



SUSTAINABILITY REPORT

2023 ANNUAL REPORT

M3 Knitwear

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LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

2022 was marked by international events that led to new global balances or imbalances. After the pandemic, which strained the social and economic situation, the war between Ukraine and Russia created a new and persistent status of instability, accompanied by surges in energy and raw material costs, nuclear threats, a state of generalized insecurity, social inequalities, etc...

The closing months of 2022, however, also coincided with a significant anniversary for M3 Knitwear, as it ran the 60th anniversary of the founding of the knitwear factory, and more precisely 30 years of the Sapam knitwear factory founded by the first generation and 30 years of the M3 Knitwear factory founded by us, the second generation. 60 years of history, an important milestone that required a moment of reflection to look back at all the work, commitment and passion that have been put in to get to today. As this achievement is the result of the collaboration of many people, we decided to host an event for those people, who are the essence of M3 Knitwear, from the management to the employees, and for all those people, who are part of the external local production and who have been working with us for many years. An event to thank everyone for their contribution and collaboration – not a wistful look at the past, but looking at the road ahead and future challenges that will come.

Our community and our values ensured that M3 Knitwear is and always was sustainable. The focus of sustainability shared with our team and combined with external international events has given greater impetus to our aim at starting new projects related to sustainability.

While 2022 was the year of consciousness, study and approach to new issues, in 2023 we took a further step forward and consolidated our new vision on sustainability by becoming a Benefit Corporation. This led to the amendment of the company's bylaws by including new activities in addition to the profit-making ones, designed to pursue purposes of common benefit. In particular, we included the following activities:

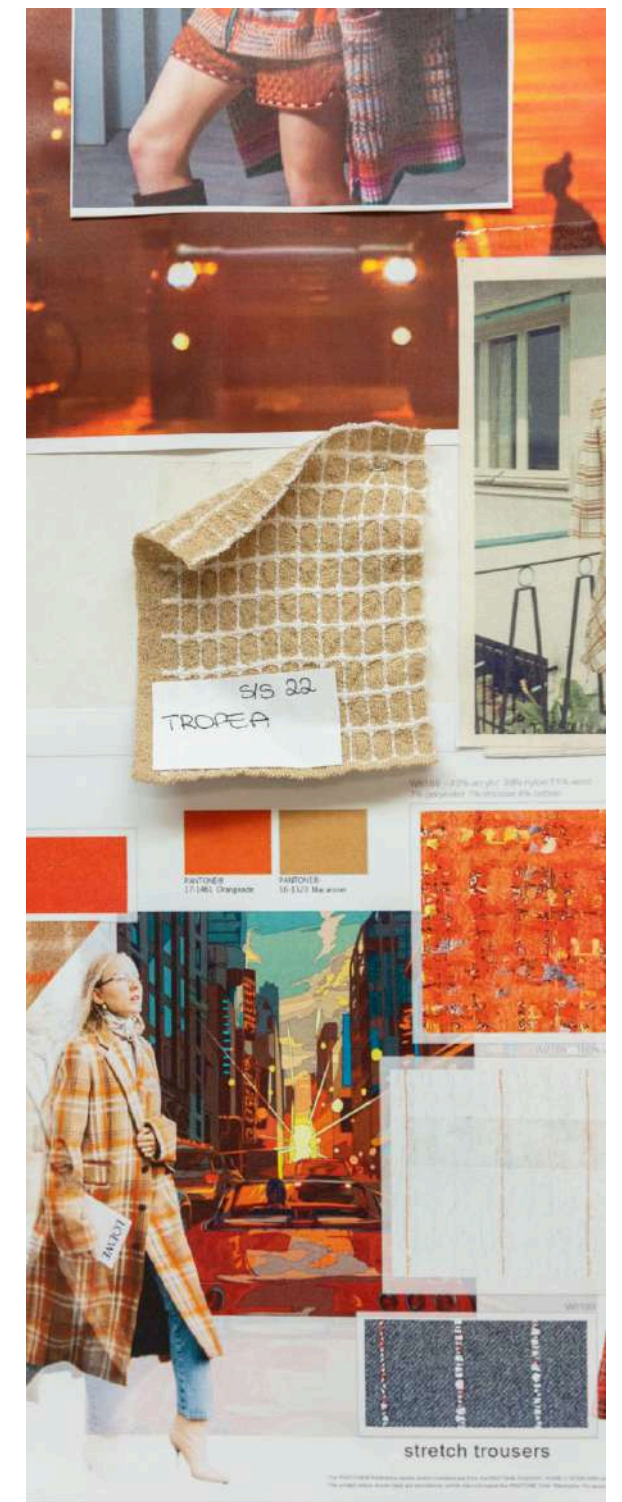
- i) Valuing people through paths of involvement, training and focus on work-life balance;
- ii) Actively supporting our community and territory by focusing on initiatives with a high social impact;
- iii) Making responsibility the pillar of our value chain by promoting awareness among customers and suppliers and paying attention to transparent supply chain management;
- iv) Reduce the environmental impact of production and processes by preferring materials and resources with sustainable characteristics.

Our production is world-famous for big brands, but also for small and medium-sized companies that need to meet the needs of brands and designers and turn to us precisely because they hold experience and craftsmanship, with completely Made in Italy production.

While taking more and more steps towards sustainable initiatives, we must set ourselves concrete goals suitable to our size. Both small and big actions can become much more effective if they are treated as part of a chain of actions, rather than individual steps, leading to common awareness of the importance of common good.

Along the path that led us to this statutory change, we acknowledged that unknowingly we were already adopting sustainable and responsible actions towards people, communities, territories and the environment, and the following document will showcase with data the different areas in which the actions of M3 Knitwear result as such.

Marzia, Mauro, Michele e Reginetta Saccon.





ABOUT US

We are a high-quality family-run B2B knitwear factory founded in 1962 by a young couple who wanted to turn their great passion into a business, based on values such as tradition, know-how, Made in Italy, craftsmanship and modernity. They passed their philosophy down to us – their children – and we are now leading the company that in 1992 became M3 knitwear. Both generations always paid attention to the global market and today we added a strong focus on sustainability. Since the foundation we have been crafting garments with sought-after materials, sold at mid-range prices, and for us quality and care are key factors.

FANTASIST KNITWEAR FACTORY

This is what we like to call ourselves, a term we use to briefly explain our production specificity.

The knitwear factory has always made “fantasist” products, and for this it uses multiple raw materials. We are very skilled in jacquard workmanship, a know-how inherited from the Sapam knitwear factory, which had specialized in the rich, complex and colorful decorative motifs typical of the knitwear fashion of the 1960s and 1970s, influenced by the creations of Pucci, Roberta Camerino, Missoni and Krizia.

