY SCORE</p> <p>29.4%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p> <p>0 100</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The promotion of a sustainable growth and of a green economy as well as the creation of enough decent work opportunities, together with the respect of human rights and of the limits of our Planet, is crucially essential to both developing countries and to emerging and developed ones.</p>	<p>TEDDY SCORE</p> <p>27.6%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p> <p>0 100</p>



Impact of Sustainable Development Goals.

Source: SDG Action Manager

	<p>Over the last years in many countries inequalities increased. In some parts of society, inequalities limit the opportunities to participate in social, cultural, political and economic life. Within 2030 everyone must have the right to empowerment, and social, economic and political inclusion must be promoted.</p>	<p>TEDDY SCORE</p> <p>26.1%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p>  <p>0 100</p>
	<p>Today the resources consumed by world population are far more than those the ecosystems are able to provide. In order to have social and economic development take place in a context of sustainability, our society must radically change its way of producing and consuming goods.</p>	<p>TEDDY SCORE</p> <p>25.1%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p>  <p>0 100</p>
	<p>World climate changes due to global warming undermine the very basic existence of ecosystems such as forests, farmland and oceans as well as plants, animals and people living in them. Goal 13 aims at strengthening resilience and adaptive capacity to climate-related hazards and natural disasters.</p>	<p>TEDDY SCORE</p> <p>27%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p>  <p>0 100</p>
	<p>Access to drinking water and adequate sanitation and hygiene for all is a human right and a critical asset for social, economic and environmental development. In addition to this, Goal 6 includes the management of water resources, the sustainable disposal of wastewater to avoid water quality to be endangered and the reduction of vulnerability to natural disasters to be nullified due to extreme water-related events such as drought and floods.</p>	<p>TEDDY SCORE</p> <p>24.7%</p>	<p>TEDDY GROUP</p> <p>ITALY</p> <p>FASHION INDUSTRY</p> <p>SAME-SIZED COMPANIES</p>  <p>0 100</p>

Corporate policies and the commitment towards the outside

The principles regulating the management of sustainability issues are detailed by corporate policies on the procedures required to ensure the initiatives carried out and the decisions taken are consistent with the goals set in the Strategic Plan for Sustainability. The guidelines to integrate environmental, social and responsible governance factors within corporate strategic decisions will be covered in our ESG policy, structured on the pillars that are the distinctive features of our “Everyone Can” Manifesto. The Document shall formalize our commitment towards the planet as well as the community hosting us, the suppliers with whom we collaborate and the people we dress, everything managed by a responsible and

ethical governance. Furthermore, Teddy adopts the Model 231, thanks to which we commit to identifying and assessing any potential risk in order to reduce their impact and prevent unlawful behavior.

We are aware that we cannot tackle the challenges ahead of us alone, because we are part of a complex ecosystem and our initiatives alone would have a too limited effect. Therefore, we chose to join the multi-stakeholder initiatives of the fashion system, which generate a greater impact at an international level, including ZDHC, Global Fashion Agenda and the Sustainable Apparel Coalition.

The pathway we chose to cover towards a more sustainable business model challenges us to take on our own responsibilities towards our stakeholders, with whom we have to communicate in a transparent manner.

We started reporting our progress with the creation of a section dedicated to sustainability on our corporate website, where the main steps of our journey and the results achieved are briefly reported, in addition to the publication of the first sustainability report for internal use in 2022. More details will be later collected in this first document and in the next sustainability reports, which will be published every year, also in compliance with the European regulations that will come into force. Following such a perspective, we also started to introduce the tags “Everyone Can”, for our sustainability-certified garments, in order to promote conscious choices among our customers, sharing information on the most sustainable materials, with the aim of making those features increasingly more relevant as a part of our products.



2022 Impacts

- Extension of the Sustainability Department, which plans, coordinates and connects to each other the eight thematic work groups, the so-called B-Teams, which involve different Teddy functions.
- Use of the tool SDG Action Manager to measure the positive contribution given by Teddy to the most important Sustainable Development Goals for our industry.
- Introduction of “Everyone Can” tags to promote conscious choices among our customers.

Future goals

- Launch of the continuous monitoring of the main social and environmental impact-related KPIs.
- Draft of the ESG policy, structured on the pillars that are the distinctive features of our “Everyone Can” Manifesto. Dissemination and training on the policy for Teddy SpA employees.



A lasting growth in time

Companies are a bit like people: they are born, grow, live and die. Unlike people though, very few companies live more than 50 years, because distributing profits only to shareholders without creating any kind of value is a sign of the well-being of the company but it is not a reason for a long life. In order to make a company last in time, values need to come to life as to develop a sense of belonging in the people who are part of the Company, thus creating a community where human and professional growth can be combined.

2022 was one of the best years for Teddy, confirming the sustainability of the growth model chosen and the ability to reinvent itself and face challenges.

Teddy has always had the ability to take a long-term view, with an inter-

generational perspective. Teddy goal is to be an economically profitable and financially sound Company, which can create jobs in a constructive way, as to give a meaning to life even through work, on the ground of sound principles of inclusion and responsibility; at the same time, it can fund and promote charitable projects to help the underprivileged and the community, not just the local one.

All this can be done by educating and fostering a brave and future-oriented management, who can convey and implement Teddy founding values, also including them in the responsibilities and as yardsticks for management positions.

2022 Impacts

- **+25.6%** Teddy SpA turnover vs 2021
- **+34.8%** Teddy SpA Ebitda Adjusted vs 2021

Future goals

- Definition of the roles in charge of the goals connected to the environmental and social mission and of the monitoring system for progress and performances.

A portrait of Emma Tadei, a woman with shoulder-length brown hair, wearing a bright blue blazer over a black top. She is sitting on a grey couch, looking directly at the camera with a slight smile. The background is a blurred indoor setting with large windows.

Impact Story **EMMA TADEI** - *President of TM Holding, President of Gigi Tadei Foundation*

The intangible heritage guiding us in time

“

**How does Teddy Group
create value over time?**

Since it was founded, the aim of the Company was to build a business that could grow organically and internally, thanks to self-financing through the profits made every year. Furthermore, Teddy allocates a part of the net profits to help the underprivileged by supporting charitable organizations, both directly and distributing a part of the profits to Gigi Tadei Foundation, which holds an ownership stake in the corporate group, with the remaining profits shared with the other shareholders. Therefore, pursuing a long-term purpose, which is not just a dress to wear, is to us the first way through which we wish to generate value over time, above all in such a very critical period of time.

Vittorio Tadei, my father, founded Teddy with the belief that a business could be strong enough to create value for all those who come in contact with the Company, from customers to suppliers, including employees, who are Teddy backbone. He always believed in the value of people and in a direct relationship: he reassured clients who were financially distressed and told them he wanted to be paid only after they had sold their goods, and, if a Teddy employee needed the money for a downpayment to buy a house, Teddy paid for it in advance, with the money later paid back to the company by the employee.

Another key element for value creation over time is therefore the exact same care the company has always had for Teddy people, who are not just the employees.

Each collaborator, each client, each customer, each supplier, each person we help through the charitable projects we support are first of all people, with their own ambitions and resources

that need to be promoted by integrating them in a favorable context that allows them to grow; people, however, with their own frailties to be embraced and to be aware of. Only with the right motivation it is possible to grow together in an organic way, at the right speed and actively involving everyone, from employees, who risk their talents, to our customers, without whom our corporate group would have no reason for existing. People are at the core of our actions.

Teddy is a corporate group that more than once showed to be able to grow and overcome difficulties. How did it do it?

Any decision at Teddy is taken from the perspective of a long-term investment, for which planning is required with a broad vision, instead of a logic of immediate profit maximization. This approach might be against the mainstream compared to the usual way of doing business nowadays, but the decision to

self-finance our growth allowed us to develop in a regular way and at the right times and with the right allocated resources.

There are many ways to develop and grow, and we consider any approach suitable to a specific time in order to guarantee the continuity of the company in time, from which the current policy on profit distribution stems.

We do not automatically exclude the opportunity to go public: Teddy business processes and business management are structured as if we should go public soon, but for us finance is a means among the others available to achieve the goals we set for ourselves, and not the purpose.

For example, we have always had no debt, but during the pandemic we had to apply for a loan, which was necessary at that time in order to go ahead with our operations; we paid it off as soon as we recovered our business activities, thanks to the recovery of losses and to the contribution of everyone at Teddy.

Another strength of our corporate group was to maintain a stable ownership within the family as to guarantee continuity without however relying on the logic of “one man in command”.

The management of the corporate group is based on the strong belief that business management has to be shared with senior management, represented by a Committee of Directors supporting the Chief Executive Officer in carrying out corporate strategies.

Such a variety of skills, which is based on the promotion of different views, allows Teddy to face challenges relying on the ideas and solutions that result from the best distilled deductions coming from each one. Furthermore, we invested in the training of our executives to support them in the management of changes and of human resources and structured Plans for Growth were introduced dedicated to them. Mutual trust could be therefore be strengthened with all Teddy people, who bravely faced the challenges we

dealt with in time, with great pragmatism and foresight.

Were there any difficult situation Teddy managed to face successfully thanks to its features?

The history of Teddy Group is full of difficult moments: at the beginning of the energy crisis in 1973, which was followed by a period of austerity and high prices, my father with a sense of perspective bought a fuel tank and two vehicles, one with an even number plate and another with an odd number plate, which allowed us to go ahead with the business autonomously and flexibly. Another great challenge we faced was at the beginning of 2000s, when we decided to move most of our production from Italy to Eastern countries, in order to avoid losing competitiveness against the brands that already manufactured abroad.

We made that choice with a heavy heart, but this allowed us to gain new competitiveness,

growing and creating new jobs at a higher added value, thus undergoing an evolution with versatility and great attention to our territory. Lastly, the most recent case was the COVID pandemic in 2020, which caused global economy to suffer a freeze, and which meant to us temporarily closing all our stores, thus with large amounts of goods left unsold.

Despite what was happening, we however collected back from our suppliers all the goods already ordered as to allow them to go ahead in that period of uncertainty. Then we selected each item to be put again on the market in the following season, in order to avoid goods purchased to be wasted. All this as a proof of the reliable values and of the sound business relationships we have, because our philosophy is that each player in the value chain needs to have fair profit margins, based on the business risk they take on.

What is the main reason making Teddy manage to overcome

challenges and have a positive impact on people, communities and the environment?

Teddy has an invaluable heritage marking its work every day: the values of its Dream.

In its own way, the Dream represents the entire economic and social dimension of the corporate group and inspires the activities of everyone also thanks to the commitment of Gigi Tadei Foundation, which cherishes it while also driving us to search for its deeper meaning and fulfil it every day. We are currently working on adjusting the Dream to present times and this is also the reason we started a path to evolve and place environmental issues side by side to the Dream and strengthen its existing values. We began by strengthening our governance, designing a Strategic Plan for Sustainability that acts as a guideline to focus the efforts where needed and get the best results possible. Our wish will always be to build an

inclusive Company that creates value for all the stakeholders, starting from creating jobs also and mainly for the most vulnerable people, in a world where there is a rising number of people excluded. Our current challenge is to create a workplace and the life conditions suitable for those people, to avoid leaving them behind and to guarantee the dignity they deserve, because they are Teddy people too.



A collective effort for shared wealth: the relations with stakeholders

In order to support a long-term growth and create value and wealth shared with all the stakeholders that goes beyond the financial aspect, it is essential to build an enduring partnership based on mutual trust. “Treat others just like you would like to be treated” and “Work with Teddy and not for Teddy” are in a nutshell the approach driving the relationships with our interlocutors: we are committed to discussing and interacting in a deeper way, in order to achieve an increasingly greater engagement focused on putting stakeholders first.

Even with reference to this, the Strategic Plan led us to formalize and include in the processes the values and practices already implemented for years. The first essential step towards such a goal was to identify the stakeholders who were the key to achieve the corporate goals and map

the bonds among them in order to understand which themes were key to our ecosystem.

The internal management of those themes involves the entire company and requires a dedicated training and appropriate communication to all Teddy employees. The collective effort requires awareness of the founding principles, awareness of individual responsibilities and sharing of the required practices, which we promote through a program for widespread and continuous professional development in order to constantly keep people updated about the journey undertaken by the corporate group and foster active and participatory engagement. 2022 was also the year of the publication of the first sustainability report, disclosed internally, in order to raise awareness and make Teddy people participate in our progress and goals towards sustainability.

2022 Impacts

- Development of Teddy first materiality matrix thanks to the engagement of our main stakeholders.

Future goals

- Strengthening partnerships and collaborations with stakeholders, engaging them in an increasingly intentional way on the themes related to a positive social and environmental impact.

Together for a real change. Stakeholder engagement.

“

Which added value does the engagement of stakeholders bring to the way Teddy does business and to its corporate culture?

Sonia: The possibility to discuss with colleagues, suppliers, clients and charitable organizations, who are essential to achieve the corporate goals, showed us that the Dream is still alive as it was conceived. I am thankful to see that after all these years it still is an essential guideline for us and no gap was created over the years. The active engagement of stakeholders was useful to show the continuity, because they bring a vision from the

outside that works as glue and at the same time bring both a new sensitivities and innovation into the Company. Another important aspect, shared by all the stakeholders, is the value of the human being who is always regarded as the focus of everything and is the fil rouge connecting times. It will be essential to capitalize on people, inside and outside the corporate group, in a careful way suitable to the current situation, in order to do business and achieve goals yet always sticking to our founding values.

