



# ESG Policy



<b>REPORTING SCOPE</b>	<b>CORPORATE</b>
APPROVED ON	27/08/2023
LAST MODIFIED	27/09/2023
VERSION	1.0

# INDEX

<b>1. INTRODUCTION</b>	4
1.1. About us	4
1.2. Everyone can: Teddy commitment to sustainability	4
1.3. The Everyone Can Manifesto	6
1.4. The mission and the purpose of the ESG Policy	6
1.5. Scope of application	6
<b>2. EVERYONE CAN ACT RIGHT</b>	7
2.1. Governance	7
2.2. Disclosure	8
2.3. Anti-corruption and fiscal responsibility	9
<b>3. EVERYONE CAN HEAL THE PLANET</b>	9
3.1. Raw materials	9
3.2. Product circularity	10
3.3. Water management	10
3.4. Chemical management	11
3.5. Teddy commitment for climate	11
<b>4. EVERYONE CAN CARE FOR PEOPLE</b>	12
4.1. Customers	12
4.2. Employees	13
4.3. Supply Chain	14
4.4. Community	14

# 1. INTRODUCTION

## 1.1 ABOUT US

Teddy S.p.A is a fashion retailer with an Italian soul, four clothing brands and a big dream to travel the world. Teddy's job is to dress people.

We dress people through our four brands: Terranova, Rinascimento, Calliope and QB24. All the brands were created thanks to Teddy corporate culture: they represent the perfect expression of its creativity and taste for beauty, but, most importantly, are its way to stay with customers, in their everyday life.

Teddy does not just create a product, it also has the ability to distribute it, with a great added value compared to other brands: the love to do business with other entrepreneurs. All the distribution models of the brands are therefore designed and developed in collaboration with its business partners, as its over 60-year history proves. Starting from the franchising format 'on a sale-or-return basis': Teddy could grow thanks to this franchising formula and the entrepreneurs who chose its brands to start their business adventure. Today, together with them all, in thousands of shopping streets, squares and shopping centers, Teddy is among the Italian leading retailers in the fashion and clothing market.

At the same time there is the wholesale distribution channel, through which Teddy brings the "Made in Italy" by Rinascimento and QB24 into thousands of boutiques and department stores all over the world: a cash&carry assortment updated every week and a constant style research to fulfil the new trend requirements quickly.

Customers and their wishes have always driven and been at the core of Teddy's actions. And they are therefore the reason for its omni-channel approach: Teddy has been investing increasingly more in the development of new digital channels, in-store and online services drawing inspiration from the needs and behaviors of consumers.

This is what Teddy is today. Everything was done to grow more and more as an international top player in the fashion industry and build day by day the company described in The Dream, as to leave it to future generations larger, sounder and more sustainable.

## 1.2 EVERYONE CAN: TEDDY COMMITMENT TO SUSTAINABILITY

What drives Teddy is the feeling of accountability towards the world, as detailed in the Dream written by Teddy founder Vittorio Tadei, and the wish to leave to future generations a larger and better company than the one they were given. Teddy works every day for long-term sustainable growth, bringing value to its collaborators, business partners and stakeholders first of all.

*"Teddy Dream is not meant to communicate high principles, but to be the compass guiding our corporate culture, our way of acting in everyday life within our Company".*

Vittorio Tadei

Teddy Dream is described in the corporate website of the Company <https://www.teddy.it/en/home/>.

Teddy started a journey to grow and develop into a new, future-proof business model. The company is working integrate the sound principles of sustainability increasingly more in its own business philosophy, in order to guarantee a virtuous management, environmental protection and the promotion of human resources inside and outside the company.

The pillars of our commitment are the following:

### **Everyone can Act Right**

Any company has the opportunity to do the right thing, to choose to behave in a different way. It has to be a structural choice, which has to impact in a tangible manner on the way goals are set and decisions are taken, even the most important ones.

### **Everyone can Heal the Planet**

The impact of human activities on the health of the planet is there for all to see and requires an immediate change of attitude. For companies like Teddy, manufacturing items of clothing, this means to reinvent the way products are designed as well as to rethink packaging, stores and Logistics management.