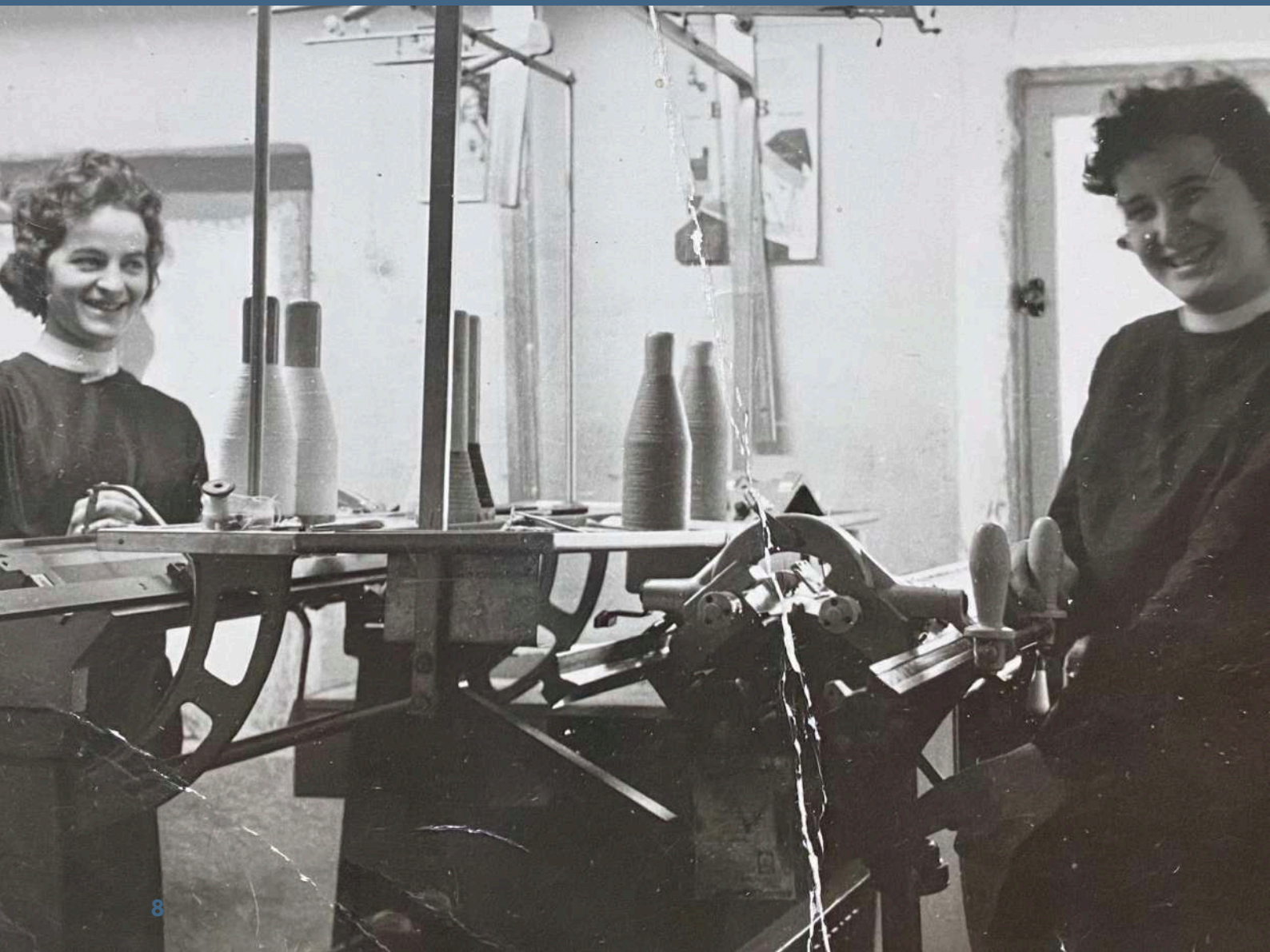
Thus, we have never produced purely “classical” knitwear because even without patterns, the preciousness of the garment is ensured by the mixing of different yarns, the study of customized stitches and weaves, and the creation of innovative volumes in the pattern-making and tailoring stages. The exchange of ideas and dialogue with our customers sometimes generates singular and unique forms.

FROM SAPAM...

In 1962 a young woman and her future husband decided to start a small business from scratch. They had no money and no materials, but AnnaMaria was strongly determined and her husband Antonio wanted to give her the opportunity to do the work she loved. They rented a small room where they could make their dream come true and turn it into a family business. Thus began the story of SAPAM, a knitwear factory rooted in the tradition of Made in Italy knitwear, particularly appreciated by foreign markets.

Thanks to the high quality of its handcrafted products, SAPAM became a center of excellence and representative of the Treviso textile district, one of the most important centers in Italy in the knitwear industry.

Over the years, SAPAM continued to grow not only physically by increasing the area dedicated to production and the personnel employed, but also culturally by anticipating trends, styles and applying new technologies of the textile sector to be a reference for brands, especially foreign ones. By the 1970s it had already become one of the most influential businesses in the Veneto textile sector, so much so that their knitwear ended up more than once on Vogue cover.



1962

1992

TO M3 KNITWEAR

In 1992, 30 years after SAPAM was founded, the company went through a period of great difficulty, caused by the first major relocation of the European fashion industry to Eastern countries.

The passion and experience inherited from our parents and the belief that so much commitment and know-how could not be lost, led us to continue the business of our parents with the opening of a new company, M3 Knitwear.

The new knitwear factory, absolutely in line with our parents' production philosophy, kept a totally Made in Italy production while also preserving part of Sapam's staff, but immediately focusing on the global market.

Today M3 Knitwear is dedicated to the production of knitted garments made from the highest quality yarns, such as its certified Mohair, both firm and stretch, which is one of the company's specialties sought after by premium brands. With its sixty years of history, M3 Knitwear has a family management that in fact makes the company one of the leading players in the fashion scene at the national level, capable of serving the world's big brands while remaining behind the scenes.

The Italian production includes large companies known all over the world, but also small and medium-sized companies that have always been asked to meet the needs of highly important brands and stylists that refer to us because we are able to turn their ideas into real products. Thanks to companies like ours, which have always gone unnoticed, that fashion is not just fast fashion: we guarantee the existence of beautiful garments, sold at average prices, for whose production quality is the factor.

And to operate in the most cautious way possible in recent years M3 Knitwear has started an important journey towards sustainability and towards the training of young talents that little by little can support and replace, when necessary, the older staff, thus ensuring continuity.

In 2023 M3 Knitwear became a Benefit Corporation, that is, it chose to be a company that, in the exercise of its activities, aims not only at pursuing economic well-being but also one or more purposes related to common benefit by operating in a responsible and transparent way towards people, communities, territories and the environment.

For M3 Knitwear, this choice represents a major commitment but, at the same time, also a major push to continue to operate according to the philosophy of respect that constitutes its backbone and, where possible, to improve it even further.



filippi

OUR IDENTITY

M3 Knitwear has always been not only a company but also a family of people with different skills, all with a high level of technical experience and an innate passion for the business of knitwear. Working in this area of the fashion industry means combining mental craftsmanship with practical technology, questioning yourself every season, evaluating new style projects, studying them and making them unique and distinguishable.

OUR VISION

Tradition, craftsmanship, territory, sustainability: these are the challenges we face in our daily work, while we focus on those who work alongside us, the local communities in which we operate and the young talents with whom we collaborate, all driven by the passion for our work which is the real core of our activity.

While keeping an eye on the global market, we maintain a totally Made in Italy production, counting on the rich heritage of experience and tradition to which we add increasing attention to sustainability and green-fashion, as well as the search of new talents.



MADE IN ITALY

“Made In Italy is made with human creativity derived from our deepest roots and is, in the world, a way of life, it is the result of the authentic specificity that everyone envies us” (Orgoglio Italiano - Made in Italy by Clelia Traini).