Eleonora: The engagement of stakeholders confirmed the effectiveness of the efforts we are dedicating to implement the Strategic Plan for Sustainability, as the ultimate purpose goes well beyond profit; all this will allow us to build a sound and lasting engagement just like Vittorio Tadei wished for. The journey will allow us to show with greater strength that there is far more to know about Teddy than what is perceived, so that each customer can truly understand that we are not just a clothing

Company but we work according to sound values they may identify with and be proud of. Furthermore, we could become even more aware that planet Earth is one of our priority stakeholders to which we need to start giving more value and protecting with the same care we have for people, including the environment in our corporate values increasingly more.

What did you discover in the engagement process and interaction with stakeholders?

Sonia: Talking with colleagues of any age and position I realized how we talked about work, life and experiences in the same way, thus sharing the same values in a strong and honest way. However, it was also clear that the circle of “Teddy people” does not include just the employees but is far larger and embraces both those who belong to the value chain, from suppliers to customers, but also those benefitting from the community effort of the Company thanks to charitable projects.

The feeling is that a new awareness is being raised about sustainability as a shared issue, both in terms of responsibility and results, and as something that must be taken into consideration in each work decision and in everyday life. The achievement of sustainability goals is not limited to our office, but it is a task shared with anyone coming in contact with our corporate group.

Eleonora: Sustainability is usually perceived as something far but it actually closely affects everyone. We paid great attention to explain our stakeholders the reasons why a Company like ours decided to start this journey and the important contribution they were meant to bring. Teddy must take the direct and indirect responsibility of its own way of doing business. The stakeholders, who are increasingly more aware of their own role in the change and more engaged in activities like this dialogue on the industry impacts, proved to be enthusiastic and ready to collaborate. Only through a constant exchange of ideas and by making the most of

the plurality of visions we can truly understand the change Teddy can activate in the interest of everyone. A constant attention and education on the topic are required to achieve the shared goals Teddy set.

How much does Teddy Strategic Plan for Sustainability mirror the opinions of stakeholders? Did you receive confirmations or changes of perspective?

Eleonora: Understanding the differences in perception and in mutual expectations is exactly the reason why a materiality analysis is carried out. For some aspects the assessment confirmed us we have taken the right path, but it also allowed us to identify any correction to be made to the Strategic Plan for Sustainability and discover unsurveyed opportunities. Among the material themes discussed, we confirmed the importance Teddy and stakeholders give to the creation of a responsible production chain, which is a priority due to the social and

environmental risk connected to manufacturing processes. It was interesting to notice the high level of importance given by stakeholders to the circular design for fashion, on which we are committed to launching new projects and initiatives.

Sonia: We understood how much it is important to act on themes that we previously thought could be dealt with later on and that need to be under greater scrutiny, as they cause a loss of value and a higher risk when not tackled. Just like Eleonora, I was also positively surprised by the importance given to circular design, which boosts us to work on the theme more strongly. We were also impressed by the level of importance given to the listening to customers, even though not regarded as a priority; we have always had a great care for it, however we might need to think about a new outlook for our efforts relying on an increasingly more transparent communication. This activity allowed us to test ourselves to avoid being self-referential and we therefore

must seize the opportunity to challenge ourselves and improve our processes, in order to maximize results and value creation for everyone.

What are the future goals and challenges related to the active engagement of stakeholders?

Eleonora: It is essential to train and educate internal and external stakeholders in order to tackle the actions to be taken in a concrete and effective way. It is a challenging path aimed at raising awareness among Teddy employees as well as among all the other players being part of the corporate ecosystem. It will be an activity we will bring forward with perseverance and dedication, involving many people with different backgrounds and roles, informing them and providing them with the tools required to carry out their tasks, while taking into account the applicable principles of sustainability. Only thanks to close partnerships, a higher level of awareness of one's own impacts and of the inescapability of the

transition, we can turn the sustainability goals we set for ourselves into something real and thus further raise the bar of ambition.

Sonia: The highest efforts will be to understand the prerogatives of our stakeholders and meet their expectations as this will be essential to foster dialogue. The main job will involve our suppliers, with whom we need to work as a team also on sustainability issues, developing a collaboration that engages us in the evolution of business culture. The relationship must be redesigned from the beginning to its end, structuring together processes that are consistent with the shared values, in order to reach the critical mass required to make a change. Alone you cannot be successful, you can only be by working together with others, giving everyone the opportunity to build the world as described in the Dream, as to make people choose us tomorrow right because we are Teddy.





Everyone Can
heal the planet



Everyone Can **heal the planet**

The background and the challenge

Climate change caused by the global warming threatens key ecosystems such as forests, farmland, mountain areas and oceans, putting at risk plants, animals and even the people depending on them. 2023 Report on Climate Change by IPCC (Intergovernmental Panel on Climate Change) leaves no room for doubt: the connection man-climate change is a fact. Because of the use of fossil fuels global warming increased by 1.1°C compared to pre-industrial levels. In the period 2010-2019 emissions were the highest in history and led to extreme weather events that caused increasingly more harmful impacts on people and the environment.

Fashion industry is one of the main actors in those significant environmental impacts. Changing the course and adopting production and consumption models promoting sustainability is not an easy task, because each choice we make affects a complex ecosystem of stakeholders, technologies and multiple manufacturing stages. Creating a sustainable fashion industry requires each of the stages to be adjusted to new operating principles.

Despite the change the industry is already undergoing, there is still a long way to go before being able to involve the entire production chain and develop materials that can meet strict sustainability criteria, while keeping at the same time reasonable costs and quality for a market and consumers increasingly more sustainability-aware. The

transition towards a virtuous business model is a challenging and ambitious path that requires a collective and immediate action by all the stakeholders involved.

We are aware it is not easy to source better fabrics and it is a slow, step-by-step journey towards change for us as well as for our suppliers.

However, we can all clearly feel a sense of urgency. Therefore, we are firmly resolved to accelerate towards change.

It is important to us that all the natural fabrics are sourced with the utmost respect and care for ecosystems, and synthetic fabrics are managed through a fully closed-loop system.

Fabrics and textiles: going towards increasingly more sustainable collections

It is from raw materials that our first idea of world comes.

According to the report “Pulse of the Fashion Industry” by the Global Fashion Agenda and The Boston Consulting Group, the materials selected account for between 50% and 70% of the total environmental impact of an item of clothing.

80% of the impact comes from the manufacturing stage of textiles and textile fibers, as reported by research carried out by the OECD (Organization for Economic Co-

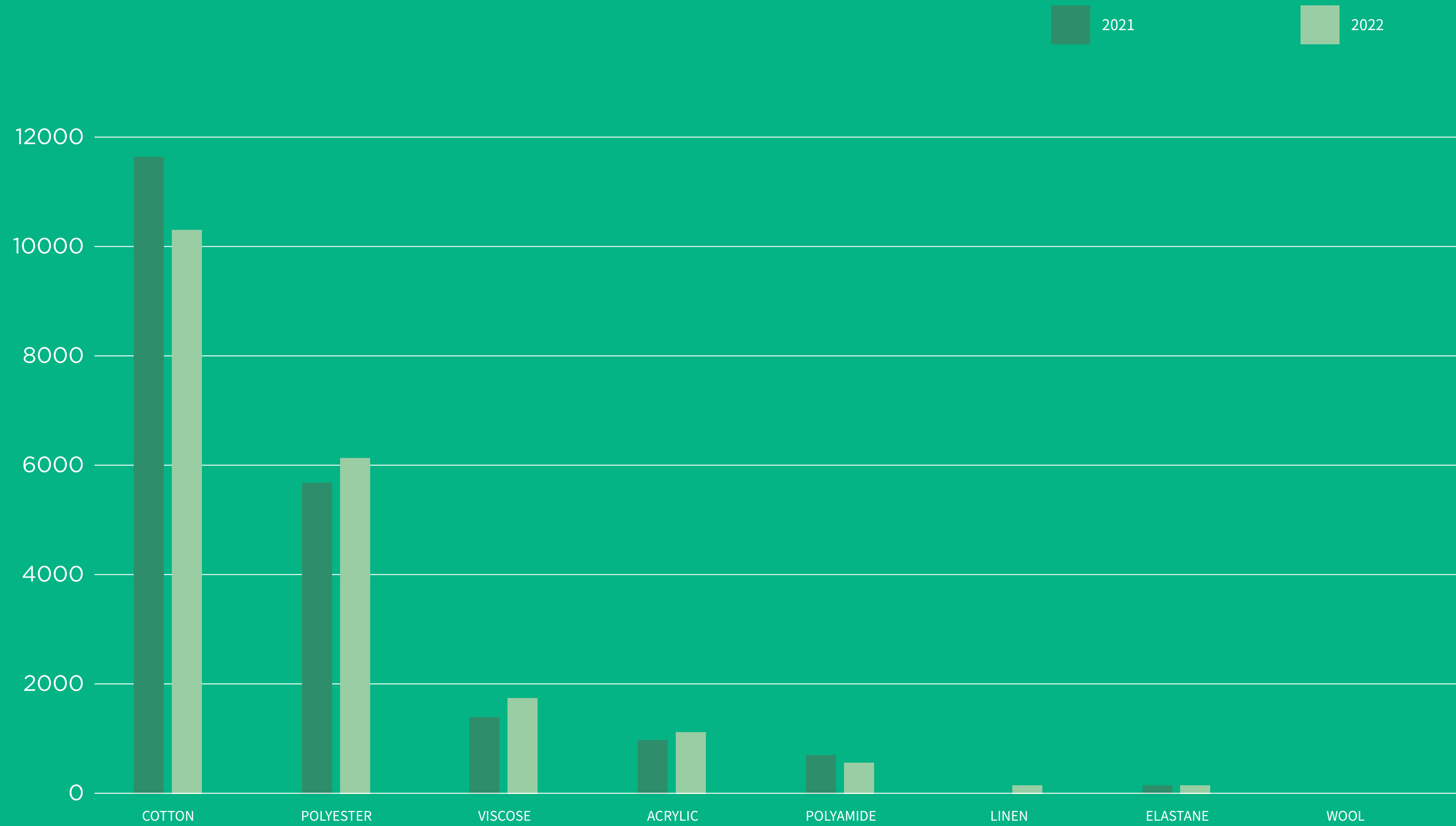
operation and Development) on the entire lifecycle of several items of clothing.

Therefore, we decided to trace a path to be able to source increasingly more sustainable raw materials.





Materials used in the collections



Cotton accounts for about 50% of the materials we use as it is the fabric we use most. Cotton is a virtuous fabric because it is natural and therefore renewable, but it is also accountable for a high environmental impact in terms of water consumption and GHG emissions, mainly due to agricultural procedures. Our aim is therefore to use certified organic or recycled cotton increasingly more, which may reduce water consumption and the use of pesticides and synthetic fertilizers.

Among the most used synthetic fabrics we use polyester, whose environmental impact is mainly connected to its fossil origin. It is a highly-versatile material, easy to recycle, and therefore we are committed to using recycled polyester for our garments increasingly more.

We prefer to use recycled fabrics in order to decrease at source the production of virgin raw materials and give new life to production waste and post-consumer recovered fabrics.

In 2022 we also increased the use of cellulosic materials produced by Lenzing, which guarantee a more sustainable sourcing of the raw material and low-impact production processes. Among those materials, we use ECOVERO® Viscose fabric, which is certified by the EU Ecolabel* certification system, traceable and produced with an 50% lower impact than traditional viscose with reference to CO2 emissions and water consumption.

We also raised consumer awareness on the sustainability of items with the introduction of a tag “Everyone Can”, which shows when an item is made of more sustainable raw materials, within specific minimum thresholds.





Below a chart with the main sustainable materials used in our collections in 2022.

MORE SUSTAINABLE MATERIALS*	TONS
Recycled cotton	381
Ecovero®	262
Recycled polyester	208
Organic cotton	31
Repreve®	27
Livaeco®	3

*Quantities calculated according to the materials as recorded at the end of the production chain in the period between January 1st, 2022 and December 31st, 2022

2022 Impacts

- More than 10% of the items of clothing manufactured in the calendar year has important, intentional characteristics of sustainability that categorize it as an “Everyone can” item of clothing.
- In 2022 we bought an overall amount of 4.3% in weight of more sustainable materials, compared to the 3.6% in 2021.

Future goals

- 20% of the items of clothing manufactured with important, intentional characteristics of sustainability that categorize it as an “Everyone can” item of clothing in 2023 collections.
- 30% in weight of more sustainable raw materials within 2025*
- 50% of the items of clothing manufactured using more sustainable raw materials within 2025*

*(includes GRS and RCS-certified recycled synthetic fabrics; GOTS and OCS-certified organic natural fabrics; other certified fabrics (for example Ecovero®, Repreve®). It does not include: BCI cotton).