### **Everyone can Care for People**

The respect and promotion of human dignity has always been one of Teddy's pillars. Every day Teddy runs across the life of thousands of people, be they employees, suppliers, people within its community, and feels the huge responsibility towards each one of them.

The "Everyone Can" Manifesto was developed from the evolution and expansion of Teddy Dream.

### **1.3 THE EVERYONE CAN MANIFESTO**

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 doesn't 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 the hero who will save us all.

We will start working on what truly matters.

Now, together.

Join us. Because everyone can do it.

### **1.4 THE MISSION AND THE PURPOSE OF THE ESG POLICY**

Teddy's strategic journey is strongly consistent and in line with its own corporate values and its goal is to go on with the work already started in the past years on sustainability, kickstarting it with a higher level of ambition.

Teddy, in compliance with the laws applicable to its activities, aims at preventing and minimizing the environmental impact generated by its own operations and by its supply chain as well as at pursuing a positive social impact. In particular, in the adoption of business strategies, Teddy is committed to integrating sustainability criteria in line with the Sustainable Development Goals (SDGs) outlined by the United Nations (UN) in the Agenda 2030.

The ESG policy guides the decision-making process towards a greater understanding, dissemination and application of the corporate ethical culture.

### **1.5 SCOPE OF APPLICATION**

The ESG Policy applies to all the structures and points of sale of Teddy S.p.A and to all those with whom Teddy builds any kind of partnership and/or enters a formal contractual agreement. The ap-

plication of the policy can therefore be extended to any natural and/or legal person associated with Teddy, whenever it is feasible due to the nature of the relationship and useful to fulfil its purpose.

Teddy is committed to guaranteeing the maximum and effective dissemination of the contents of the Policy as to make all the stakeholders be aware of it. Employees must guarantee the compliance with the provisions of the ESG Policy with reference to third-party relationships.

## **2. EVERYONE CAN ACT RIGHT**

Teddy strongly believes in that fact that the purpose of a company is not just to maximize profits and financial value to the main benefit of shareholders, but it must be a greater purpose aimed to create wealth and value for all the stakeholders, contributing to the construction of a better society. Values such as solidarity, soundness, loyalty, respect, transparency, legality, confidentiality, fairness have always guided and still characterize the operations, attitude to work and the relationships inside and outside the company.

### **2.1 GOVERNANCE**

#### **Sustainability Compliance**

The Head Management approved Teddy's Strategic Sustainability Plan in 2021. The Sustainability Department manages sustainability actions as set in the strategic plan across the different areas of the company, thus involving the entire organization from an operational point of view. The Sustainability Department is in charge of measuring Company performances and regularly sends updates to the Board of Directors on the implementation of sustainability goals. The Sustainability Department uses an assessment procedure by filling in the B-Impact Assessment<sup>1</sup> in order to assess performances in terms of sustainability and the soundness of the plans for improvement, set in order to reduce the impact. At the same time, they make use of the Higg Index, as members of the Sustainable Apparel Coalition (SAC)<sup>2</sup>, to accelerate the collective efforts made by the industry, thus using a standardized language to communicate sustainability impacts, promoting lasting improvements and providing the greatest transparency required by consumers.

#### **Organization, Management and Control Model**

Teddy is aware of the value deriving from an internal control system suitable to prevent employees, managers, consultants and business partners from committing criminal offences. Therefore, in compliance with its own corporate policies, Teddy decided to adopt and implement an Organization, Management and Control Model with the purpose of benefiting from the exemption as provided for the Italian Legislative Decree n. 231/2001 as well as improving its own Corporate Governance, limiting the risk of criminal offences to be committed by identifying sensitive processes.

---

<sup>1</sup>The B-Impact Assessment™ (BIA) is an international digital tool used by over 150,000 Companies to measure, manage and improve their own sustainability performances, and is the first step to be certified as a B Corp. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

<sup>2</sup>The Sustainable Apparel Coalition is the main alliance in the apparel, footwear and textile industry working to promote a sustainable production.