The paragraph above summarizes what “Made in Italy” means, the art of savoir-faire that makes so many Italian products unique. In the knitwear industry, Italy has remained one, if not the only one, historical producer of true excellence and this is because, unlike other countries, in our sector we have managed to preserve experience, know-how, creativity but also entrepreneurial spirit along the whole supply chain. It is no coincidence that all the most important spinning mills are Italian, but also the manufacturers of accessories and the companies that take care of finishing, printing and special treatments: all of these steps are necessary for creating products of the highest quality that we can do thanks to our expertise. Being able to count on an environment so rich in inputs and possibilities is a big advantage for a knitwear factory; our production environment is certainly an exceptional ally.

Our merit is having kept in-house the entire production of the knitting itself from the study and development of stitches with the selection of appropriate yarns to the creation of paper patterns as well as programs for the weaving machines, the weaving itself, the making of the garments, their treatment, ironing and final inspection.

Now the new challenge for us, and for all Made in Italy, is being able to choose at all these levels a more sustainable way of working. For example, being able to choose to use threads from animal-friendly farms or use fibers obtained in a way that does not impact the environment.

Carrying out production steps at local suppliers to support them and avoid long transfers of goods, or even choosing environmentally sustainable packaging. Once again our know-how and entrepreneurial culture will guide us in finding new solutions suitable for preserving style, taste and beauty but, at the same time, to adopt a completely different approach towards the many issues related to sustainability.

M3 STAKEHOLDER ANALYSIS

In its daily work, the company operates at the center of a dense network of relationships with various parties involved in the achievement of its goals, and this is even more true for the achievement of goals of a common purpose as a Benefit Corporation. These parties are identified by the name of “stakeholders”.

M3 Knitwear on the path to a more conscious sustainable approach, has identified the different individuals or groups of individuals, both internal and external, that play a role in this dense network of relationships, who influence or are influenced by its activities and products. The next step was to analyze each category and identify its type of relationship and mutual interest.

INTERNAL STAKEHOLDERS

	Stakeholders' needs	Company's strength
PROPERTIES	<ul style="list-style-type: none"> • Time management thanks to an efficient business organization • Cost control and business profitability • Continuing to be sustainable in the commitments made to date and future ones to ensure that sustainability becomes a way to better value the work done to promote an economic growth of the company. 	<ul style="list-style-type: none"> • 60 Years of History • Expertise and Experience of the corporate team • Continuous research and product development • Benefit Corporation Status
COMPANY TEAM	<ul style="list-style-type: none"> • Continuity of business life • Salary/economic stability over the years • Be aware of the vision of the company • Technical training 	<ul style="list-style-type: none"> • Salary/economic stability over the years • Professional growth • Constant presence of owners • Family work environment • Open dialog regarding people needs with the company owners • Technical training

EXTERNAL STAKEHOLDERS

	Stakeholders' needs	Company's strength
CUSTOMERS	<ul style="list-style-type: none"> Quality-Price ratio Product research and development. Availability/Flexibility to customer needs. Update on new raw materials and processing. Continuous research and availability of high-quality raw materials with environmentally sustainable characteristics. ESG sustainability commitment. 	<ul style="list-style-type: none"> Quality-Price ratio Support in product development Research of environmentally sustainable and quality yarns Calls and company visits with customer for collection development. Upgrading textile machinery. Communication of sustainability commitment.
RAW MATERIALS SUPPLIERS	<ul style="list-style-type: none"> On-time payments Loyal collaboration Possibility of comparison for development and testing of new yarns Possibility of comparison related to scenario, markets, customer trends... 	<ul style="list-style-type: none"> On-time payments Loyalty in collaboration Possibility of comparison for development and testing of new yarns Possibility of comparison related to scenario, markets, customer trends...
WORK SUPPLIERS	<ul style="list-style-type: none"> On-time payments Continuity in work collaboration Technical support for different solutions Comparison for recent price increases 	<ul style="list-style-type: none"> On-time payments Continuity in work collaboration Flexibility in finding new solutions Willingness to find mediation for recent cost increases.

	Stakeholders' needs	Company's strength
SERVICE SUPPLIERS	<ul style="list-style-type: none"> On time payments Loyalty 	<ul style="list-style-type: none"> On time payments Loyalty over time
BANKS	<ul style="list-style-type: none"> Continuity in partnership Data transparency 	<ul style="list-style-type: none"> Continuity in partnership Data transparency
LOCAL ADMINISTRATION	<ul style="list-style-type: none"> Maintenance of on-site activities Data transparency Collaboration and support to initiatives Event sponsorship 	<ul style="list-style-type: none"> Growth and development in the area Data transparency Collaboration and support to initiatives Event sponsorship
LOCAL SCHOOLS	<ul style="list-style-type: none"> Agreements to host young students in internships Possibility of company visits Opportunity to have informational materials related to production activity and sustainable initiatives 	<ul style="list-style-type: none"> Agreements to host young students in internships Hosting student visits to the company Sharing of informational materials related to production activity and sustainable initiatives Involvement in company projects
FASHION INSTITUTES AND UNIVERSITIES	<ul style="list-style-type: none"> Conventions to host young students in internships Conventions for final and thesis project development Donation of yarn and materials for the development of school projects Possibility of company visits 	<ul style="list-style-type: none"> Conventions to host young students in internships Availability for final and thesis project development Donation of yarn and materials for the development of school projects Hosting company visits for students

	Stakeholders' needs	Company's strength
GENERAL CONFEDERATION OF ITALIAN INDUSTRY OF EASTERN VENETO	<ul style="list-style-type: none"> • Membership Dues • Involvement and participation in activities • Organization of conferences on topics of business utility 	<ul style="list-style-type: none"> • Membership Dues • Company management support request
UNISEF	<ul style="list-style-type: none"> • Participation in Learning and Consulting projects 	<ul style="list-style-type: none"> • Support request for training activities organization
COMPANY SHOP CUSTOMER	<ul style="list-style-type: none"> • Information about the materials used to make the garments • Information on the location of their manufacture • Information on the maintenance of the garments to ensure their durability 	<ul style="list-style-type: none"> • Optimal quality/price ratio thanks to direct supplier-end customer line. • Availability for on-site modifications • Willingness to provide information on garments and their maintenance • Offers of discounted and flawed garments throughout the year

COMMON BENEFIT GOALS AND KEY STAKEHOLDERS

The first stakeholder analysis led to a second stakeholder analysis in which the working group and the Board of Directors were requested to identify which stakeholders were strategic and relevant in the short, medium, and long term according to M3 Knitwear's vision, thus defining the objectives and actions to be pursued for the achievement of the purposes of common benefit.

The stakeholder analysis lays the foundation to promote dialogue and collaboration and identify points of interest to be strengthened.

COMMON BENEFIT GOALS

GOAL NO.1

To value people through involvement, training, and paying attention to work-life balance.

It focuses on internal employees, looking at their well-being and safety, encouraging good relationships, continuous training, and caring for young people to be integrated into the team.

GOAL NO.2

To actively support the community and local area by pursuing social impact initiatives.

It focuses on the local community we belong to and the territory in general, with actions which we as a family have always been close to: sports, voluntary, and social policy associations. In more recent years we have embarked on an important path to support educational institutions, universities, and trade schools, but also sustainability actions and training of young talents approaching work for the first time, who can contribute with new ideas to the company's projects.