Impact Story **RANIERO SAMBUCI** | *CALLIOPE Brand Director*

The contribution of everyone for a more sustainable brand

“

How was sustainability introduced for Calliope brand and how was awareness raised?

Just like we are used to do at Teddy, we started by putting people and their well-being at the center, in this case we took care of those who work inside the factories of our suppliers. When I was still the production manager for the entire corporate group, I encouraged the creation of the Code of Conduct for our suppliers, which made us formally write down the responsibility Teddy has towards its entire supply chain, as to make our factories keep and go on keeping a proper behavior with people, guaranteeing a specific standard of well-being and safety. In time we understood it was essential to pay attention also to the environmental aspect.

When I was appointed Calliope Brand Director, I brought this vision with me and it was easy to introduce it because the same people working for the brand wanted to play an active role. Everyone immediately joined the cause and actively gave their own contribution through their daily work and thanks to those shared intents we firmly started our journey. Since the beginning we set for ourselves the internal goal of increasing by 5% per season the number of items with more sustainable materials in our collections, thus anticipating the goal of materials' incremental share set for the entire Teddy Group.

How does Calliope translate sustainability into its collections?

Sustainability has become to us an additional element of quality assurance. Besides the clothing line Everyone Can, whose items contain a specific minimum percentage of more sustainable materials, for Calliope we started to design collections with intentional

sustainability features. More in details, we have already launched the fourth season of the “Zero Waste Project”, whose aim is to reduce to the minimum waste during the design stage by using very low-environmental impact textiles. It is a project very dear to me and something we all strongly believe in: it is the recipient of an important innovation investment in terms of budget and dedicated areas in the stores. We insist on it because we wish to fulfil our vision of pioneering and radical choices, going on developing skills and infrastructures as to be ready when the market will move in the same direction.

Besides the main project, we launched a collection scheme for second-hand childrenswear. The idea stemmed from the will to follow children throughout their growth, promoting the return of items of clothing no longer used: we did not limit it to Calliope items but extended the initiative to items from any brand. Lastly, we also launched a line of air diffusers with natural fragrances,

made in collaboration with Belforte, a brand manufacturing Made-in-Italy fragrances and giving work to 25 disabled people: each year Belforte donates all the profits made from the sales of the diffusers to support social and education projects and activities of the cooperative “Amici di Gigi” (Gigi’s Friends).

What are the main obstacles you found on your journey to sustainability?

One of the main obstacles we faced was the cost of more sustainable materials. At the beginning price differences were high and the average customer was not willing to pay the difference. Over time however, prices have dropped, the sales offer became wider, above all with regard to natural fabrics such as cotton, so we started to carry out increasingly more concrete tests. We always monitor price trends closely and as soon as a textile with a low environmental impact become competitively more affordable, we replace its traditional

counterpart with it, without ever going back to the former. This allows us to regularly increase the shares of more sustainable materials used, managing the economic impact gradually. Furthermore, only a few of our suppliers were willing to adopt more sustainable production processes and technologies requiring significant investments, while, unfortunately, most of them still used low-efficiency equipment and low-added value approaches to production. After the pandemic there was a change of pace, which now allows us to find solutions at affordable prices from our suppliers increasingly more often. This condition, together with the developing “breeding ground” as the key players in the industry are all moving in the same direction, makes us speed up the evolution, in connection with the launch of the sustainability program of the entire Teddy Group.

What is your vision for Calliope?

Our efforts are oriented to systematically reduce the negative impact connected with

the items of clothing we market, with an increasingly lower-to-zero impact. In the future I would like Calliope to become a model of regenerative fashion with a fully closed loop: virtuous products with a positive environmental impact systematically reintroduced in the product life cycle at an affordable price. I would like to go even further, making each step of the life cycle be powered by renewable energy. This would allow us to take care of the planet for the people who live on it, having as a priority the well-being of the people involved throughout the entire value chain. With constant determination and commitment, I firmly believe that we might turn the Dream into something tangible, inspiring others to join us in this journey towards a more sustainable and fulfilling future for all.



Coordinated efforts for the development of product circularity

We aim at making circularity a distinctive feature of all our products, starting from materials. We therefore work to find solutions promoting the use of production and post-consumer waste that may be applied widely to our collections thus contributing to our constant improvement in a significant way.

In 2021 we used 544 tons of recycled materials in our collections.

The brand Calliope created a “Zero Waste” capsule collection meant to reduce waste since the design stage, when sewing patterns are designed, to make use of all the fabric available to tailors thus avoiding any waste of valuable material.

The search for circular models is not only focused on our items of clothing, but it also

includes our packaging: we are increasing the share of packaging materials (such as shopping bags, tags), whose paper is from certified recycled or responsibly-managed sources. Our hangers are made of 100%-recyclable composite materials and we manage them through a closed-loop system as to ensure to avoid producing waste for each new collection. Furthermore, we developed a used clothing collection scheme called “A Second Chance” in Terranova, Calliope and Rinascimento stores. We collaborate with the social cooperative La Fraternità to collect and recycle items of clothing no longer used, giving them a second life.

The items of clothing gathered are picked up by our partner, who coordinates their distribution and sale aimed at recycling them, after a process of selection.

The proceeds guarantee the employment of disadvantaged people, provide financial support to some local associations and contribute to the organization of initiatives to promote reuse education.

On Terranova website www.terrastyle.com/it_it/garment-care we collected tips and tricks for consumers to extend the life of items of clothing and improve their environmental impact, and how to help people to play their own part even in the stages of product use and end-of-life.

You cannot achieve goals just by yourself, and just like collaboration with suppliers is essential, a coordinated effort with the other players in the fashion industry is crucial to have a higher positive impact and get increasingly ambitious



results. For this reason, we joined the Circular Fashion Partnership project promoted and managed by the Global Fashion Agenda (GFA) in order to make a transition towards a lasting and scalable circular fashion system, with the aim of recovering and managing production waste and byproducts in manufacturing countries according to a circular approach.

The purpose is the development of the textile recycling industry in manufacturing countries by collecting production waste and byproducts to later reintroduce them into the manufacturing cycle, thus giving them a new life.





Schemes for the collection and recycling of used clothes

Launch of the Scheme	Brand	Stores involved	Type of collection
May 2022	Terranova	230 stores in Italy	Terranova apparel
September 2022	Calliope	60 stores in Italy	Kidswear - any brand

2022 Impacts

- The launch of a new scheme for the collection and recycling of used clothes in Terranova and Calliope stores. All the information on the collection and recycling programs was included in ad campaigns.

Future goals

- Launching the collection and recycling scheme for used garments in Rinascimento stores in 2023.
- Formally establishing eco-design principles for all Teddy brands that can be the guidelines to design items of clothing according to a circular approach along the value chain.

Safer garments to respect health and the environment

We pay the greatest attention on garment control, in particular kidswear, in order to ensure the absence of chemicals potentially harmful for human health and the environment.

The efforts made require a strong collaboration between us and our suppliers, which ensure increasingly safer garments to wear, whose manufacturing complied with the highest social and environmental standards.

The prevention of environmental impacts is behind everything, because the use of safe and safe-sourced materials guarantees a safer and higher-quality final product. Our commitment to reducing hazardous chemicals is more concrete both at the level of products and

materials used and processes implemented along the entire supply chain.

We drew up a list of hazardous chemicals, the Restricted Substances List (RSL), requiring the compliance with limits even stricter than those enforced by international regulations and setting strict compliance criteria. We test all the items for which the potential presence of toxic or hazardous chemicals is detected. We adopt selection criteria for materials to be tested in order to have all the most hazardous variables and 100% of the materials used for kidswear to be covered.

Furthermore, we joined the Zero Discharge of Hazardous Chemicals (ZDHC) International

Programme for a responsible and sustainable chemical management throughout the entire production chain.

The aim of the ZDHC Programme is to encourage a sustainable use of chemicals, promoting innovation and the best practices in the textile industry. The program is led by the most important world fashion brands in collaboration with chemical companies, industry suppliers and technical experts. In order to reach the goal, it is essential to educate and train suppliers who use, in their production processes, materials potentially harmful to people and the environment. Great attention is paid to wet processing, such as laundries, dyehouses, printing works and tanneries.

Throughout 2022, starting from Bangladesh (the main reference country for our production), we began to map and learn more in details the manufacturing processes of our production chain, focusing on the use of chemicals. We provided for special training to our suppliers carried out by institutions accredited by ZDHC and started to develop strategies for improvement in compliance with the guidelines set down by the initiative.

Teddy aims at aligning with the best practices in terms of environmental management in order to be at the forefront for the elimination or replacement of the hazardous chemicals used in production processes and in the value chain.



2022 Impacts

- 49% of the suppliers joining the ZDHC Programme in terms of value.
- Training and support to the wet processing plants in Bangladesh, where most of our processing suppliers are located, to make them understand and comply with ZDHC guidelines.

2023 Goals

- Achieving the FOUNDATIONAL LEVEL of the ZDHC Programme for the brands, called BRANDS TO ZERO. The Programme assesses the involvement of production chains and the efforts for the dissemination of best practices for responsible chemical management.
- Carefully mapping factories in the 2nd-tier of the supply chain, located worldwide and involved in wet processing through our direct suppliers and publishing the list of suppliers.
- Driving the production chains involved in our production processes towards a more responsible use of chemicals, by joining the ZDHC Programme and the relevant protocols and guidelines.
- Preventing 100% of the issues in items of clothing that are connected to the use of chemicals.



Our efforts for the climate: a journey to reduce direct and indirect emission

It is essential for us to give an active contribution to decarbonization in order to achieve the goal of carbon neutrality by 2025 as set by the European Union. We started by measuring our CO2 footprint to later design a journey to mitigate and reduce GHG emissions. To act consistently with the efforts made by other companies from different industries worldwide it is essential to develop a feasible and truly effective plan, in line with the goals set in the Paris Agreement on Climate Change (2015). Joining the Science-Based Targets Initiative (SBTi) allowed us to formalize and make our commitment tangible. We are voluntarily and publicly committed to reducing our absolute GHG emissions of Scope 1 & 2 by 51% within 2031 compared to the reference year 2019. Furthermore, we set the goal to reduce

emissions by 51% per sold product within the same timeframe. To ground our climate plan on a sound scientific basis, we submitted our strategy to be assessed by the team of the Science Based Target Initiative (SBTi), thus committing ourselves to monitoring our progress on an annual basis.

In 2023, we recalculated our emissions with reference to the previous year, measuring a total CO2 footprint equal to 861 ktCO2eq, which can be attributable to Scope 3 category for its 99.7%. Emissions have been therefore reduced by 15% in 2022 compared to 2019.

More in details, there was a decrease of 21% in Scope 1 compared to 2019, thanks to the reduction in the use of the car fleet and

natural gas for heating. Scope 2 emissions were drastically reduced by 94% thanks to the purchase of certified renewable energy for all our corporate headquarters and for most of our directly-operated stores. A result we are very proud of when thinking that in 2019 the overall amount of renewable energy used was actually zero. We also adopted additional measures to raise the greatest awareness about energy consumption introducing a LED lighting system both in our stores and headquarters. An example of our renewed commitment towards the environment is our distribution hub in Gatteo. Besides being given the LEED Gold certification in 2022, the new logistic hub was also designed according to planning and distribution logics aiming at reducing waste during transport.

In addition to that, Teddy reduced by 3% its own level of GHG intensity, consistently with the change in the number of items sold throughout year 2022.

When considering the increase in volume we expect in the next 10 years and in line with the goal on GHG intensity, we are going to focus our efforts on the progressive increase in the procurement of more sustainable raw materials and towards a significant reduction of environmental impacts through the engagement of our supply chain.

To achieve such an important result, it is essential the cooperation of all the stakeholders in the fashion industry and, in particular, the active participation of our suppliers and franchised stores, with whom we plan to build a shared and joint journey towards improvement.

Animal Welfare and natural ecosystems

We aim at reducing to the minimum the environmental pollution in even the smallest choice we make, respecting natural ecosystems and animal welfare. We therefore preferably procure paper from more sustainable sources for our labels, tags and shopping bags, whose raw material is sourced from recycled materials and sustainably-managed forests and production chains..

We are committed to acting ethically with reference to animal welfare and to starting a journey towards improvement aimed at involving the entire value chain as detailed in our policy “Animal Welfare & Forests Conservation”. We promote the responsible

sourcing for all the animal-derived materials and prefer the transition towards alternative fabrics whenever available. We make sure that animal-derived raw materials are byproducts of the food supply chain and comply with the measures provided for by the guidelines of Five Freedoms for the care and welfare of animals.

The five freedoms of animal welfare

- 1. Freedom from hunger and thirst:**
guaranteeing a ready access to fresh water and a diet to maintain full health and vigor
- 2. Freedom from discomfort:** providing an appropriate environment including shelter and a comfortable resting area
- 3. Freedom from pain, injury or disease:**
by prevention or rapid diagnosis and treatment
- 4. Freedom to express normal behavior:**
by providing sufficient space, proper facilities and company of the animal's own kind
- 5. Freedom from fear and distress:**
by ensuring conditions and treatment which avoid mental suffering.



