

IMPACT REPORT 2023

NORTH SAILS APPAREL SPA
SOCIETÀ BENEFIT



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LETTER TO STAKEHOLDERS

Pollution, resource extraction and climate change are a constant threat to the ocean that is our life, our love and our livelihood. We have reached the point where sustainability is the responsible starting point. However, reducing the negative effects of our actions is no longer enough; it is time to proactively take action to preserve the ocean and future generations.

As a company dependent on the good health of the seas, we are committed to having a positive impact, which is why our sustainability programme aims to make North Sails Apparel an Ocean Positive company.

We do this by measuring our environmental and social impact, avoiding and reducing carbon emissions where possible, working with our supply chain to improve working conditions in the clothing industry, and offsetting non-avoidable emissions by supporting organisations working to improve ocean health.

We have listened to our stakeholders and clearly defined the relevant issues on which to focus, in order to further improve products and processes and reduce our impacts: our materiality matrix confirms that the direction taken is the right one and that it is shared internally and externally within the Group.

In this Report, I am proud to present the progress made during 2023. We conducted the first life cycle assessment of two of our key products, the Polo Tee and the Sailor Jacket. Through this activity, we realised that every step in the production and distribution process has an impact and this prompted us to take a closer look at our supply chain. As a result, we introduced new supply chain tracking software that is now used by our teams to collect important information from our suppliers on environmental and social performance.

We have made considerable progress in sourcing more sustainable materials: our designers and product team work using internal guidelines (the Preferred Materials and Processes Matrix) that help and guide them in finding the right balance between sustainability, functionality and purpose. However, we are trying to look beyond the selection of recycled organic and synthetic cottons to produce products with a circular design, such as our Closed Loop Performance range (a first for sailing), designed to be recycled into virgin quality fibres at the end of its useful life.

Another new feature is our Gore-Tex Pro repair programme, now available to all our customers. Data on the life cycle of clothing products show that about 30% of the footprint of a garment during its entire life occurs during the use phase. We therefore strive to ensure that our products are built to last and to make it easier for our customers to keep them in use for longer.

We have started to act on the increasingly worrying issue of microplastic pollution: North Sails Apparel is now a member of the Microfibre Consortium, an industry Group formed with the common goal of working towards zero impact of fibre fragmentation from textiles on the natural environment by 2030. In 2023, we tested three of our most popular fabrics for microfibre release, with the aim of investigating and learning about our impact.

Becoming Ocean Positive also means giving a voice to the oceans: through partnerships with organisations such as the Ocean Family Foundation, IFAW, Worldrise, Tara Foundation or Coral Gardeners, we carry out marketing and communication campaigns that inspire more and more people to become advocates and supporters of the protection of the seas.

It is time to give back, regenerate the ocean and preserve it for future generations.

There is still a long way to go and we are aware that time is needed to achieve significant results, acting together with other industry players towards a common goal. In every corner of the world, North Sails is taking positive steps towards a cleaner, healthier ocean, and we are proud to work with a network of collaborators, from our employees, to race teams, customers, marine scientists, supply chain partners and other business leaders to achieve our Ocean Positive goals.

VICTOR DURAN
CHIEF EXECUTIVE OFFICER OF
NORTH SAILS APPAREL SPA SOCIETÀ BENEFIT



METHODOLOGICAL NOTE

This year, North Sails Apparel Italia SpA Società Benefit is preparing to draw up its third Sustainability Report, in a document integrated with the Impact Report.

We maintained the reporting scopes that emerged from the materiality analysis conducted last year through a collaborative process with stakeholders. The reporting was inspired by some general indicators included in the GRI (Global Reporting Initiative) Standards, an internationally recognised sustainability reporting system.

On the other hand, as far as the preparation of the Impact Report is concerned, having been a Benefit Corporation since 2020, North Sails Apparel SpA must prepare it in compliance with the regulations on Benefit Corporations (Law no. 208 of 28 December 2015, paragraphs 376-383).

This Report complies with the law, in particular:

- With respect to the “description of the specific goals, methods and actions implemented by the Directors in the pursuit of the purposes of common benefit and any circumstances that prevented or slowed it down”, see Part “The Common Benefit” of this document (pp. 8 - 48), drawn up on the basis of the WHY Framework→, a methodology for observing and reporting on impacts devised by Goodpoint Srl Società Benefit;
- With respect to the “assessment of the impact generated using the external assessment standard”, see Part “Measuring impact” of the document (pp. 61 - 65), where the results of the sustainability assessment obtained through B Lab’s B Impact Assessment are summarised;
- With regard to the “description of the new goals that the company intends to pursue in the next financial year”, these are summarised in special tables at the end of each chapter of the Impact Report.