GOAL NO.3

To shift the value chain towards responsibility by spreading awareness among customers and suppliers and paying attention to transparent supply chain management.

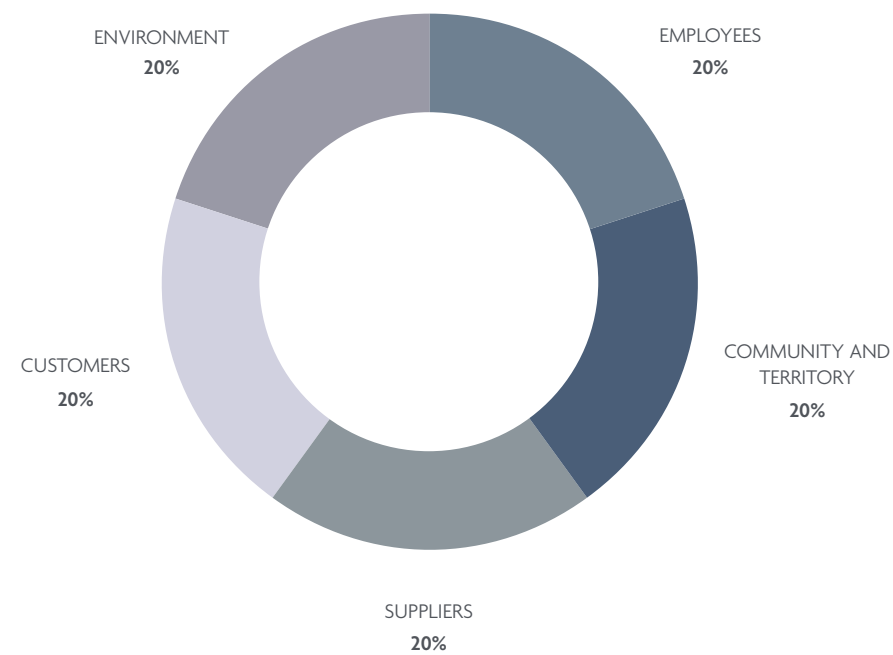
This goal takes into consideration the supply and customer chain. In order to carry out an impactful action on society and the environment and to implement actions that are as synergistic as possible, we need to be able to have an open dialog at all levels, involving relevant stakeholders.

GOAL NO.4

To reduce product and process environmental impact by preferring sustainable materials and resources.

Focus on where and how the company impacts the environment and its consumption. An initial analysis was carried out to determine how a small company may be able to regulate and sustain future energy-saving and environmental protection actions.

The main categories of stakeholders subject to our analysis:



2030 COMMITMENT

The 2030 Agenda includes 17 Sustainable Development Goals, which are fundamental to lead to Economies that are more Sustainable toward the Planet and Inclusive toward People, to ensure the future growth of increasingly strong and resilient societies.

In particular, the call for collective commitment to contribute to the achievement of the 17 Goals of the 2030 Agenda implies an active role for Businesses of all sizes and production sectors in the 193 UN Member Countries. New Responsible Business Models are required to put Economic, Social, Environmental, and Governance Sustainability at the center of their choices related to investment, innovation, technological development, and multi-stakeholder networking.

We are aware of the responsibility we have as a business and have chosen to adhere to the 2030 Agenda, integrating Sustainability into our Business Strategy and committing to concrete actions in order to contribute to the following Sustainable Development Goals:



GOAL NO.3: GOOD HEALTH AND WELL-BEING
To ensure good health and well-being to everyone, at every age.



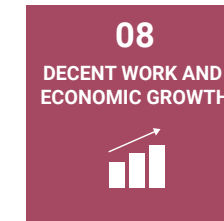
GOAL NO.4: QUALITY EDUCATION
To ensure equal and inclusive quality education and create continuous learning opportunities for everyone.



GOAL NO.5: GENDER EQUALITY
To reach gender equality and women empowerment.



GOAL NO.6: CLEAN WATER AND SANITATION
To ensure water is available to everyone and sustainable water management and sanitation.



GOAL NO.8: DECENT WORK AND ECONOMIC GROWTH
To promote long-lasting inclusive and sustainable economic growth, full productive employment, and decent work to everyone.



GOAL NO.11: SUSTAINABLE CITIES AND COMMUNITIES
To make all cities and communities safe, long-lasting, inclusive, and sustainable.



GOAL NO.12: RESPONSIBLE CONSUMPTION AND PRODUCTION
To ensure sustainable production and consumption models.



GOAL NO.13: CLIMATE ACTION
To adopt urgent measures against climate change and its consequences.



GOAL NO.15: LIFE ON EARTH
To protect, re-establish and promote a sustainable relationship between people and the earth ecosystem. To sustainably manage forests, fight desertification, stop and reverse land degradation and stop the loss of biodiversity.



GOAL NO.17: PARTNERSHIP TO PROMOTE THE GOALS
To strengthen our means of action and renew global partnership to promote sustainable development.

GOVERNANCE

At the apex of Governance is the Shareholders' Meeting, which exercises the functions of ordinary and extraordinary administration, as well as the Board of Directors appointed for an indefinite term and composed of the 4 family shareholders.

Members	Function
Saccon Reginetta	<ul style="list-style-type: none"> Chairman of the Board of Directors Resp. supplier relations and external laboratories Resp. management control
Saccon Michele	<ul style="list-style-type: none"> Vice Chairman of the Board of Directors Resp. administrative-accounting-fiscal and financial control Resp. safety-waste regulations
Saccon Marzia	<ul style="list-style-type: none"> Resp. commercial and sales Resp samples and customer relations
Saccon Mauro	<ul style="list-style-type: none"> Resp. technical production sector Resp. occupational safety (accidents and hygiene)

The acts of extraordinary administration must be deliberated by the Board of Directors, while the individual Directors can operate for the acts of ordinary administration and according to the powers and duties conferred to each by the Shareholders' Meeting.

As can be seen from the representation, the Board of Directors is composed of 50% female presence and 50% male presence.

The company is associated with the Confederation of Italian Industry of Eastern Veneto, a valid point of reference for management, organization, and corporate training support. In recent years, the Association has been spreading and promoting 360-degree sustainability actions, planning conferences, training events, and the annual "Sustainability Week" in which the company has always sought to participate with interest. Thanks to this partnership with the Con-

federation of Italian Industry of Eastern Veneto, in 2022 the female members of the board of directors and two collaborators of the company, one with many years of experience in the company and a recent graduate of the sector, followed a course on sustainability aimed at the women of the company and promoted by Unis&F. of Treviso, throughout the year 2022 and continued also in 2023.

The next step, in 2023, was to extend the training to the rest of the board and develop a sustainability path mapping.

During the year, the board identified Reginetta Saccon as the sustainability contact and defined the common goals to be pursued in the medium and long term. At the end of the path, in June 2023 the company transformed into a Benefit Corporation.

The company has the duty first and foremost to pursue profit and to remain healthy as a primary social responsibility, but it is equally important that the company adopts corporate strategies aimed at sustainable development. This brings benefits to the entire surrounding economic-social fabric and promotes a sustainable future for all stakeholders.

This transformation is only a first step towards the new vision.