2022 Impacts

- 100% renewable energy used in the corporate headquarters and in the distribution hubs
- 94% renewable energy with a low environmental impact used in the Italian directly-operated stores and corporate headquarters
- 59.5% of main primary and secondary packaging from more sustainable sources, 80% of which from FSC®-certified paper*
- 100% FSC®-certified paper for paper shopping bags in the stores

FSC® Certification including FSC® 100%, FSC® Mix and FSC® Recycled. The data reported resulted from internal monitoring activities and evidence of their truthfulness shall be provided by Teddy SpA.

2023 Goals

- Reducing Scope 1 and Scope 2 emissions compared to 2019 baseline by increasing up to 100% the use of electric energy from renewables for our Italian headquarters and directly-operated stores in Italy
- Keeping Scope 3 emission at the same level of 2019 baseline, also against a growth forecast for volumes within 2031
- Analyzing the store network in order to optimize impacts in terms of energy, climate-changing emissions, water, waste and attention to the choice of supplies and furniture



Impact Story **DAVIDE PAGLIERANI** | *Procurement Manager*

Towards the energy and economic self-sufficiency of our buildings

“

How was the journey that led you to have your corporate headquarters powered almost exclusively by renewable energy?

We started this journey with the construction of the new logistic hub in Gatteo, which earned the LEED Gold certification in 2021. The first photovoltaic system of Teddy corporate headquarters was installed on it and we signed the first renewable-energy-only power purchase agreement to power it, in 2020. Since then, we constantly increased the percentage of renewable energy purchased, achieving a

percentage of 94% renewables out of the total energy consumption at the end of 2022. Our aim is to achieve 100% renewable energy supply within 2025 at all our corporate headquarters and in our directly-operated stores.

The approach we decided to follow was to only enter agreements that may supply energy exclusively from renewable sources with a guarantee of origin, channeling all the expiring energy agreements towards one supplier and choosing the contract not only according to price and type of energy supplied. We actually decided to purchase EKOenergy certified electricity, accepting to pay a higher price with the aim of making an investment.

The certification, besides ensuring a renewable source of the energy through the guarantee of origin certificate, allocates a fix share of the amount to be paid to a climate fund to fund the building of renewable power plants, especially in developing areas across the world. We decided to join the project because we aim at creating a positive impact, in line with Teddy

values and ambitions, but also to turn each activity we pursue into a positive value for our stakeholders.

What difficulties did you face and how did you deal with those challenges?

We carried out all those changes during a period of high volatility for the energy market, never experienced before. The cost of the energy fell sharply during the pandemic to later reach the record high in less than two years and this had an additional huge impact on the balances of any company. Despite the fluctuation, we act consistently with our choices and pursued our goals with determination, also thanks to the organization soundness and credibility of our corporate group. I was very proud of my position at Teddy at that historic moment of crisis, because we proved to be highly reliable and strong. What made possible to achieve such a result was the vision shared with the management to consider the

procurement of renewable energy as a priority investment, rather than just an additional cost. This also meant a change in the method of energy procurement, going from a single purchase per year to an almost everyday management of agreements, in order to keep balanced the share of the energy cost for our corporate group.

Another essential element was the increase in awareness and accountability of everyone at Teddy willing to promote more sustainable individual actions thanks to the education of people, our core value. The work made to raise awareness makes even more valuable the investments made, as it allows us to get immediate and tangible results with real-time interventions. The initiatives, such as newsletters and training courses, allowed us to achieve 10% energy savings on consumption in 2022 compared to the year before.

An additional goal achieved was to foster the active engagement of our staff, making our

colleagues more responsible not just at work, but going beyond the company boundaries and showing the benefits coming from waste reduction initiatives.

What are the challenges you expect to face for your corporate headquarters and stores with reference to sustainability?

One of the main future challenges will be to achieve energy and economic self-sufficiency in our buildings, thus reducing to the minimum the effect of energy price fluctuations. In 2022, we enlarged the photovoltaic system of the logistics hub in Gatteo and signed the agreement for three new plants at our corporate headquarters, which will provide enough energy to cover the annual energy consumption needs of about 15 stores. We will consistently assess new solutions and technologies to always work towards an increasingly more decarbonized business model.

Furthermore, we will keep on investing to promote education and raise awareness on individual accountability as to engage an increasing number of people in our climate plan. We will focus on the stores, which will be involved in many projects in the next years. In particular, at this early stage, we will focus on the training of store managers in order to raise awareness on the theme of consumption inside the point of sale. We already saw the first results: we received the first recommendations on some opportunities for improvement, which make us proud and spur us to do always more. We would like to reach an optimal energy management for all the points of sale and support our franchisees in the energy transition as to aim at creating a franchised sales network exclusively powered by renewable energy. All those actions will help us to cover the way to reach the decarbonization of our entire production and distribution chain.



Everyone Can
care for people



Everyone Can **care for people**

The background and the challenge

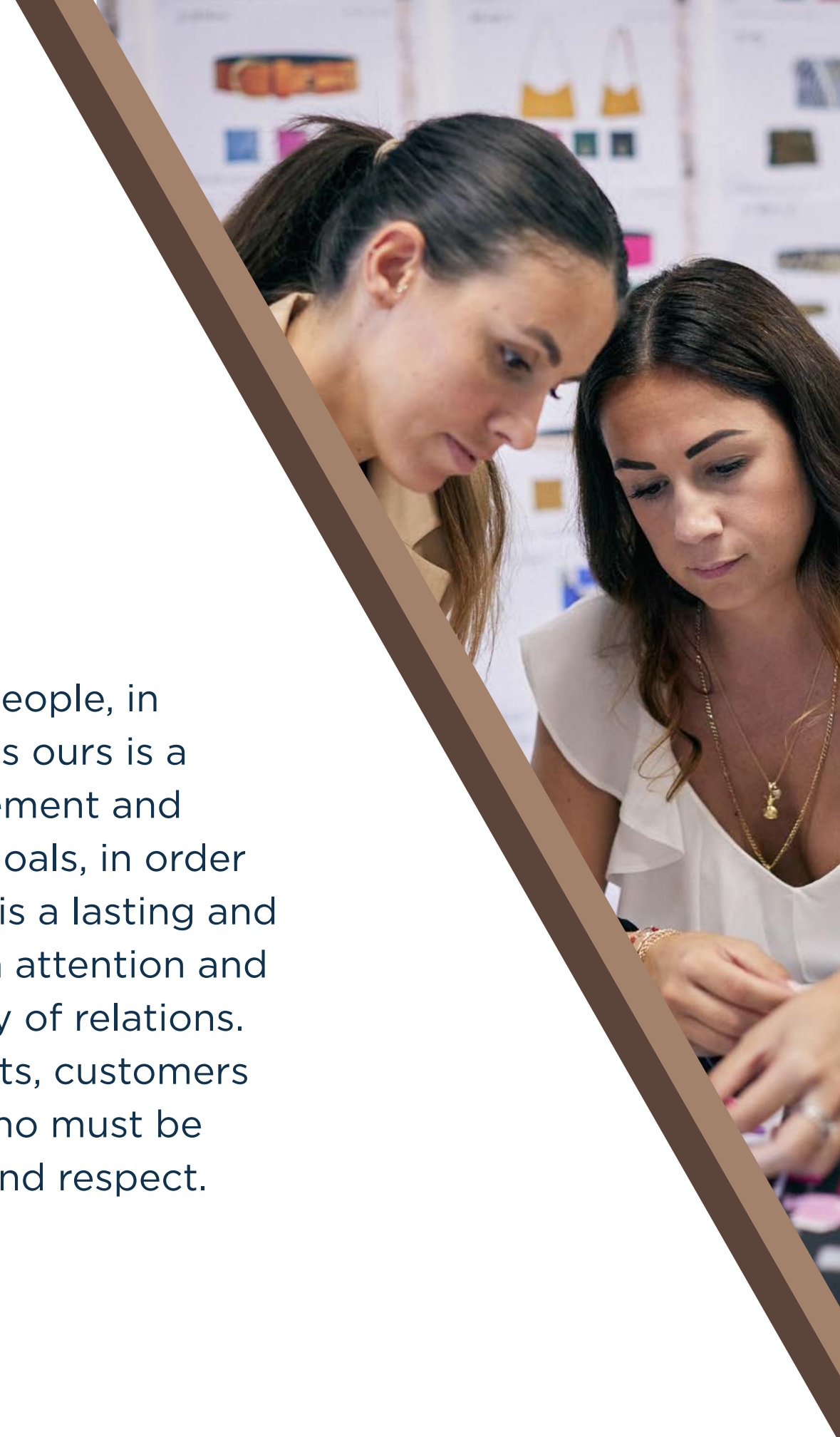
Growing together with our collaborators, clients, customers and business partners. This is the way we have always tried to cover on our business journey, being aware that Teddy only exists thanks to this big community with which it directly and indirectly interacts. All those people are the driving force for the value we are able to generate.

The corporate culture described in our Dream constantly recalls us to pay great attention to the problems affecting the community around us, to social injustices and inequalities and to give our contribution to mitigate them. A sound business can be a useful tool to serve

the purpose of meeting the fundamental needs of people. We are aware that the “glue” connecting people to each other is trust, and creating trust means to give value to all the people, respecting them from both a professional and human point of view, contributing to their good health, creating a widespread well-being and fostering a constant, individual and collective growth.

Everyone must be given the opportunity to fulfil their needs and aspirations, thanks to a safe, inclusive and collaborative workplace. We are aware to lead a global production and distribution chain and therefore we try to communicate the same principles to those who work with us, everywhere, with the knowledge that cultural and historical diversities often require long-term efforts.

We therefore want to support people, in particular those more in need, as ours is a vocation to foster help, improvement and support to achieve everyone’s goals, in order to give full value to one’s life. It is a lasting and constant commitment based on attention and care but also on the spontaneity of relations. We do not see employees, clients, customers and suppliers: we see people who must be treated with the greatest care and respect.



Taking care of neighbors to support everyone: Teddy social impact

Teddy business philosophy is strongly based on a sense of responsibility and accountability towards the communities within which we operate, and not just those communities: a sense of responsibility that integrates and enriches our journey towards an increasingly more virtuous management of our operations.

The social commitment of the corporate group has been formalized in the Corporate Citizenship Scheme, launched in 2022, whose aim is to build a corporate community that cares for the needs of others and to support charitable organizations located in Italy and worldwide, in particular with reference to the emerging educational needs, the training of children and young people and the promotion of workplace inclusion for vulnerable people. It is a kind of investment for us, therefore we set specific procedures to measure the

positive effects generated by the initiatives we participate in directly and indirectly, monitoring their progress, their results and the goals achieved, and connecting them to the commitment provided by the corporate group in terms of money donated and time dedicated to them. In such a process, it is essential to listen to and interact with the recipients, whose feedback allows us to understand the real impact of our actions, in order to act to correct them if needed and improve and extend the resulting benefits.

We nurture long and deeply-rooted relations but at the same time we establish new ones as to expand the number of recipients benefitting from donations, supporting local organizations as well as those ones geographically more distant, which however we feel close thanks to the help we give them. In 2022 we went

on making direct donations to the Rainbow project developed by Pope John XXIII Charity Association, aimed at supporting educational activities for children and young people in Kenya, Tanzania and Zambia; in the Netherlands we funded the private school Misha Devries, to help them to reach the required number of students in order to be recognized as a public school and therefore to be able to access state funding. In Italy we supported the Associazione San Camillo De Lellis, in Naples, so they could hire a part-time educator to provide study support for about 70 children and young people living in difficult social contexts and being placed in the care of social services. In the area of the province of Rimini, which has always been our “home”, we support the State-recognized private schools of Karis Foundation, funding the development of labs in order to improve the quality of STEM education, and the



free afterschool activities for upper-secondary school students provided for by the association Portofranco Rimini.