Besides the provisions of the Italian Legislative Decree n. 231/2001 listing the Model as optional and voluntary and not required, the initiative was carried out with the belief that its adoption can be a valid tool to raise awareness towards all those who work in the name and/or on behalf of Teddy or in any way for the benefit of Teddy. This may thus make them have transparent and fair behaviors during the fulfillment of their tasks in order to prevent the criminal offences as listed in the Italian Legislative Decree n. 231/2001 from being committed.

As provided for by the Italian Legislative Decree n. 231/2001, Teddy entrusted a multi-member Supervisory Board with supervising the functioning, observance and update of the Model.

The section of the general part of Teddy Organization, Management and Control Model is available on the website <https://www.teddy.it/en/governance/#governance-di-teddy-spa>.

### **Code of Ethics**

Teddy deemed appropriate to adopt the Code of Ethics binding for all the recipients of the Model, with the belief that acting in a fair way is in the interest of the same Company, besides being a moral duty in any case. In the Code of Ethics, the main strategies and rules of conduct adopted by the Company are described to promote a fair management of the company from an ethical as well as legal point of view.

The Code of Ethics is available on the website <https://www.teddy.it/en/governance/#governance-di-teddy-spa>.

## **2.2 DISCLOSURE**

Teddy and the Sustainability Department take care in informing the relevant departments and ensuring the implementation of new regulations for the dissemination of information about sustainability published by the European Commission and of any other requirement provided for by applicable national and/or international laws. In addition to that, Teddy is aware that transparency is paramount when implementing its own corporate social responsibility, as it is a crucial factor to allow all the stakeholders to understand formal commitment and assess company performances. Teddy therefore acknowledges how much it is important to pay constant attention to the transparency, truthfulness, relevance, accuracy and promptness of the information disclosed by the Company through the different communication channels used.

Teddy operates in compliance with applicable laws and regulations on the reporting standards for corporate sustainability and applies as a reference the international standards of the Global Reporting Initiative (GRI) and UN Sustainable Development Goals (SDGs).

The Sustainability Report published every year is the main tool to share and dialogue with internal and external stakeholders in order to communicate information on corporate sustainability and promote a systemic change in the industry. Thanks to the materiality analysis, Teddy identifies the material themes regarded as the most relevant by its stakeholders to which corporate strategies and yearly sustainability reporting are oriented.



## **2.3 ANTI-CORRUPTION AND FISCAL RESPONSIBILITY**

Teddy is committed to guaranteeing compliance with tax obligations as provided for by laws and regulations applicable in Italy and in the countries where it operates.

In compliance with applicable national laws, Teddy fulfills its tax duties with direct payments such as taxes, customs duties, levies and expenses, and indirect ones through the Value-Added Tax (VAT) of products that is applied at the time of purchase and paid by the consumer.

Teddy is committed to assessing and setting the price of the operations carried out among the companies of the corporate group<sup>3</sup> according to free market competition criteria, in compliance with the tax laws of the countries involved in each operation and with OECD international guidelines on transfer prices.

Furthermore, Teddy aims at guaranteeing tax compliance and reporting fraudulent and market-distorting practices that might be developed by third parties in the markets where it operates.

Lastly, Teddy is committed to establishing business relationships with the tax authorities of the countries where it carries out its activities based on the principles of transparency and professionalism. To this purpose, Teddy is committed to providing all the documents required and the relevant information requested by the local tax authority to prove its tax status.

## **3. EVERYONE CAN HEAL THE PLANET**

Teddy is committed to operating to respect the ecosystems on our planet and requires the same from all those who collaborate with the company. The Policy aims at promoting the integration of sustainability best practices in all the relationships with Teddy stakeholders in order to guarantee that activities are carried out in full respect of natural resources, ecosystems and biodiversity.