ECONOMIC-FINANCIAL SUMMARY VALUES

December 31st, 2023

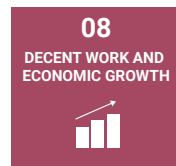
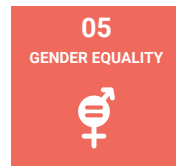
Sales revenue	3.572.052 €
Inventory change	-294.542 €
Other revenues and income	33.609 €
Production value	3.311.119 €
Costs for raw materials, supplies, consumables and goods	1.111.717 €
Costs for services	1.157.885 €
Costs for use of third-party assets	105.182 €
Personnel costs	676.915 €
Inventory change	-87.294 €
Operating expenses	15.149 €
Production costs	2.979.554 €
EBITDA	331.565 €
Amortization, depreciation and other provisions	88.603 €
EBIT	242.962 €

Financial area result	-5.836 €
Result before taxes	237.126 €
Taxes for the year	72.019 €
Net result	165.107 €

ROE	22,15 %
ROI	53,62 %
ROS	4,62 %

HR MANAGEMENT AND DEVELOPMENT

GOAL NO.1 ISO 26000: Human rights, relations and working conditions



As for internal human resources, M3 knitwear has always been not only a company, but also a large family composed of people with different skills, each and everyone with high-level technical experience and an innate passion for the knitwear business. All of this constitutes an Intangible Capital that leads the company to stand out in the knitwear industry.

EMPLOYEES	2023
Total Employees	23
Gender	
Female	19
Male	5
Type of Contract	No. of Employees
Fixed-term contract	2
Permanent contract	17
Permanent contract. L.68/99	1

Professional apprenticeship	1
Internship	2
Type of Contract	No. of Employees
Full-time contract	20
Part-time contract	3
Age	No. of Employees
< 30	4
31-40	1
41-50	3
>50	15
Years with the company	No. of Employees
< 5	8
6-15	6
16-30	5
>31	4

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

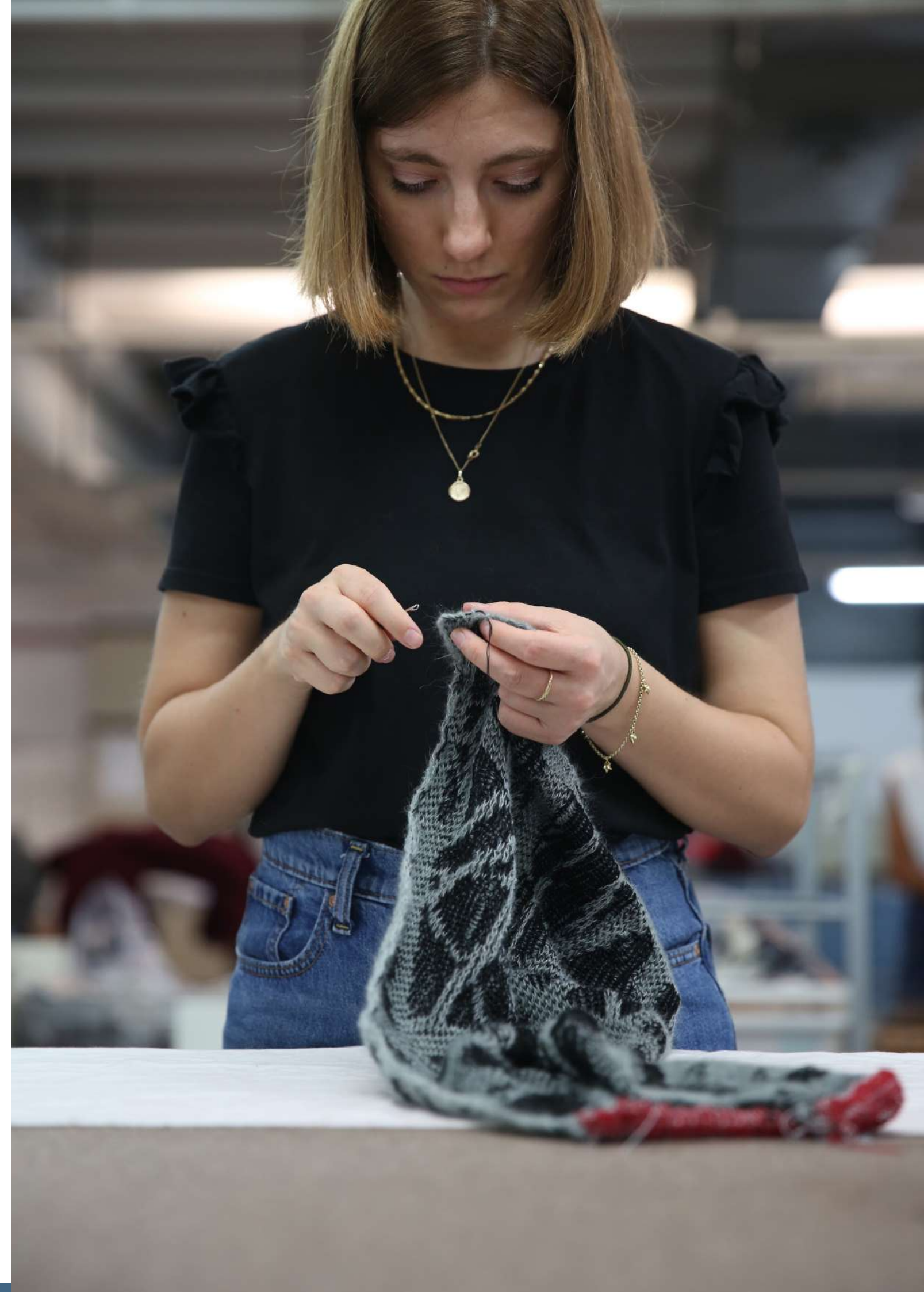
Last year the company hired three new people thus reaching 23 employees plus 4 members of the board of directors. In such a small company it is essential to create a climate of dialogue and cooperation.

The female component is predominant: 78% of employees are women: This is partly due to the job specificity required and partly to the need for work-family balance. Most employees are hired on a full-time contract, however, a part-time contract is granted to about 13% of employees and all of them are women. Continuous dialogue to detect any problems or needs is essential, and for this reason, the company often offers flexible hours for different family needs. M3 Knitwear promotes long-lasting relationships within the company and loyalty among its resources. Proof of this are the number of permanent contracts, which reaches 78 percent of total contracts, and the percentage of employees (39%) that have been with the company for more than 16 years. It is also committed to acquiring new and young talent by offering internships, both curricular and extracurricular, and preferring young people when hiring new employees. By focusing on interpersonal relationships with employees the company fosters a positive climate and enhances a sense of belonging to the company. That is why at M3 Knitwear we share moments of conviviality, with coffee breaks and more, to celebrate birthdays or other special occasions. There are also areas available for employees who decide to spend their lunch break at the company.

At the end of 2022, an event was organized to celebrate the 60th anniversary of the knitwear factory together with all employees and their families and thank everyone for their commitment and valuable achievements. The event offered the employees the chance to bring their families to their workplace and show them their professional world.

M3 Knitwear pays great attention to respecting the rights of workers according to the Universal Declaration of Human Rights and complying with the main conventions of the International Labor Organization (ILO), national legislation, and national bargaining conditions regarding:

- Freedom of association and collective bargaining
- Child labor
- Underage labor
- Forced labor
- Prevention of all discrimination and abuse. The company promotes a culture that values individual and professional diversity.