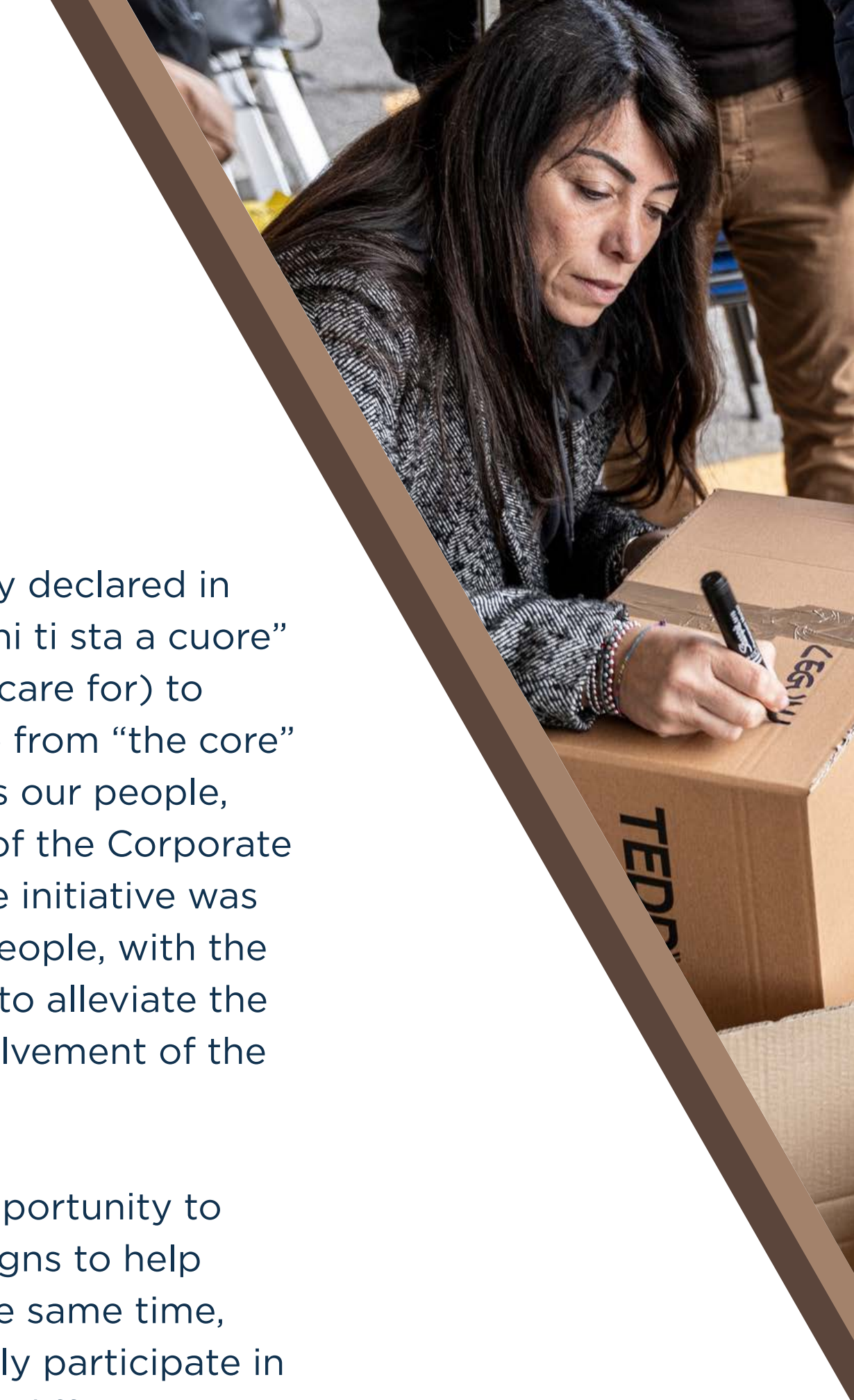
The main initiatives supported are almost all dedicated to the education and inclusion of vulnerable people and, in addition to them, we also started to care for health and well-being issues, as a consequence of the pandemic, as the latter worsened weaknesses and inequalities in our world. The right to education is a pillar for a more equitable society in the future; we therefore contribute to widen the access to education through the payment for tuition fees and study support activities both in Italy and abroad, in order to support the emerging educational needs and the training of new generations, with particular attention to those living in difficult social environments. Furthermore, as a part of our contribution

to the reduction of inequalities, we support charitable organizations that give a job, and therefore an income, to people facing barriers to employment, because no one must be left behind. Ours is not just a money contribution, but we also support production companies from a material point of view by donating scraps of fabric or semi-finished products from our sewing workshop.

The charity initiatives are not carried out just within our corporate group, but we promote the active and proactive engagement of each collaborator in order to create an inclusive and supporting community, well aware of the values expressed in our Dream. We organize and support fundraising campaign among our employees, acting as a mediator, and are committed to doubling the amounts collected in order to increase the impact of the donation.

Our commitment was officially declared in the project “Teddy sostiene chi ti sta a cuore” (Teddy support the ones you care for) to support the causes that come from “the core” of our corporate group, that is our people, and that fall within the goals of the Corporate Citizenship Scheme. The same initiative was dedicated to help Ukrainian people, with the purchase of basic necessities to alleviate the difficulties caused by the involvement of the civil population in the war.

Teddy employees have the opportunity to promote projects and campaigns to help those more in need, and at the same time, they are encouraged to directly participate in volunteering experiences with different social organizations and in connection with local, national and international initiatives. In 2022, we set ourselves a goal of involving at least 100



collaborators in volunteering activities, which went from supporting social enterprises in the development and evolution of their business to participating in the “Giornata Nazionale della Colletta Alimentare” (the Italian National Day of the Food Drive), promoted by the non-profit organization Fondazione Banco Alimentare Onlus. Our collaborators were encouraged to donate something to the food drive, by either bringing food to the dedicated corner at the company or to the volunteers at the supermarkets, and some of them also directly participated in the food drive organized at local supermarkets. Our commitment goes beyond the corporate boundaries, as we extend our support to external social and business organizations. We make our time, skills and passion available to help them to become independent in the economic management of their activities. Through this collaboration we aim at creating more opportunities for the community and to give a possibility to people who experience greater employment difficulties.



2022 Impacts

- Amount of direct donations made by Teddy:
€ 273,642
this amount also includes the economic enhancement of in-kind donations
- Charities and activities supported:
 - A.S.D. Polisportiva Stella
 - A.P.S. Portofranco Rimini
 - A.R.O.P. Odv - Ente Terzo Settore
 - Associazione San Camillo - Onlus
 - Associazione Pandemia
 - Associazione Comunita' Papa Giovanni Xxiii
 - Associazione Crescere Insieme
 - Ausl Romagna
 - Fondazione Avsi
 - Fondazione Cetacea Onlus
 - Provincia di Maria SS della Pietà
 - Stichting Magnolia - Misha De Vries Basisschool
- Collaborators involved: **388** distributed in corporate headquarters and stores
- Directly-operated stores involved in the national food drive in Italy: **65**
- Overall number of hours of voluntary work: **908**

2023 Goal

- Increasing the number of collaborators involved in volunteering activities
- Submitting a report on the effects of the donations according to the monitoring system developed in 2022



Impact Story **MARIA** | *CALLIOPE Reggio Calabria*
VANESSA | *TERRANOVA San Giovanni Teatino*

The Food Drive in stores

“

What was your experience in participating in the Food Drive initiative? What kind of experience is and what does it imply?

Vanessa: With my colleagues at the store we were happy to take part in the initiative because food donations and the participation in the collection, even though a small gesture, make yourself feel good, a better person doing some good. Furthermore, I was very pleased to have the entire team join it, because everyone felt involved in this real, authentic, tangible initiative, which allowed us to give



our contribution to help those who endure hardships. We are grateful to the Company for making us play our part in the charity event inside the store and during our working hours, giving us the opportunity to do something for which, in your free time, you may not have time.

Maria: I want to begin saying that my collaborators have already told me to repeat the experience with a similar activity. We experienced it as an important and useful initiative, which involved every one of us. We, as store managers, are usually those who interact with Teddy and experience the Company closer, then bringing back Teddy vision into the store. The team often know about those initiatives only through us who talk about them, while this opportunity allowed them to actively experience Teddy values in the store and promote them. For me it was not even difficult to involve the team, because as soon as I proposed the initiative everything moved in a natural and spontaneous way.

Is it an initiative that in some ways contribute also to your work? Would you repeat it?

Vanessa: Participating in those initiatives makes you proud of the Company you work for, also because we share those same values. We are increasingly more encouraged to play an active role in society in order to do tangible things to the benefit of others. Doing it together makes it even nicer, because we are now a true family after spending so many hours together. Sharing those activities strengthens team bonds. It was amazing sharing tasks among us: there were those who arranged the food donations, those who collected them, each one with their own specific task, carried out with great enthusiasm. We will definitely do it again, we will. Events like that allow us to strengthen relations further, especially when you are free to join as you wish, because we can go beyond work boundaries and create closer bonds.

Maria: Experiencing initiatives like this with the team you work with every day is an opportunity to strengthen relationships, because you connect with others more deeply, so we can feel even “a stronger us” than what could be created through a simple work relationship. In addition to this, as I already said, we were happy to be given the opportunity to join those initiatives that are no longer limited to Rimini and the surroundings, but are brought to single stores. Something like this cannot be taken for granted and it made us feel closer to each other and play a leading role: it was nice to have and feel Teddy support in everything we did. It would be great to be able to organize initiatives like this more often after this first experience together.

Working for a more sustainable production chain

Our approach, both towards the market and our stakeholders, is driven by the criterion “Treat others as we expect to be treated”, a principle stemming from our corporate culture as stated in the Dream by Teddy founder.

Our supply chain includes complex activities going from processing and transformation of raw materials to packaging, washing and ironing of finished products, up to their transport and distribution. Those activities are carried out thanks to the work of numerous human resources located worldwide.

While Rinascimento brand manages an almost-exclusively Italian production and distribution chain, the other corporate brands refer to a worldwide supply network, often located in emerging countries where regulations

and cultural sensitivities are different about sustainability issues.

It is a compelling priority to us to guarantee a safe, fair and environmental-friendly workplace to all those who work in the factories of our suppliers.

Those efforts require us to think about our social and environmental impact and how we can make **a positive change in the communities we operate in**, taking into account our dimensions and operational possibilities. We have long implemented regular procedures to monitor, assess and improve the social performances of our suppliers in order to guarantee more sustainable and ethical working conditions.

The pillars of those procedures are the Code of Ethics and the Code of Conduct of Teddy Group. Our Code of Ethics describes the values that inspire and guide our actions and we are committed to working only with organizations fully sharing them.

We translated those values into tangible actions thanks to our **Code of Conduct**. In a clear and transparent way, the Code sets the principles regulating our operations and the relations with our business partners, including the required minimum standards for rights, working conditions and environmental best practices. The Code of Conduct draws inspiration from the most important international standards on social compliance and workers’ rights (SA8000 and ILO).



All our suppliers must agree and sign our Code of Conduct when signing the supply agreement. Suppliers are committed to promoting the same standards to their own production and distribution chain. We also designed and implemented a strict and regular **procedure for monitoring and improving** our supply chain. Each potential new factory is subject to a **preliminary assessment** of social and environmental aspects before being approved as a reliable supplier.

We regularly audit our suppliers, both with internal teams and independent inspection bodies. Audits include interviews with workers, with the management and the inspection of onsite documents. According to results, we provide **a value rating** that determines the level of compliance of each factory.

When any breach is discovered, we share with the supplier a plan for corrective actions and are committed to supporting our suppliers in implementing them, engaging employees in the constant improvement process and inviting them to report any risk or issue through open and confidential communication channels. In addition to that, we actively collaborate with local organizations in order to guarantee that appropriate measures are taken to safeguard workers' rights.



2022 Impacts

- **100%** of our product suppliers agreed and signed the corporate **Code of Conduct**.
- **76%** of our product suppliers are **assessed according to social criteria**.
- **23%** of our product suppliers are **assessed according to third-party audit programs**.
- **Sustainability rating** of long-lasting product suppliers at 31/12/22: **50% of the factories rated A and B**.
- Joining the **Sustainable Apparel Coalition** and use of Higg FEM and FLSM modules in order to assess the social and environmental efforts made by our suppliers and the overall level of Transparency in the production and distribution chain.

Future goals

- Completing the mapping of Tier2 suppliers and wet processes
- Increasing the number of long-lasting product suppliers with a sustainability rating \geq B
- Adopting fully Higg FEM and FSLM tools
- Improving the assessment of environmental practices of suppliers
- Organizing training and awareness programs about social and environmental issues targeting suppliers



A direct relationship, the key to social compliance

“

How did you manage to engage suppliers in the journey towards social compliance?

The Sustainability Department was opened in Teddy about four years ago. Since the beginning, we immediately decided to focus on social compliance, and even though there was a lack of reference models already adopted in the past, we naturally aligned with the requirements set by the relevant international standards (SA8000, ILO, etc.). Working in close collaboration with the Procurement Office, we integrated the selection criteria for our suppliers with compliance procedures,

assessing the compliance with the requests as described in our Code of Conduct and with local regulations, in addition to production costs and compliance with delivery times. The change also made our people more aware of the role they can play in generating a positive impact, not just on the Company but also on the communities and the areas we operate in.

It was not easy to start a change in the organizations we have been collaborating for years because it meant a major change in mindset. It is essential to know how to adjust the required information and training to single cases so that factories can perceive our commitment on sustainability as an investment in the future and in the competitiveness of their business. As Teddy, we keep alive direct and personal relations with frequent visits to guide our partner factories towards the improvements we expect. Any resistance is overcome through dialogue, highlighting short and long-term benefits, with the hope to be able to build lasting collaborations, based on mutual trust.

How do suppliers from different production and distribution chains, the Italian one and the one operating abroad, deal with the topics you propose?

Abroad, where we usually have a direct relationship with the owners of the factory, they are strongly encouraged by the presence of other brands that have already set very high standards as well. This situation encourages faster improvements, which has allowed us to considerably raise the bar in time and today our goal is to have 90% of our long-lasting product suppliers with a rating between A (outstanding), B (excellent) and C (good). We can see a slow but steady change in the awareness of suppliers, who begin to understand they are not future-proof and therefore are committed to improving the situation increasingly more, with the certainty that we are with them to support them through the change. We give great value to the efforts

made by suppliers towards improvement, and we try to encourage them giving them the opportunity to show that the changes made are here to last. Only in case of major non-conformities we remove them from our list of approved suppliers, but this does not mean that in the future they will not be able to ask for a new inspection to assess any improvement made. More in general, we can see the willingness on their side: they ask for our help and find us ready to give it.