### **3.1 RAW MATERIALS**

#### **Conservation of natural ecosystems**

Teddy is committed to guaranteeing responsible sourcing and constantly promotes to reduce the use of virgin natural resources to avoid ecosystems to be undermined. Teddy thoroughly verifies the environmental impact caused by the manufacturing of its items and is committed to improving efficiency in the use of raw materials. Teddy is actually committed to gradually increasing the volume of fabrics from sources with a low environmental impact, certified by accredited bodies or bodies that guarantee the responsible management of the supply chain.

Teddy efforts in the conservation of ecosystems are detailed in its Policy Animal Welfare & Forests Conservation published on the corporate website <https://everyonecan.teddy.it/wp-content/uploads/pdf/Animal-Welfare-EN.pdf>.

---

<sup>3</sup>Design, production and distribution of apparel and fashion accessories, commercial and financial services.

## Animal Welfare

Teddy is committed to acting ethically with reference to animal welfare and to start a journey towards improvement aimed at involving the entire value chain. Teddy cares about keeping itself constantly abreast of regulations and standards in force in order to be able to guarantee compliance with the best practices for animal welfare.

Teddy's efforts for the protection of animal welfare are detailed in its Policy Animal Welfare & Forests Conservation published on the corporate website <https://everyonecan.teddy.it/wp-content/uploads/pdf/Animal-Welfare-EN.pdf>.

## 3.2 PRODUCT CIRCULARITY

Teddy is committed to promptly addressing the transition towards a more circular business model.

### Eco-design

Teddy aims at adopting increasingly more eco-design principles in industrialization and manufacturing processes for the items of clothing it markets, with the aim of reducing their environmental impact throughout the entire product life cycle and minimizing textile waste in landfills. Teddy aims at implementing the eco-design of items of clothing according to a circular approach, increasing the use of more sustainable raw materials<sup>4</sup>, clothing durability and the potential for their end-of-life recovery. Teddy is committed to raising awareness among its customers about clothing care and the available options for end-of-life reselling or disposal options to extend the product life cycle as long as possible and prevent textile waste from being sent to landfill.

### Waste

Teddy guarantees the compliance with the applicable laws and regulations on the correct management of waste generated, ensuring service agreements with contracting companies.

Teddy is committed to a more effective use of the resources employed and to a responsible management of the waste generated on its premises (corporate headquarters, logistics hubs and stores) and during the production processes of the products marketed.

## 3.3 WATER MANAGEMENT

Teddy is aware of the importance of water as a limited natural resource but essential to society and the entire planet. For this reason, it is committed to managing water resources used in its direct operations (corporate headquarters, logistics hub and stores) in a responsible way, as well as taking care of raising awareness among its own employees about the measures to be taken to avoid wasting it. Teddy aims at reducing its own water consumption by improving the efficiency of the water systems and introducing measures to improve processes.

---

<sup>4</sup><https://everyonecan.teddy.it/heal-the-planet-prodotti>

In addition to that, Teddy aims at starting a journey to engage the supply chain and help them to reduce the water footprint in production processes through actions on conscious consumption and proper treatment of wastewater.

### **3.4 CHEMICAL MANAGEMENT**

In order to protect workers, consumers and the ecosystems on our planet, Teddy is committed to establishing standardized procedures to manage chemicals in a responsible way and forbid the use of some potentially hazardous substances.

Teddy Chemical Management Guidebook is a handbook for suppliers on how to implement substance management systems to guarantee the correct storage of chemicals and the safe disposal of waste to safeguard workers' health and safety.

The Chemical Management Policy is available on the website <https://everyonecan.teddy.it/wp-content/uploads/pdf/chemical-management-policy.pdf>.

To this purpose, in 2021, Teddy joined the Zero Discharge of Hazardous Chemicals (ZDHC) International Programme for a responsible and sustainable management of chemicals throughout the entire production chain. Teddy makes sure that all its suppliers comply with ZDHC protocols and guidelines. Suppliers must comply with the agreement provisions as set by the Code of Conduct, to which the Restricted Substance List (RSL) and Manufacturing Restricted Substance List (MRSL) are attached. In addition to that, they must comply with the Safety Data Sheet (SDS) for the management and use of any chemical product.