EMPLOYEES

2023

Turnover	
Employees	
Total no. of hired employees	3
Total no. of dismissed employees	1
Job Role	
Employees	
Office workers	3
Factory workers	20
Education	
Employees	
Middle School	11
High School	11
Degree	1
Ethnicity	
Employees	
Italian	18
Albanian	1
Bosnian	1
Moldavian	1
Moroccan	1
Serbian	1

Training Path	Hours
Production Training	320
Company Sustainability Training	32
Health and Safety	
2023	
Injuries or Accidents	0
Occupational Diseases	0

In our team there are people from different countries (5 different nationalities on top of Italian nationality) and from different religious cults, and they all cooperate actively to maintain a climate of mutual respect. For professional growth, training courses are organized to support employees in acquiring and updating technical skills specific to their tasks. Specifically in 2023, 320 hours were invested in training for technical employees in loom programming and 32 hours in training regarding sustainability issues.

M3 Knitwear provides a supplementary health care fund through Sanimoda and contributes economically for each worker, regardless of contract type.

The company enforces Health and Safety regulations as per national regulations to ensure a healthy and safe working environment especially through:

- Health and Safety Training, accident prevention and good working methods in the company,
- The preparation of Risk Assessment,
- Preventive and Control Maintenance to ensure the safety of equipment and machinery.

The above-listed activities are carried out by external consultants who assess both possible direct and indirect risks related to the work processes in alignment with the internal reference managers. Their work led to zero occupational injuries and illnesses.

In addition, the company is equipped with air conditioning to better cope with the summer heat and heating for the winter months, with air filters constantly sanitized to ensure a healthy and clean working environment. Multiple windows and skylights ensure a bright and properly lit environment.

TERRITORY AND COMMUNITY



GOAL NO.2 ISO 26000: Community engagement and development

M3 Knitwear is committed to contributing to many local initiatives to be actively present in the Community and develop common projects that create Social Value for all citizens.

EDUCATIONAL INSTITUTES	2023
Partner Educational Institutes and Universities	Total
Educational Institutes	3
Universities	2
Fashion Institutes	1
Number of company visits by local educational institutes	2
Number of conferences/workshops at educational institutes	2
Internships – School/Work Programs – Apprenticeships - School Projects	Total
Internship	1
School/Work Programs	2
Apprenticeships to prepare the thesis	2
School Projects	1

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

M3 Knitwear, strengthened by a sense of responsibility inherited from the founders of the knitwear factory, has always felt part of a community where everyone can be engaged and responsible. Hence the spirit of collaboration with multiple educational institutes. Related to this, a goal for the company is to offer its support to the complete training of young people. This will allow the company to create awareness about local activities, bring young people closer to the activity of knitwear, and attract new talent to the company.

- The high schools with which we mainly collaborate are:
- ITS Cosmo in Conegliano and Padua,
- IPSIA Moda of Conegliano,
- CIOF Don Bosco Professional Institute of Conegliano,
- Lepido Rocco Vocational Institute of Lancenigo,
- Luzzati Institute of Treviso.

To these local institutes, the company mainly offers company visits and curricular internships and provides various materials to support practical classroom activities. The company has also participated in school events at the institutes to provide a testimonial of how production companies work or engage the students in company projects.

In particular, at the Lepido Rocco Institute, specific courses in knitwear making and weaving have been started in collaboration with other knitwear factories in the area – Humana and the Footwear Polytechnic of Padua – for bureaucratic-organizational support, in order to initiate new workforce recruits.

The CIOF Don Bosco Professional Institute in Conegliano is involved in materials supplements, company visits, and in a sustainability awareness project aimed at customers of the company's store. The students participated in workshops to create Christmas gadgets with colored threads derived from the production scraps of Mohair/silk garments. This project showed that it's possible to avoid wasting resources as new products can be created using scraps. They also built a wall-mounted Christmas tree to be displayed in the reception area of the store and the company.

M3 Knitwear also supports local universities by making garments for students' final collections when requested or assisting them in making samples for their projects. The company is at their disposal to provide materials and host students for curricular or extracurricular internships. The Italian universities with which we collaborate are:

- Iuav – Fashion design course,
- Politecnico di Milano – Fashion Design course.

M3 Knitwear collaborates also with the CKD Master, Master in Creative Knitwear Design at the Costume and Fashion Academy of Rome and Modateca Deanna. The company has activated a partnership for the realization of the students' Final Works: together they bring to life the creative garments designed by the students as part of their theses. A student wrote a paper on the history and communication at M3 Knitwear entitled "Sustainability in SMEs and how to communicate it: M3 Knitwear case, a family-run business."



ASSOCIATIONS

2023

No. of Local nonprofit associations	9
No. of regional nonprofit associations	/
No. of national nonprofit associations	1
Focus on local nonprofit associations/ societies	TOTAL
Culture	/
Health	1
Sport	6
Local political activities for young people	2
Others	2

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

The territory where M3 Knitwear is located is rich in associations and volunteers that dedicate commitment and time to the many community initiatives and projects. Over the years M3 Knitwear has supported several local sports associations aimed at helping young people: volleyball, athletics and soccer in San Vendemiano, women's and men's basketball in Conegliano and San Vendemiano. It also supports the various collateral sports initiatives and events organized within the municipality, such as sports campuses, sports festivals, and tournaments.

Pursuing the goal of being socially responsible M3 Knitwear established a collaboration with Caritas of Vittorio Veneto to support an initiative for production and qualification aimed at people to be reintegrated into the social context. Specifically, they were involved during the company's 60th-anniversary celebrations by displaying their looms and handcrafted products and eventually hiring an intern selected among the people supported by the association.





SUPPLY CHAIN

GOAL NO. 03

ISO 26000: The right management practices



M3 Knitwear has always been committed to selecting the right Suppliers to ensure a supply chain of raw materials, logistics, and services based on responsibility, reliability, and loyalty, aiming at partnering to improve the performance in the long run continuously.

SUPPLY CHAIN	RAW MATERIALS SUPPLIERS	MATERIAL SUPPLIERS	MANUFACTURING SUPPLIERS
Local suppliers (within 0-30 km) in 2023	/	1	8
Regional suppliers in 2023	3	/	3
National suppliers in 2023	20	7	5
International suppliers in 2023	/	/	/

SUPPLY CHAIN MANAGEMENT	2023
Raw materials fairs (yarns)	2
Raw materials events (yarns/stitches)	4
Visiting manufacturing suppliers	Monthly
Manufacturing suppliers visiting the company	Weekly and/or daily
Suppliers that communicate about sustainability (website, social media, projects ...)	25

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

The company has always been committed to selecting and collaborating with local and national Suppliers and Laboratories that operate with high quality standards. For this reason it is important to focus on positive collaborations based on trust, availability and open dialogue, so as to consolidate partnerships that are long-lasting.

The spinning mills are all Italian, located mostly in the Northern-Central area, where they carry out all processing up to the delivery of the finished product. An open dialogue between them and the company ensures the constant improvement of materials and processing. We seasonally welcome dozens of spinning mills to study and select the most trendy and suitable yarns for the customer's needs, we participate in all trade fairs in Italy, a representative market worldwide for the qualitative excellence of the spinning mills.