In Italy we interact with suppliers that collaborate with many small and independent workshops. We are working so that those collaborations are integrated by sound principles of sustainability. In order to effectively drive those businesses towards a gradual yet step change, it is essential to sympathize with their points of view as to know all the factors regulating their business relations. It is a great challenge, which could definitely benefit from moments of active engagement where to share mutual experiences

and combine them.

How do you try to encourage them towards the change? What tools do you use?

Teddy has always been a strong supporter of the importance of educating suppliers. We planned regular training sessions and will try to promote active engagement, with the aim of creating shared value.

We do not have any fixed rule and pre-set approach, but we adjust it to single cases because each one is different from the other. We want to be the agents of change but, as this is the beginning of the journey, we aim at caring also for the organizations we wish to improve rather than to lose. This is true especially for some of our integrated suppliers, who are loyal to the collaboration with us despite the great difficulties, as they recognize the value Teddy brings to the supply chain; we are therefore

focusing our efforts on them.

What are the future challenges?

The most difficult part is to keep results stable after the improvements made, thus avoiding suppliers to “relax” after receiving the orders. Looking at the slow but non-stop change we are bringing forward makes me believe increasingly more in the work we will do together with suppliers. The goals to see safer factories and more protected workers no longer look like a chimera but as something real. The geographical and cultural distance cannot but increase the inputs and encourage the work we are doing, making me feel increasingly more part of a greater change. There are signs that something began to move, maybe even thanks to us, and we certainly wish to give an active support.



The people building Teddy every day

The heart of a Company beats thanks to its people: without them it would be just an empty shell. And in order to make that entity come to life, grow and flourish, it is essential that every individual composing it is satisfied and is given the opportunity to express their own potential, as to be able to contribute and share the success of the corporate group. We have been carrying out surveys on work climate for more than 15 years, paying constant attention to our collaborators, but we decided to go further, challenging ourselves through a great external tool such as Great Place to Work. We collected many teachings and tips and this allowed us to start working on a plan to improve the working experience in all our corporate headquarters and stores.

Every day we act in the belief that our greatest priority is to create the conditions for our people to experience peace of mind and trust at work. Therefore, we promote an informal and stimulating work environment that can foster direct and honest relations and allow people to find personal fulfilment through work, with a positive impact on their private, bringing stability and well-being even to the families of our collaborators and the area they live in. At Teddy we care for people not just guaranteeing high workplace safety and health standards, but also being with them in their everyday life, also thanks to the introduction of flexible working hours in order to help the work/family life balance for those who work at our corporate headquarters. Furthermore, we developed

additional welfare services for the employees working in Rimini corporate headquarters thanks to the national call “Conciliamo” (Reconciling) and we plan to extend those services to all our employees and collaborators in the next years.

Our children are our future, they are the dearest thing to us, therefore we offer dedicated support service such as the company day-care center in Rimini and a grant for afterschool activities and summer camps, to help employees who have children.

A constructive dialogue based on sharing experiences and doubts and achievements allows everyone to be themselves, with their own story and frailties, but also competences

and passion. The dialogue is encouraged also through different internal corporate communication initiatives, where the same collaborators can take the lead also thanks to the corporate social network and discussion sessions planned according to the issues and needs raised by the same internal corporate colleagues. Guided by the Dream, we acknowledge the value of each person and are committed to cultivating the wealth coming from diversity, thus creating the conditions as to give everyone the opportunity to succeed and gain dignity thanks to their work, each one according to their own potential and characteristics. In order to promote a corporate culture based on active listening, mutual aid and solidarity, we appointed a head of equity, diversity and inclusion, who will be supported by a committee in the next years representing several key figures within Teddy, whose job will be to promote an increasingly more open corporate culture caring for the needs of everyone.

A diversified and inclusive workplace promotes innovation, creativity and productivity and grows even more vibrant when vulnerable people and those facing barriers to employment manage to be integrated with our collaborators as to help them to rejoin society. We offer them trust and support, welcoming them and working alongside with them, putting them in the best conditions to express themselves and build their own future, growing inside Teddy, in order to allow them to win the challenges and difficulties they might find on their work journey. When considering the sensitivity needed to deal with situations involving vulnerable people, each one with his or her own story, it is difficult to monitor the exact effect of those efforts and this makes it difficult to provide a regular report on all the actions carried out with this aim. Despite this, at Teddy we promote a way of working being aware of all of it, cherishing the memory of those we helped over the years, trusting them and giving them the opportunity to be



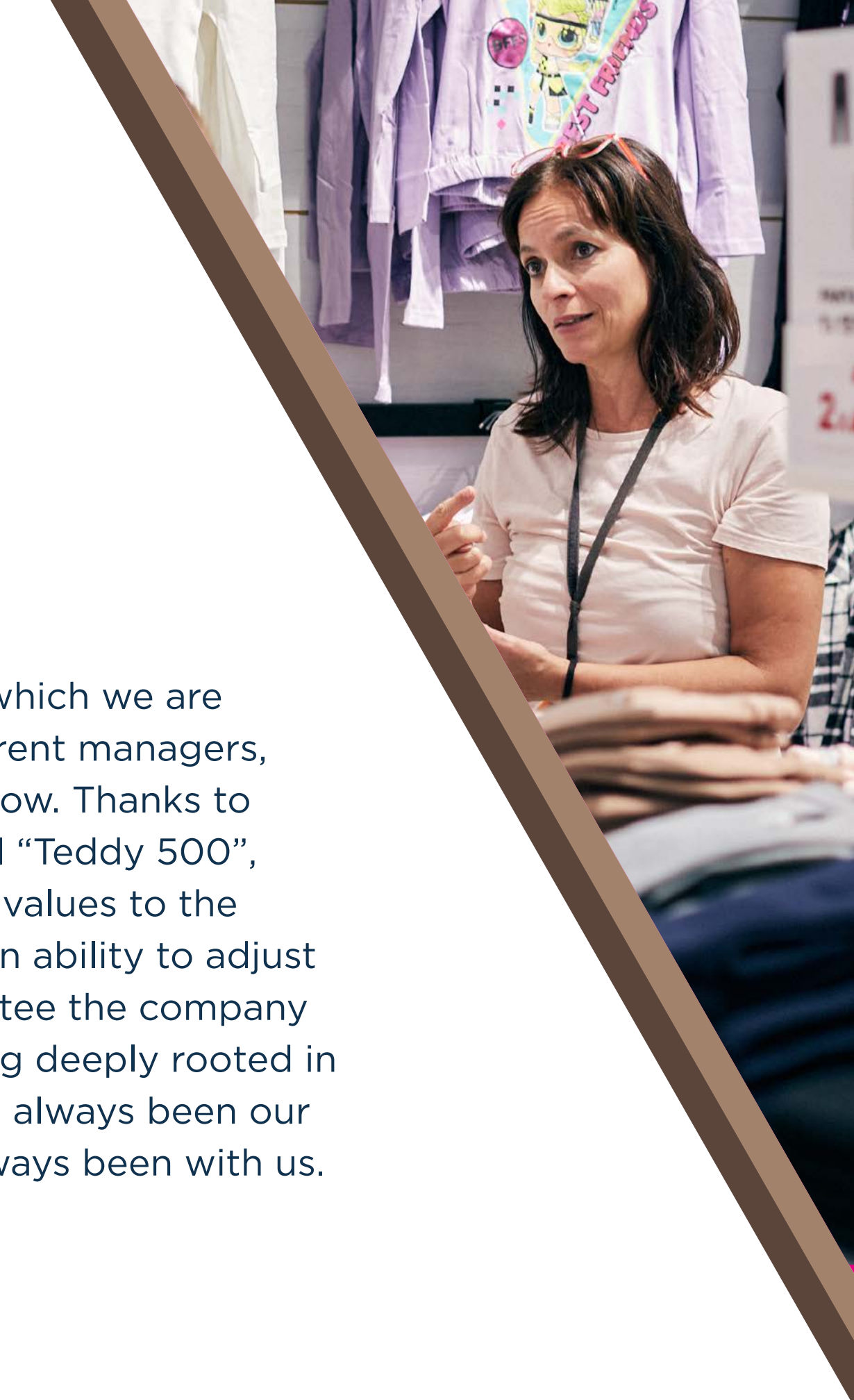
reintegrated into the social and working life, not matter their difficulties and differences.

In order to face everyday challenges and those to come and to build a sound and lasting business, continuous professional development is essential at any level of seniority, for any position, and since the exact moment you set foot in the Company. We mapped training processes and developed a tracking system for the courses offered for the development of professional and soft skills, but also training focused on cross-cutting topics such as Teddy values and social commitment and those of Gigi Tadei Foundation, and the Strategic Plan for Sustainability within the Induction journey, as to make everyone understand and follow them. We started monitoring more closely the number of people involved and the time dedicated to training. This allows us to assess the level of

participation and the quality of skills learned during the training activities.

In order to foster the growth of people inside and together with Teddy, we started to turn into practice the plans for professional growth developed in 2021, in line with the approach to organic growth implemented for the development of the corporate group. Those plans are based on a salary benchmark in line with the job market and aim at fostering promotions thanks to the integration with targeted training paths. The growth is focused on the development of skills connected to the position held, a growth we wish to encourage with every person cultivating their own potential, by presenting career and growth opportunities in a shared and clear way. An essential element of our corporate policy and business philosophy is to encourage

internal recruiting, thanks to which we are committed to making our current managers, but mainly our future ones, grow. Thanks to our corporate business school “Teddy 500”, we are able to apply our core values to the present context, developing an ability to adjust to changes in order to guarantee the company to last further 500 years, being deeply rooted in the corporate culture that has always been our distinctive feature and has always been with us.



2022 Impacts

- 650 employees trained on diverse skills throughout the year (30.16% out of the total number of employees) **+40% compared to 2021**
- **28%** of the workers who were awarded an internal promotion
- **26,076** hours of corporate training provided
- **198** employees who benefitted from parental leave (164 women), all returning to work with no changes to their contracts

Future goals

- Increasing the satisfaction of workers according to the results of the surveys on work climate, achieving 60% of workers satisfied with their job by 2026
- Extending the pool of workers accessing training
- Formalization of the diversity and inclusion policy



Table 1 - Direct Economic Value generated and distributed by Teddy S.p.A

Reporting Year	Economics	Amount (euros)	Percentage
2022	Remuneration of suppliers	491,173,461.32	75.57%
	Remuneration of employees	82,991,375.86	12.77%
	Remuneration of lenders	701,061.50	0.11%
	Remuneration of Public Administration	12,114,865.73	1.86%
	Remuneration of the Community	269,620.00	0.04%
	Remuneration of shareholders	10,000,000.00	1.54%
	Economic Value Distributed	478,021,745.87	91.90%
	Economic Value Retained	55,567,678.28	8.55%
	Direct economic value generated	649,921,632.62	100.00%
2021	Remuneration of suppliers	387,990,559.50	75.46%
	Remuneration of employees	71,582,312.40	13.92%
	Remuneration of lenders	1,255,658.54	0.24%
	Remuneration of Public Administration	9,692,965.43	1.89%
	Remuneration of the Community	250.00	0.00%
	Remuneration of shareholders	7,500,000.00	1.46%
	Economic Value Distributed	478,021,745.87	92.97%
	Economic Value Retained	37,133,862.44	7.22%
	Direct economic value generated	514,191,932.47	100.00%

The Direct economic value generated of Teddy S.p.A in 2022 was equal to 649,921,632.62 euros, with an increase of 26.4% resulting in an increase of the distribution of economic value by 24.9%, equal to 478,021,745.87 euros. The Economic Value Distributed is mainly connected to the operating costs and therefore allocated for the support and remuneration of the supply chain, while the second most important item is the wages of the employees working at the headquarters and in the stores directly operated by Teddy. Less than 9% of the economic value was retained, with an amount equal to 1.5% allocated for the dividends paid to shareholders.

Table 2 - Composition of the Board of Directors

Name	Age range	Position	Independent	Start Date	Nationality
Bracci Alessandro	50 +	EXECUTIVE	NO	28/06/2022	ITALIAN
Tadei Emma	50 +	EXECUTIVE	NO	28/06/2022	ITALIAN
Piccini Marco	50 +	NON-EXECUTIVE	YES	28/06/2022	ITALIAN

Table 3 - Composition of the Board of Statutory Auditors

Name	Age range	Position	Independent	Start Date	Nationality
Versari Domenico Maurizio	50 +	CHAIRMAN	YES	26/06/2020	ITALIAN
Faini Federico	50 +	STANDING MEMBER	YES	26/06/2020	ITALIAN
Tomasetta Gianfranco	50 +	STANDING MEMBER	YES	26/06/2020	ITALIAN
Maroncelli Ivan	50 +	DEPUTY MEMBER	YES	26/06/2020	ITALIAN
Teodorani Francesca	50 +	DEPUTY MEMBER	YES	26/06/2020	ITALIAN

Teddy S.p.A Governance is based on two governance bodies, the Board of Directors (BoD) that manages both ordinary and extraordinary administration, whose operations are supervised by the Board of Statutory Auditors with regard to ethical and regulatory compliance. The BoD also acts through the Chief Executive Officer and is supported in its operations by the Committee of Directors which plays both an operational and consulting role.