At the same time, Teddy guides wet-process suppliers (Mills) to make them join ZDHC platform Supplier to Zero and requires compliance with national environmental standards on the use of chemicals and discharge of industrial wastewater. Suppliers are required to test their own wastewater and sludges in order to verify the compliance with ZDHC parameters on wastewater<sup>5</sup> and upload data on ZDHC Gateway.

### **3.5 TEDDY COMMITMENT FOR CLIMATE**

Teddy, being aware of the critical issues raised by the impacts caused by GHG emissions from the Fashion industry, actively participates in bringing the required changes to mitigate the climate change and reduce the pressure on planet resources.

Teddy submitted its science-based climate plan and reduction targets related to its direct (Scope 1 & 2) and indirect (Scope 3) emissions to the Science-Based Targets initiative. Teddy is committed to calculating GHG emissions on an annual basis through the GHG Protocol. On its journey towards decarbonization, Teddy is working on the gradual improvement of energy efficiency and the reduction of energy consumption, and is favoring energy from renewable sources, fabrics, packaging and

---

<sup>5</sup> ZDHC Wastewater Guidelines: <https://downloads.roadmaptozero.com/output/ZDHC-Wastewater-Guidelines>

means of transport with a low environmental impact. Furthermore, it involves its own supply chain in the joint development and implementation of a shared plan for the reduction of emissions. Lastly, it is committed to monitoring and reporting its own progress.

It is possible to access Teddy goals on emission reduction on the official website of Science-Based Targets: <https://sciencebasedtargets.org/companies-taking-action>

## **4. EVERYONE CAN CARE FOR PEOPLE**

Teddy corporate culture described in our Dream constantly recalls to pay great attention to the problems affecting the community around us, to social injustices and inequalities, and to give one's contribution to mitigate them as to allow anyone to live in a better world. One of the commitments taken by Teddy is to protect the health and ensure the safety and rights of its own workers and of the workers of its supply and distribution chain, as well as those of the community and the environment they work in.

### **4.1 CUSTOMERS**

“If you listen to your customers, you'll never get it wrong”, this is what Vittorio Tadei, Teddy founder, always said.

Teddy aims at being a customer-oriented company, taking care of customers' needs, wishes and even criticism. Customers, who are increasingly more aware and concerned about social and environmental issues, require the industry to start a positive and radical change. And to meet those requests and safeguard its customers, Teddy took on its own corporate social responsibilities in a timely manner.

#### **Environmental communications**

Teddy is committed to providing clear, transparent, true, verifiable, comparable and reliable environmental statements. The Sustainability Department will ensure that corporate and brand communications do not result in greenwashing and therefore are not misleading and untruthful for consumers.

#### **Product safety**

Teddy adopts all the required provisions in order to guarantee that the final product does not contain any hazardous substance causing harm to the health of customers and that the features of any item of clothing are designed to avoid any risk to the physical safety of customers. Teddy operates in compliance with international regulations on product and environmental safety including but not limited to the safety regulations and standards EU-REACH, RUSSIA-EAC, CHINA- GB, EGYPT-GOEIC, SAUDI ARABIA-SASO, OEKO-TEX, USA-CPSIA, to just name a few. Should the product be potentially exposed to hazardous chemical processes, Teddy requires it to be submitted for assessment tests

with which a third-party service is entrusted and adopts all the required corrective measures to make all the products compliant with the above mentioned product safety protocols.

## **4.2 EMPLOYEES**

### **Health and safety**

The health and safety of workers is a priority to Teddy. In compliance with current health and safety regulations in the workplace<sup>6</sup>, Teddy promotes the development of a safe and healthy workplace. It does so by teaching, informing and training workers on workplace risks and on the measures to be taken to reduce or eliminate those risks, requiring the application of the same measures with the utmost care and diligence, no matter which job they carry out. Teddy provides for all the resources required to ensure a correct use of safety tools by workers who, according to the level of risk they are exposed to, have to use them, as well as to ensure the compliance with first aid and fire safety regulations.