M3 Knitwear is considered a reliable reality with whom to partner and collaborate regarding product development. The company prefers collaborating with partners that pursue the same social objectives in compliance with applicable regulations, to ensure its employees have suitable working environments to safeguard their health, safety, and physical and moral integrity, following applicable laws and regulations.

In 2023 an analysis of yarn companies related to sustainability commitment was carried out to encourage more customers to choose quality yarns that have environmentally sustainable characteristics. All our raw material suppliers have been committed to sustainability for years, producing yarns that are not only high-quality yarns but also with environmental, social, and product origin certifications. Also, for one of our customers, we select and use only RMS (Responsible Mohair Standard) certified mohair, i.e., produced with raw material from farms certified for animal protection and welfare.

In terms of processing suppliers, we endorse only local or national suppliers within 60 km for garment processing and national laboratories for specific processing, such as dyeing, special craft prints, and brushing. The short distance allows us to constantly monitor processing and have almost daily relationships with those closest to us. Support actions related to economic sustainability are implemented, such as calibrated productions to give continuity to production and processing and frequent meetings are organized to ensure a continuous interchange of know-how and technical-professional opinions, which is key for creating and processing high-quality products. Local workshops have always been an added value for our company because they have expertise in specific processing and are focused on the needs of each customer. It was a pleasure for us to have them be part of our 60th-anniversary celebration and give them symbolic recognition, as they are an integral part of our business.



CUSTOMER MANAGEMENT AND CUSTOMER NEEDS' SATISFACTION

GOAL NO. 3
ISO 26000: Specific aspects related to customer – BSB



M3 Knitwear is constantly committed to focusing on customers and enhancing collaboration through concrete, innovative, and sustainable actions deemed critical for long-term satisfaction and loyalty.



CUSTOMERS	2023
Customers	8
Regional customers	2
National customers	1
Customers in Europe	5
Collections or Capsule Collections	TOTAL
Collections	16
Leftover	2
Capsule	3
Developed samples	260
People in R&D	10
No. of hours dedicated to R&D	4.423
Events	TOTAL
Joined industry events	3
Customer Satisfaction with the customers	
Customers who visited the company	4
Visits at the Customers' headquarters	8

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

60 years of History, Knowledge, Expertise and Experience at the disposal of our customers, to develop together long-term partnerships. Most of our customers are foreign, French or Belgian brands, and their innovative and stylish products are exported all over the world. M3 Knitwear has close direct relations with some of its customers that have been lasting since its foundation, for 30 years. We pay great attention to the customers, continuously listening to and talking to them for the development and creation of products, the research of threads and stitches, to define the patterns until finally finding the solution that satisfies the customers in their demands for style and quality.

The garments crafted by M3 Knitwear are Made in Italy with the best raw materials strictly from Italian production, certified and traced, and exclusively from top enterprises in the local textile industry.

In accordance with the company's modus operandi, that is, in the spirit of collaboration with our target customers, an initial communication was made to them through a flyer to engage them on our sustainability commitment and exchange with them to know the sentiment of each one of them.

Focusing on product sustainability also means reducing waste throughout the production chain and by actively involving the customers attention was focused on certain points to be promoted:

- For the 8 projects designed ad hoc for each of the fall/winter and spring/summer seasons, special attention is paid to the cautious ordering of raw materials, both in the design and sampling phase and in the subsequent production phase, to reduce unused yarn samples;
- Increased use of digitization and interactive means of communication make it possible to lower the number of small shipments for prototype approvals, top of the league, etc., which save time and decrease CO2 emissions for fast road and air transportation;
- The search for sustainable and certified threads, proposing and testing them for the customer;
- The use of accessories, labels, and packaging made from recycled or natural materials;
- The design of small series or flash production to use remaining threads in stock.

For one of our customers, Katia Sanchez, we actively participate in the creation of her sustainable fashion collection. With this brand, we have developed an operational process that can meet the needs of the brand's customers and end users, but can also be sustainable for the knitting mill. To make the production chain sustainable, the brand has analyzed and modified its sales system.

Its collections are not presented twice a year during the canonical periods of the fashion system, i.e., Fall/Winter and Spring/Summer, but rather it uses the calmest periods in terms of production at the knitting mill to study and make prototypes that are then launched for sale on pre-order about 2 months before final delivery. This makes it possible to produce only quantities that are actually sold, avoiding increasing inventory and then having unsold goods to dispose of. In addition, his creations are seasonally adjusted, durable garments made from a single fine natural yarn, mohair-silk, with Responsible Animal Fiber (RMS) certification and totally recyclable.

Constant research of yarns and materials is a valuable service that we have always offered to our customers and is done through annual participation in trade fairs and industry events, but also through numerous visits to our headquarters for the main producers of the yarn. To arrive at designs that are useful to the company and its stakeholders, there must be continuous listening, discussion, and study, and that is why it is important to hold periodic semi-annual in-person meetings.



MATERIALS USAGE AND ENVIRONMENTAL SUSTAINABILITY

GOAL NO.4 – ISO 26000: The environment



At M3 Knitwear we want to respect the environment by adopting a different way of operating and producing that is planet-conscious in every step from the purchase of the yarn to the finished product and its packaging, involving Collaborators, Suppliers and Customers in virtuous actions.

RAW MATERIALS, MATERIALS, PRODUCTS 2023

Raw materials and materials	
Purchased/stock yarns (KG)	35.180
Used yarn types	28
Certified yarns	21
Total of garments produced yearly	66.138
Recycled production waste	3.715 kg
Re-used cardboard cones	150 Kg
Raw materials used for packaging	
Used cardboard boxes	1.580
Polypropylene recycle bags	44.860

Re-used polypropylene bags	3.500
Washing products	
Total amount/kg of softeners for garment washing	445
Total amount/kg of softeners with eco-friendly properties	445
Electric power	
Total amount purchased power produced by:	141.196
Renewable energy (green)	50,24%
Natural gas	33,70%
Fossil fuel	9,59%
Nuclear	1,50%
Oil products	1,47%
Other sources	3,49%

SUSTAINABLE INITIATIVES CARRIED OUT BY THE COMPANY

As governance we set ourselves the goal of reducing the environmental impact of our activity: on the one hand, by monitoring waste and scrap throughout the production process and on the other hand by investing in continuous performance improvement, starting by being compliance with current regulations while keeping a constant focus on innovation, research, and development.

The sustainable actions implemented at the different production stages, but especially at the weaving stage, can be summarized in the best practices of the three Rs: **Reduce-Reuse-Recycle**.

Weaving phase

Reduce: since the bulk of production is set on a drop-stitch knit, i.e., already shaped, fabric waste is virtually eliminated. This certainly entails more investment in technology and time for

programming looms for weaving, but yarn waste and scrap are greatly reduced.

Reuse: to reduce waste the company tries to reuse as much material as possible without pulping it. For this reason, we have an employee dedicated to the recovery of failed or ruined sheets who takes care of unraveling the sheets and recovering the thread by rewrapping it so that it can be reused. When this is not possible due to the type of fabric or yarn, the unused sheets can either be donated to associations or institutes – if they are big enough – or sent to specialized companies to be pulped and used to create new products. In 2023 we sent about 3700 kg of fabric to companies specializing in recycling.

This is one of the initiatives for **Recycling**. This phase is further enhanced (or specialized) through a more cautious initial division: for example, by separating wool and mohair from other fibers so that they can be recycled for more specific purposes.