The current Board of Directors has 3 members, all aged above 50, including one woman, who accounts for 33% of the Board.

The current Board of Statutory Auditors includes 5 members, with 3 statutory auditors and 2 deputy auditors, all aged above 50, including one woman, who accounts for 20% of the Board.

Table 4 - Distribution of the workforce per employment contract

Reporting Year	Type of contract	Men	Women	Total amount
2022	Full-time	674	1,002	1,676
	Part-time	59	420	479
	TOTAL	733	1,422	2,155
2021	Full-time	671	1,000	1,671
	Part-time	53	376	429
	TOTAL	724	1,376	2,100

Table 4bis - Distribution of the workforce per employment contract

Reporting Year	Type of contract	Men	Women	Total amount
2022	Permanent employment contract	593	930	1523
	Fixed-term employment contract	140	492	632
	TOTALE	733	1,422	2,155
2021	Permanent employment contract	586	871	1,457
	Fixed-term employment contract	138	505	643
	TOTALE	724	1,376	2,100

Table 5 - Distribution of the workforce in Italy per gender and age

Reporting Year	Age range	Men	Women	Total amount
2022	18 - 30	262	696	958
	30 - 50	393	634	1,027
	50 +	78	92	170
	TOTAL	733	1,422	2,155
2021	18 - 30	288	766	1,054
	30 - 50	369	525	894
	50 +	67	85	152
	TOTAL	724	1,376	2,100

Table 6 - Workforce per position at headquarters distributed per gender and salary scheme

Reporting Year	Position	Men	Women	% Women	Total amount
2022	Executives	1	0	0.00%	1
	Senior Managers	22	5	18.5%	27
	Office workers	271	257	48.7%	528
	Other workforce at corporate headquarters	69	57	45.2%	126
	TOTAL	363	319	46.8%	682
2021	Executives	2	0	0.00%	2
	Senior Managers	19	5	20.8%	24
	Office workers	251	256	50.5%	507
	Other workforce at corporate headquarters	68	56	45.2%	124
	TOTAL	340	317	48.3%	657

Table 7 - Workforce at the points of sale in Italy distributed per gender and salary scheme

Reporting Year	Position	Men	Women	% Women	Total amount
2022	Store Managers	38	118	75.6%	156
	Other workforce at the stores	361	956	72.6%	1317
	TOTAL	399	1,074	72.9%	1,473
2021	Store Managers	41	102	71.3%	143
	Other workforce at the stores	332	968	74.5%	1,300
	TOTAL	373	1,070	74.2%	1,443

The number of Teddy S.p.A collaborators distributed among corporate headquarters, distribution hub and directly-operated stores increased by 2.6%, mainly under part-time employment agreements. In 2022, 1523 collaborators were employed under a permanent employment contract, of whom 930 were women, with an overall increase of 2.6%, while those employed under a fixed-term employment contract were 632, of whom 492 were women, with a decrease of 1.7% compared to 2021.

68.4% of collaborators work in the points of sale distributed in Italy, with women accounting for 66% of the overall number of collaborators, mainly working inside the points of sale (72.9%) with a comparable percentage to cover the position of store manager (76.6%), while for positions in the corporate headquarters the women's percentage drops under 50%, with a percentage covering management position under 20% of the total.

47.6% of collaborators is aged between 30 and 50, while 44.4% is under 30, with an increasing trend when compared to 36.5% in 2021, thus the proof of the ability of Teddy S.p.A to attract younger workers.

All Teddy collaborators are hired under the National Collective Labor Agreement - commerce.

Table 8 - Distribution of new hires and terminations in Italy per age range

Reporting Year	Age range	Number of new hires	% of hires out of the total amount of hires	Turnover rate - hires	Number of terminations	% of terminations out of the total amount of hires	Turnover rate - terminations
2022	18 - 30	1,539	81.7%	146%	1,392	76.1%	132.1%
	30 - 50	342	18.2%	38.3%	426	23.3%	47.7%
	50 +	3	0.2%	2%	11	0.6%	7.2%
	TOTALE	1,884	100%	89.7%	1,829	100%	87.1%
2021	18 - 30	1,352	86.2%	158.5%	1,045	82.3%	122.5%
	30 - 50	212	13.5%	26.1%	215	16.9%	26.4%
	50 +	4	0.3%	2.9%	10	0.8%	7.4%
	TOTALE	1,568	100%	87%	1,270	100%	70.5%

Table 9 - Return to work after a Parental leave

Reporting Year	Employees who:	Men	Women	Total amount
2022	have right to Parental leave	N/D	N/D	N/D
	benefitted from the Parental leave	34	164	198
	returned to work after the Parental leave	34	151	185
	returned to work after the end of the Parental leave and are still employed after 12 months from their return	N/D	N/D	N/D
	TOTAL RETURN RATE (%)	100	92.07	93.43
	TOTAL RETENTION RATE (%)	N/D	N/D	N/D
2021	have right to Parental leave	N/D	N/D	0
	benefitted from the Parental leave	34	141	175
	returned to work after the Parental leave	34	125	159
	returned to work after the end of the Parental leave and are still employed after 12 months from their return	N/D	N/D	N/D
	TOTAL RETURN RATE (%)	100	88.65	90.86
	TOTAL RETENTION RATE (%)	N/D	N/D	N/D

The growth of Teddy S.p.A was followed by a growth of its workforce but also by a high turnover rate already experienced starting from year 2021, calculated on a workforce of 1,802 employees at the end of 2020, due to the many fixed-term employment contracts to meet the requests during season peaks, signed mainly with young male and female workers.

In 2022, all the male collaborators and more than 90% of female collaborators returned to work at the end of their Parental leave, with an increase compared to 2021 data. The retention rate after the Parental leave, as well as the total number of employees having right to the Parental leave are not available, and those records will be included in the report in the next years.

Table 10 - Data on the frequency of accidents to employees

Reporting Year	Index	Data
2022	Total hours worked	3,289,756
	Accidents resulting in more than one day of absence	46
	Serious accidents	1
	Accident frequency index	14.0%
	Serious accident frequency index	0.3%
2021	Total hours worked	2,967,913
	Accidents resulting in more than one day of absence	44
	Serious accidents	0
	Accident frequency index	14.8%
	Serious accident frequency index	0%

In 2022 the rate of accidents kept almost unchanged, with a slow decrease; however, a serious accident occurred, which spurred additional thinking in terms of workers' safety and protection at the corporate headquarters, in the distribution hub and in the points of sale.

Table 11 - Hours of training per professional category and gender

Reporting Year	Position	Total hours		Average hours	
		Men	Women	Men	Women
2022	Executives	51	0	8.5	0
	Senior Managers	441	170	10.3	12.1
	Office workers	6,081	6,400	16.6	16.7
	Other workforce at corporate headquarters	1,928	3,671	20.1	27.8
	Store Managers	1,208	4,316	86.3	67.4
	Other workforce at the stores	3,856	8,188	59.3	c
	TOTAL	36.310		27.7	
2021	Executives	0	0	0	0
	Senior Managers	44	9	14.7	9
	Office workers	3,558	3,709.5	23.3	21.2
	Other workforce at corporate headquarters	5,026	6,028	51.8	39.7
	Store Managers	653	1,920	72.6	64
	Other workforce at the stores	2,376	6,536	74.3	81.7
	TOTAL	29,859.5		40.8	

Table 12 - Numbers of employees trained divided per professional category and gender

Reporting Year	Position	Men	Women	Total amount
2022	Executives	6	0	6
	Senior Managers	43	14	57
	Office workers	366	383	749
	Other workforce at corporate headquarters	96	132	228
	Store Managers	14	64	78
	Other workforce at the stores	65	129	194
	TOTAL	590	722	1,312
	%	80.49%	50.77%	60.88%
2021	Executives	0	0	0
	Senior Managers	3	1	4
	Office workers	153	175	328
	Other workforce at corporate headquarters	97	152	249
	Store Managers	9	30	39
	Other workforce at the stores	32	80	112
	TOTAL	294	438	732
	%	40.11%	30.80%	33.97%

Table 13 - Training hours per typology divided per gender

Reporting Year	Training category	Men	Women	Total amount
2022	Induction*	162	180	342
	Sustainability	280	1244	1524
	Hard skills	9,027	15,385	24,412
	Soft skills	3,976	7,103	11,079
	Diversity and Inclusion	0	0	0
	Ethics and anticorruption	0	0	0
	Human rights	0	0	0
	External Training opportunities	400	77	477
2021	Induction*	0	0	0
	Sustainability	5156	1364	6520
	Hard skills	6,454	10,051	16,505
	Soft skills	5,120	8,104	13,224
	Diversity and Inclusion	0	0	0
	Ethics and anticorruption	0	0	0
	Human rights	0	0	0
	External Training opportunities	83	47.5	130.5

Training is a key element to give value to Teddy human resources and at the same time to guarantee the stability and continuity of the company. This is the reason why the number of training hours provided increased by 13.4%, with a decrease in the hours per capita but extending the overall pool of workers benefitting from training: from 22.1% in 2021 to 30.1% in 2022, with an increase in all the professional categories. The types of training go from the onboarding of new hires to the strengthening of technical skills with the aim of constant

improvement, from the development of soft skills, such as management skills and foreign language courses, to the discussion of issues of collective importance such as safety and security and diversity and inclusion. Training is carried out both as face-to-face classroom courses and through online training platforms, with live and recorded webinars, as well as with on-the-job training and at Teddy “training camps”.

The data reported refer only to the training directly or indirectly provided by the Human Resources Department, therefore tracked, but more training is provided for directly by the single departments and offices. In the next years a larger and more detailed monitoring system for training will be implemented as to collect more precise data. Furthermore, starting from 2023, courses will be delivered dedicated to the themes of general and company-related sustainability as well as on the theme of the respect for human rights, in particular with reference to the supply chain.

Table 14 - Number of people at corporate headquarters and in the points of sale who received a formal assessment of performances

Reporting Year	Position	Men	Women	Total amount
2022	Executives	1	0	1
	Senior Managers	18	3	21
	Office workers	205	212	417
	Other workforce at corporate headquarters	69	66	135
	Store Managers	32	98	130
	Other workforce at the stores	0	0	0
	TOTAL	325	379	704
2021	Executives	1	0	1
	Senior Managers	18	3	21
	Office workers	183	181	364
	Other workforce at corporate headquarters	46	47	93
	Store Managers	25	72	97
	Other workforce at the stores	0	0	0
	TOTAL	273	273	576

The growth and promotion of the value of Teddy people happen through training as well as through a regular assessment of work performances, based on a transparent and constructive dialogue, both formal and informal. Almost a third of the people at Teddy (32.7%) were delivered a formal review of their own performance at least once in 2022, with an increase compared to 2021, when 26.7% of all the collaborators had undergone a formal assessment.

Table 15 - Subdivision of textile raw materials

Reporting Year	Type of material	Total absolute weight (ton)	Relative Ratio	From a renewable source
2022	Cotton	10,403.02	45.9%	Y
	Wool	56.61	0.2%	Y
	Linen	207.45	0.9%	Y
	Viscose	1,982.08	8.7%	Y
	Other natural fabrics	20.7	0.1%	Y
	Polyester	8,003.59	35.3%	N
	Polyamide	518.66	2.3%	N
	Elastane	255.42	1.1%	N
	Acrylic	1,213.50	5.4%	N
	TOTAL	22,661.03	100%	55.9%
2021	Cotton	11,467.25	59.3%	Y
	Wool	7.44	0.04%	Y
	Linen	47.9	0.2%	Y
	Viscose	1,049.44	5.4%	Y
	Other natural fabrics	14.8	0.1%	Y
	Polyester	5,234.83	27.1%	N
	Polyamide	471.17	2.4%	N
	Elastane	201.14	1%	N
	Acrylic	848.52	4.4%	N
	TOTAL	19,342.49	100%	65.1%

56% of the raw materials used to manufacture the items of clothing of our brands Terranova, Calliope, Rinascimento and QB24 comes from renewable sources, a reduction compared to 65% of the previous year. This is due to the reduction in the procurement of cotton, which is the main material used, and a subsequent increase in the procurement of polyester, the second material most used. For the two main materials, the percentage of the raw material from recycled sources purchased in 2022 is equal to 3.67% for cotton and 3.89% for polyester respectively, which is the main most sustainable source with which virgin raw materials are being replaced.

Calculations were made taking into account the end date of production for the goods sent from extra-EU countries in the calendar year considered. Rinascimento data for 2021 are not available as monitoring started in 2022.