### **Professional growth and well-being**

Vittorio Tadei was firmly convinced that work gives dignity to people and helps them to feel fulfilled, thanks to both the development of skills and the opportunity to access different positions, following a path of potential growth based on the principle of fairness and transparency. Still today Teddy keeps on making high investments in the training of its workers in order to ensure a reinforcement of their own professional skills, even outside Teddy, and for a challenging professional advance, to keep up with the market changes.

Working times comply with national regulations and ILO agreements<sup>7</sup>. Teddy regularly pays a fair wage, above the Italian national minimum wage, and consistent with the professional growth of each worker connected to their own position, ensuring all the additional benefits as provided for by law or agreed in the employment contract. Furthermore, Teddy cares for keeping itself competitive by comparing its own remuneration and benefit policies with other companies similar in size in the market, monitoring them.

Teddy takes care of people at work, not just through the application of high safety and health standards but also in their everyday life. The company aims at creating well-being and a positive mood in the workplace for all the workers. Teddy carries out surveys according to internal and external models by third-party consultants, whose aim is to monitor employee satisfaction and take any corrective action with the purpose of improving life in the workplace and every day in all its corporate headquarters and stores.

---

<sup>6</sup>Italian Legislative Decree n. 81/2008, art. 36 and subsequent amendments and revisions and the Italian Ministerial Decree n. 388/03

<sup>7</sup>International Labour Organization

## Diversity and Inclusion

The corporate culture is naturally inclusive and sensitive to vulnerability and diversity, which are regarded as assets. The Dream of Vittorio, Teddy founder, was to “build up a company where every five so-called “normal” people there is one who is disabled and where the five “normal” people help those less lucky to live a normal life, because it is only through work that people discover their own dignity”.

Teddy, thanks to the work of a workplace Equality, Diversity and Inclusion Manager, is committed to guarantee full transparency and fairness in every working process respecting any difference in terms of nationality, age, identity, religion, sexual orientation, (dis)ability. For reporting purposes, Teddy is committed to tracking and formalizing specific metrics for training about diversity, equality and inclusion.

## 4.3 SUPPLY CHAIN

Teddy is known to lead a worldwide production and distribution chain and therefore focuses its efforts in communicating the same principles on safety, health and inclusivity to its collaborators all over the world.

Teddy encourages its business partners to comply with international standards, including the Universal Declaration of Human Rights (UDHR), ILO fundamental principles and rights at work, SA8000 standards and UN Global Compact guidelines, as well as to comply with the laws and regulations in force in the countries where Teddy operates. Teddy promotes the dialogue with its own suppliers and, when signing contract agreements, requires them to commit to complying with Teddy Code of Conduct<sup>8</sup> and Code of Ethics.

Teddy requires core suppliers to comply with the environmental standards set by its sustainability program and any other requirements under applicable local and/or international laws, as well as their participation in implementing measures to contain and offset their environmental impacts.

Teddy tracks and monitors its core suppliers through second-party audits, i.e., audits conducted by accredited providers on Teddy’s behalf, and direct audits by Teddy’s sustainability team so that they improve their social and environmental performance.

## 4.4 COMMUNITY

Teddy, thanks to the Corporate Citizenship Scheme, which is aimed at implementing the Dream and the social commitment of the company as inspired by its founder Vittorio Tadei, pursues the following goals:

- supporting the emerging educational needs and the training of young people;

---

<sup>8</sup> <https://everyonecan.teddy.it/wp-content/uploads/pdf/Codice-di-Condotta-EN.pdf>

- encouraging the inclusion of vulnerable people in the job market;
- supporting the fight against poverty;
- promoting direct actions or actions to support organizations working on similar themes both in Italy and abroad;
- engaging collaborators to create an increasingly supportive community, aware of the values detailed in the Dream.

Every year Teddy donates a part of its net profits to charitable projects in Italy and abroad and allows its employees to use some of their working hours to have volunteering experiences at several charitable organizations.

Teddy also monitors its own charity donations in terms of financial support, time dedicated and progress made in order to measure the positive impact made, even according to the quantity of people who benefitted from them.