As for the small percentages of cut productions, they are designed with patterning to reduce waste as much as possible.

The cardboard cones on which the wire is wound, about 150 kg annually, are recovered and given to specialized companies for reuse.

Treatment phase

We also focus on environmental sustainability in the treatment phase of the cloths or packaged garments: the washes are optimized to reduce their number and thus also the use of water. The products used are certified as environmentally sustainable and their use is optimized in terms of quantity.

Packaging phase

The choice of working with local laboratories helps us reduce the environmental impact for incoming logistics while also optimizing travel. We preferably use accessories, such as buttons, labels, etc., in natural or recycled materials. The bags for the envelope are 100% recycled polypropylene and for one of our customers they are recycled and reused in the transport phase as they are later replaced by bags of recovered fabric.

Making responsible choices upstream in the production chain, i.e. related to the raw materials, is key to offering quality products that are also environmentally sustainable. The suppliers, exclusively Italian, have made responsible choices in their procurement and production processes for years and the yarns used for our customers are mostly provided with environmental certifications, and come from eco-sustainable production that respects the environment and the animal of origin. In alignment with our customers, order shipments are always organized to optimize the trips and further reduce CO2 emissions. Furthermore, we leverage technology to reduce the number of shipments of small samples of fabrics or garments by making video calls, sending photos, etc. Thanks to full cooperation with the customers, defective garments or with imperfections are sold at the company store open to the public.

To reduce plastic waste, water dispensers have been installed in several areas of the company and personalized refillable water bottles have been distributed to all employees. Also, the company promotes the digitalization of documents to reduce the use of paper for printing. FSC-certified paper is used for printing and photocopies and printout sheets are reused for notes and internal use.

As regards energy use, the steam boiler has been replaced with a more efficient one that recycles the generated steam. Furthermore, the predisposition for the photovoltaic system and its connection to an energy community has been evaluated. Until then, the grid electricity produced by various renewable sources is used as per the table. Knowing that the implementation of sustainability objectives is only possible through collaboration, we constantly seek partnerships with entities that share the same values: commitment to protect the environment and people and focus on innovation.

SUPPLIERS' SUSTAINABLE COMMITMENT

Our suppliers are committed to using more and more high-quality sustainable yarns.

Most of our suppliers are aligned to the SUSTAINABLE Development Goals: they get multiple ICEA certifications with mostly Italian production.



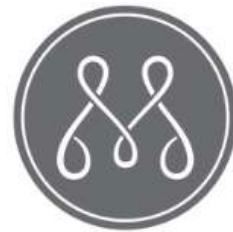
Commitment 4sustainability®

- Chemical management – excellence: removing toxic damaging substances from production processes through the MRSL (Manufacturing Restricted Substance List) by ZDHC.
- Advanced materials
- Trace-basic protocol
- People-basic
- Planet



SustainaWOOL Integrity Program

- Producing excellent wool that is also ethical, sustainable and caring for sheep well-being
- GREEN SustainaWOOL



Mohair (m) South Africa

- Animal welfare – ethical and social sustainability – traceability of the product.



Recycled 100 claim standard (RCS)

- 100% circular economy linters recovery – saving water resources – natural and renewable resources



Recycled blended claim standard

- Mix circular economy recovery – saving water resources – natural and renewable resources

ICEA CERTIFICATIONS



Responsible animal fiber – welfare animale

- Responsible Wool Standard (RWS)
- Responsible Mohair Standard (RMS)
- Responsible Alpaca Standard (RAS)



OUR COMMITMENT FOR THE FUTURE

In recent years, and even more so in 2023, our way of thinking about our business has changed profoundly. We are experiencing many epochal and sudden changes; we are aware that fashion is one of the most polluting sectors in the world and that this is a price that we can no longer afford to make the planet pay. Hence the decision, by the Governance of M3 Knitwear, to pursue, indeed strengthen, the choice of sustainable, quality fashion, so that it lasts over time. This belief also becomes a driving force in the search for new customers and partners with whom to implement the turnover and ensure the continuity of our business. Obviously, this can be achieved through sharing and collaboration with the Stakeholders previously identified.

Actions to be implemented with and for **People**:

- Continue to train and grow new professional figures within the company, especially young talents;
- Plan opportunities for the team to discuss sustainability issues and share information on the evolution of the company into a Benefit Company;
- Share positive customer recognition with employees and involving them in actions to improve customer loyalty;
- Make improvements to common areas for employees.

Actions to be implemented with and for the **Territory and the Community**:

- Continue to welcome students visiting the company in collaboration with local institutes;
- Continue to welcome students to the company for internships in collaboration with local institutes and institutes in the fashion sector;
- Participate as speakers at school conferences to present our production and our commitment to sustainability;
- Develop projects with local schools to raise awareness among students on sustainability issues;
- Identify local associations that implement projects related to fashion for possible collaborations;
- Continue to support local associations for sport, cultural, and social events.

Actions to be implemented with and for **Suppliers** and **Key Customers**:

- Share the sustainable commitment with suppliers of raw materials and processes;
- Intercept and increase suppliers committed to sustainability;
- Pay more attention when searching for high-quality sustainable raw materials to propose them to customers;
- Convey to customers the value of our know-how aiming at constant collaboration;
- Improve communication about the sustainable commitment towards the customers, create more and better communication materials: a dedicated page on the company website, brochures, etc.
- Participate in sectorial trade fairs and events to always be updated and correctly positioned, and to continue scouting activities;
- Share sustainability actions with customers to promote shared projects on the topic.

Actions to be implemented towards the **Environment**:

- Improve the systems connected to the recently replaced boiler;
- Supply more electricity from renewable sources and consider installing photovoltaic panels;
- Consider joining the local Energy Community;
- Continue to invest in new machinery to create increasingly high-performance products, both from a stylistic and fashion point of view and in terms of energy saving, to reduce the exploitation of the planet's resources.

METHODOLOGICAL NOTE

The M3 Knitwear Sustainability Report was created using the International Standard ISO 26000 “Guidelines on Social Responsibility” published on November 1, 2010 and then updated and re-published on December 10, 2020.

The ISO 26000 Guidelines are a useful tool to map all the activities carried out by the company. They have been used to analytically document and define the commitment to the organization’s responsibility concerning the impact generated by Economic, Social, Environmental, and Governance Sustainability, describing its integration into its organizational model.

The standard collects the results of a general agreement on relevant aspects such as:

- the definitions and general principles of social responsibility;
- the crucial issues that must be addressed in terms of social responsibility;
- the integration of social responsibility into the overall activities of an organization.

In particular, with the ISO 26000 Guidelines it was possible to develop an Analysis of M3 KNITWEAR’s sustainability commitment in 7 different areas: Organizational Governance, Human Rights & Relationships, Working Conditions, Environment Correct Management Practices, Specific Aspects related to Consumers, Community Involvement and Development.

Furthermore, for each Sustainability Area analyzed with the international guidelines of ISO 26000, the ESG (Environment, Social and Governance) approach was integrated and the 17 SDGs of the United Nations 2030 Agenda were applied. This Integrated Methodology, developed by Dr. Romina Noris, a sustainability expert, allows M3 Knitwear to have a comparative vision of the current sustainability commitment according to the 3 most advanced models used to express Sustainability: ISO 26000, ESG, and 17 SDGs.