Table 16 - Subdivision of raw materials for packaging

Type of packaging	Material	Origin	End-of-life Recyclability	Recycled source	More sustainable virgin source	Traditional source	Certifications	
				Weight (ton)	Weight (ton)	Weight (kg)	Recycled source certification	Other certifications
Shopping bag, box	Paper, Cardboard	EU, Extra-EU	100%	809,901	1,280.222	496.065	FSC® Recycled	FSC® 100% FSC® Mix
TOTAL PAPER AND CARDBOARD				2,586.188				
Polybag	PE	EU	100%	9,498	-	9,695	Blauer Engel	-
Polybag	PE/PP	Extra-EU	100%	-	-	923,000	-	-
TOTALE POLYBAG				942,193				

In 2022 the volumes of the packaging purchased started to be monitored and the relevant sustainability certifications to be assessed. The activity was focused on the materials composing more than 80% of the total amount of packaging used by Teddy: paper for the logistics boxes and shopping bags for the points of sale and polyester used for the polybags with which the items of clothing manufactured are delivered. In the next years we will map also all secondary packaging materials as to have a complete view and set the strategies for improvement both in terms of procurement and design and selection.

73% of the packaging comes from renewable sources, specifically paper, 80% of which comes from more sustainable FSC® certified sources, with 30% of it from recycled sources. 27% of the remaining part of non-renewable packaging, made up of polyethylene and polypropylene, comes from certified recycled sources. The data reported resulted from internal monitoring activities and evidence of their truthfulness shall be provided by Teddy SpA.

Table 17 - Overview of quality and safety testing

Brand	SS 22 (RNS) / SS 23 (TRN CLP)			FW 22		
	Total number of purchased items	Number of items tested for safety	Number of items tested for quality	Total number of purchased items	Number of items tested for safety	Number of items tested for quality
Terranova (TRN)	1,053	327	165	1,079	244	145
Calliope (CLP)	1,405	438	208	1,221	415	272
Rinascimento (RNS)	3,324	0	0	3,028	0	0

Items are tested in terms of quality assurance and safety for final consumers, analyzing fabrics or accessories, both at the time of delivery and after complaints received from consumers.

Table 18 - Subdivision of suppliers' turnover per geographical location

Reporting Year	Type of supplier	NUMBER OF SUPPLIERS			TOTAL SPENDING WITH SUPPLIERS		
		ITA	EU	EXTRA-EU	ITA	EU	EXTRA-EU
2022	Terranova / Calliope	1	-	235	€442,939	0	\$260,699,575
	Rinascimento	56	-	-	€82,146,684.00	0	€3,393,508.00
	No core	4	1	-	N/A	N/A	N/A

Table 19 - Suppliers assessed according to social criteria and criteria for the respect for human rights

Reporting Year	Type of suppliers	Number	IN TERMS OF NUMBERS		IN TERMS OF SPENDING	
			% assessed according to social criteria	% assessed according to third-party social audit programs	% assessed according to environmental criteria	% assessed according to third-party environmental audit
2022	New “core” factories TRN CLP	95	67.37%	48.42%	96.47%	48.10%
	Long-lasting “core” factories TRN CLP	141	73.76%	34.75%	89.86%	15.66%
	Long-lasting “core” factories RNS	108	13.89%	0.00%	-	-
	Long-lasting no-core suppliers	5	-	100.00%	-	100.00%

Teddy suppliers are divided into, and managed accordingly, those serving Terranova, Calliope and Rinascimento brands (so-called core suppliers) or non-raw-material suppliers, which mainly provides for services, packaging and store furniture (so called no-core suppliers). Almost all the suppliers of Terranova and Calliope brands are located outside the European Union, mainly in Bangladesh and China, while all Rinascimento suppliers are located in Italy. The data of no-core suppliers refer to the main direct packaging suppliers, mainly serving the distribution hub and providing for the shopping bags for the points of sale and the e-commerce platform. Any clothing supplier is required to agree and sign Teddy Code of Conduct, which is attached to the supply agreement and is binding in order to sign the agreement. The assessment of suppliers is based on special environmental and social criteria, which may lead to orders to be paused or cancelled in the case of serious non-conformities or non-compliance.

Data collection started at the end of 2021 and the data showed refer to the audits completed in 2022. Foreign suppliers directly control the factories and therefore each supplier corresponds to a factory, while Italian suppliers include more workshops and therefore the audit is carried out on a single workshop.

Table 20 - Consumption of fresh water

Reporting Year	Type of water	Headquarters (cubic meters)	Points of sale - Italy
2022	Groundwater	-	-
	Third-party water	9,134	15,525
2021	Groundwater	-	-
	Third-party water	12,206	14,255

The water consumption for corporate headquarters (Rimini, Bologna and Gatteo) and in directly-operated stores in Italy was assessed by collecting direct water meter readings for water fully supplied by local waterworks. When it was not possible to collect meter readings for difference reasons (such as shared meter, location in a shopping center), water consumption was estimated on the base of store size, considering an average consumption value per dimension.

Table 21 - Energy consumption - Italy

Reporting Year	Type of energy	Corporate headquarters (GJ)	Points of sale - Italy (GJ)	Total amount (GJ)
2022	Non-renewable electricity	-	5,481.01	5,481.01
	High-impact renewable electricity	-	-	-
	Low-impact renewable electricity	13,888.91	75,285.15	89,174.06
	Stationary combustion: Natural Gas	6,385.78	688.95	7,074.73
	Mobile combustion: motor fuel	139.78	-	139.78
	Mobile combustion: diesel fuel	14,497.03	-	14,497.03
	TOTAL	3,4911.5	7,5974.1	110,885.6
	Energy/employee (GJ/person)	53.96	53.87	53.90
	Energy/dimensions (GJ/m2)	0.40	0.8	0.51
2019	Non-renewable electricity	12,767.99	72,396	85,163.95
	High-impact renewable electricity	-	-	-
	Low-impact renewable electricity	-	-	-
	Stationary combustion: Natural Gas	10,085.99	-	10,085.99
	Mobile combustion: motor fuel	47.93	-	47.93
	Mobile combustion: diesel fuel	17,520.78	-	17,520.78
	TOTAL	40,422.7	72,396.0	112,818.7
	Energy/employee (GJ/person)	591.00	69.28	65.25
	Energy/dimensions (GJ/m2)	0.73	0.82	0.79

The data on Teddy S.p.A energy consumption in Italy were calculated according to the data collected for the measurement of the baseline required to set the goals to reduce climate-changing emissions, as approved by the Science-Based Targets Initiative (SBTi). In 2019, energy from renewable sources was not used, the number of employees was 1,729, 1,045 of whom distributed in 123 directly-operated stores and data were calculated using DEFRA 2019 conversion factors. In 2022, Gatteo Distribution Hub is included within the reporting scope as well as 159 directly-operated stores, where 1,473 collaborators are employed out of a total number of 2,155, and data were calculated according to DEFRA 2022 conversion factors. All the energy used in our corporate headquarters is certified with the guarantee of origin from low environmental impact sources, as it is for more than 90% of the electricity used in Italian directly operated points of sale. The reduction in the consumption of fuels for cooling is connected to the electrification of our corporate headquarters, while the reduction in the consumption of gasoline and diesel is due to the frequent renewal of the car fleet.

Table 22 - Scope 1 Emissions - Italy

Reporting Year	Type of emissions	Corporate headquarters (kton CO2 eq.)	Points of sale - Italy (kton CO2 eq.)	Total (kton CO2 eq.)
2022	Stationary combustion: Natural Gas	320.19	34.55	354.74
	Stationary combustion: Diesel for heating purposes	-	-	-
	Stationary combustion: LPGI	-	-	-
	Mobile combustion: motor fuel	11.96	0.00	11.96
	Mobile combustion: diesel fuel	1,012.61	0.00	1,012.61
	Fugitive emissions: refrigerant gases	-	-	-
	TOTAL	1,344.76	34.55	1,379.31
2019	Stationary combustion: Natural Gas	512.27	0.00	512.27
	Stationary combustion: Diesel for heating purposes	-	-	-
	Stationary combustion: LPGI	-	-	-
	Mobile combustion: motor fuel	3.21	0.00	3.21
	Mobile combustion: diesel fuel	1,234.12	0.00	1,234.12
	Fugitive emissions: refrigerant gases	-	-	-
	TOTAL	1,749.6	0	1,749.6

Table 23 - Scope 2 Emissions

Reporting Year	Type of energy	Corporate headquarters (kton CO2 eq.)	Points of sale - Italy (kton CO2 eq.)	Total (kton CO2 eq.)
2022	renewable electricity - market-based	0.00	0.00	0.00
	nonrenewable electricity - market-based	0.00	698.17	698.17
	district heating	-	-	-
	TOTAL	0	698.17	698.7
2019	renewable electricity - market-based	0.00	0,00	0,00
	nonrenewable electricity - market-based	1,670.48	9,527.85	11,198.33
	district heating	-	-	-
	TOTAL	1,670.48	9,527.85	11,198.33

The emissions directly attributable to Teddy S.p.A within Italian reporting scope were assessed starting from the 2019 emission baseline calculated to set the goals approved by SBTi. Direct Scope 1 emissions are attributable mostly to the fuels used to power the car fleet and the natural gas used to heat the corporate headquarters and the stores. With reference to Scope 2 emissions, when considering the purchase of 94% of certified energy from renewables, the only residual emissions are the ones from energy consumption in the Italian directly-operated stores that still use non certified energy based on the national energy mix.

Table 24 - Scope 3 Emissions

Reporting Year	Type of energy	Emissions (kton CO2 eq.)	Relative Ratio
2022	Purchase of goods and services	695.52	80.36%
	Capital goods	1.78	2.28%
	Fuel and energy-related activities	1.29	0.53%
	Inbound Logistics	12.74	1.47%
	Waste generated in operations	0.50	0.05%
	Business travel - car fleet	1.02	0.15%
	Employee commuting	5.22	0.57%
	Outbound Logistics	1.42	0.15%
	Use phase	53.32	5.76%
	End-of-life treatment of sold products	26.32	2.91%
	Franchisees - electricity	60.00	5.77%
	TOTAL	859.14	100.00%
2019	Purchase of goods and services	803.85	80.96%
	Capital goods	22.81	0.21%
	Fuel and energy-related activities	5.27	0.15%
	Inbound Logistics	14.71	1.48%
	Waste generated in operations	0.55	0.06%
	Business travel - car fleet	1.50	0.06%
	Employee commuting	5.71	0.61%
	Outbound Logistics	1.53	0.17%
	Use phase	57.58	6.21%
	End-of-life treatment of sold products	29.09	3.06%
	Franchisees - electricity	57.75	6.98%
	TOTAL	1,000.34	100.00%

The emissions non directly attributable to Teddy S.p.A within the Italian reporting scope, but which can be attributable to its value chain, were assessed starting from the 2019 emission baseline calculated to set the goals approved by SBTi. From data it is clear that more 85% of emissions are connected to product, with 80% of indirect emissions connected to the procurement of raw materials, while the second most important item is the one connected to the use of the product, coming from the washing of garments, on the base of the number of items and the average weight of garments divided per category, but also to the end-of-life of the product, when considering the average recycling percentage of garments. Another important item is the one coming from the purchase of electricity by franchises and it is based on an estimate. Some categories were not included as not applicable, while others, such as the emissions connected to commuting, business trips and outbound Logistics, were assessed according to gross weight. Inbound Logistics, which is mainly based on cargo ship transport, shows a 14% decrease in connected emissions compared to the considered baseline.

Table 25 - Generation of non-hazardous waste

Reporting Year	Type of waste	Corporate headquarters (ton)	Points of sale - Italy (ton)	Total amount
2022	Paper and Cardboard	440	15	455
	Mixed packaging materials	-	52	521
	Clothing	11	1	12
	Wood	59	-	59
	Metals - iron and steel	-	1	1
	Bulky waste	-	-	0
	Discarded equipment	2	0	2
	Glass	-	-	0
	Undifferentiated waste	-	-	0
	Organic waste	-	-	0
	Plastic waste	3	2	5
	Mixed construction/demolition waste	9	1	9
	Liquid waste	1	-	1
	TOTAL		524	71

Reporting Year	Type of waste	Corporate headquarters (ton)	Points of sale - Italy (ton)	Total amount
2019	Paper and Cardboard	77	13	90
	Mixed packaging materials	1	56	57
	Clothing	2	1	2
	Wood	29	-	29
	Metals - iron and steel	4	-	4
	Bulky waste	-	-	0
	Discarded equipment	0	-	0
	Glass	-	-	0
	Undifferentiated waste	-	-	0
	Organic waste	-	-	0
	Plastic waste	-	2	2
	Mixed construction/demolition waste	2	1	3
	Liquid waste	-	-	0
	TOTAL		116	71

Most of the waste generated comes from the disposal of packaging materials used by suppliers to deliver items of clothing when the packaging cannot be reused: the material is managed by the recovery and recycling chains. Another important entry for waste is represented by the end-of-life furniture from the stores, mainly made of wood, which is sent for recycling whenever possible.

Table 26 - Waste disposal and recovery method

Reporting Year	Disposal method	Hazardous (ton)	Non-Hazardous (ton)	Total (ton)
2022	Recycling	-	571	571
	Sent to incineration (with energy recovery)	-	-	-
	Sent to incineration (without energy recovery)	-	-	-
	Sent to landfill	0	24	24
	TOTAL	0	595	595

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