The information in this document mainly refers to North Sails Apparel SpA Società Benefit, with the exception of data on collections, products and charitable donations, which refer to the aggregate results of North Sails and of international subsidiaries.

North Sails Apparel SpA Società Benefit is in fact the decision-making and management centre of the activities, while the international subsidiaries are de facto business sites that participate in the pursuit of the overall impact purposes.

The drafting of the document was coordinated by Goodpoint Srl, with the collaboration of an internal working group in which the various departments involved were represented:

- For the Sustainable Innovation area: Madalina Preda, Fabrizio De Luca
- For the Education & Engagement area: Anna Garanzini, Valentina Mariani, Alberto Langella
- For the Long-Term Commitment area: Jacopo Di Martino

In collaboration with



ABOUT US

CHAPTER



We are masters of wind and water, technology innovators and design pioneers. Our sails make champions and our clothing is cut from the same cloth. We harness the power of nature for adventure; we innovate by using the latest ideas and help preserve the ocean for future generations.

North Sails was founded in 1957 by Lowell North, an American sailor and Olympic gold medallist. North was also an engineer, a technician methodically focused on building sails faster than any competitor. His legacy has remained unchanged over the years: the brand’s culture of innovation and exploration has produced generations of patented products and regatta champions.

Today, Lowell North’s inspiration lives on in North Sails Apparel, designed and developed so that consumers can focus on what is important: tackling the sea or simply sailing through modern life. Since its foundation in 1987, the brand has combined classic Italian design with the history and true heritage of the American brand. Clothing and accessories for men, women, and children, sharing the same passion for the sea, designed for those who like to sail on rough seas or busy city streets.

North Sails Apparel exists to embrace the spirit of the ocean.

We put all our creativity and knowledge into creating quality products that push the limits of performance and inspire as many people as possible to experience the sea. Our Performance line consists of technically advanced clothing aimed at performance-focused sailors.

Discovery, innovation, and a strong connection to the ocean drive the aesthetic and ethical vision of the North Sails Apparel brand. Our designers do not simply follow already chartered paths but use the latest technologies to promote product innovation that respects workers and the health of the oceans.

As sailors, surfers, and ocean lovers, we know how important the health of the seas is, for our survival and for future generations. The ocean is what keeps us active. In order to protect it, we develop our products in a way that minimises waste and reduces pollution, and we use our voice to support healthier seas.

Our goal is for North Sails Apparel to become the first “Ocean Positive” brand, a definition conceived to describe our sustainable revolution, which moves in two directions:

1. BUILDING THE SHIP

This principle underlies our business: to **make increasingly sustainable and recyclable products by working alongside our supply chain.** We are focused on constantly searching for innovative and environmentally friendly fibres and materials, promoting responsible production processes, increasing the traceability of our supply chain, and monitoring the social and environmental performance of our suppliers. We draw on all our creativity and expertise to produce quality products that are at the forefront of performance and that inspire more and more people to get in touch with the sea.



2. BE THE VOICE OF THE OCEAN

We want to give the ocean a voice through our **storytelling, projects, and campaigns**. Our employees are the first promoters of our values to the outside world. Furthermore, we work with extraordinary ambassadors to **educate and sensitise communities and engage in activism**. They are undisputed leaders in their field, who have a genuine connection to the ocean and values they share with North Sails: passion, audacity, resilience, and a tenacious commitment to protecting the ocean. Finally, we are committed to making our contribution by supporting organisations and projects that work to protect and regenerate the oceans.

This overall approach is what North Sails calls “Ocean Positive”.

It is time to repair, regenerate the ocean and preserve it for future generations. Our journey to become the world’s first Ocean Positive brand is well underway. There is still a long way to go and we do not expect to become Ocean Positive overnight. **We are taking positive steps towards a cleaner, healthier ocean in every corner of the North Sails universe.**

We are a Benefit Corporation and, thanks to the Common Benefit Purposes we have chosen and to which we are committed on a daily basis, we work for a positive impact on society, workers, the community and the environment. In 2021, we also took a very important step in our journey to become a responsible company and now we are a certified B Corp™. As a B Corp™, we are committed to high standards in terms of social and environmental performance, transparency, and accountability, to make a positive impact in the world beyond simply generating profits.

Consistently with our identity and our Common Benefit Purposes, we have set **specific short- to medium-term goals**:

1. REDUCING EMISSIONS FROM OUR BUSINESS ACTIVITIES

This will require a number of actions, including measuring our carbon footprint and setting emission reduction targets in line with the latest scientific studies, using at least 80% renewable energy by 2030, and reducing air transport by 2027.

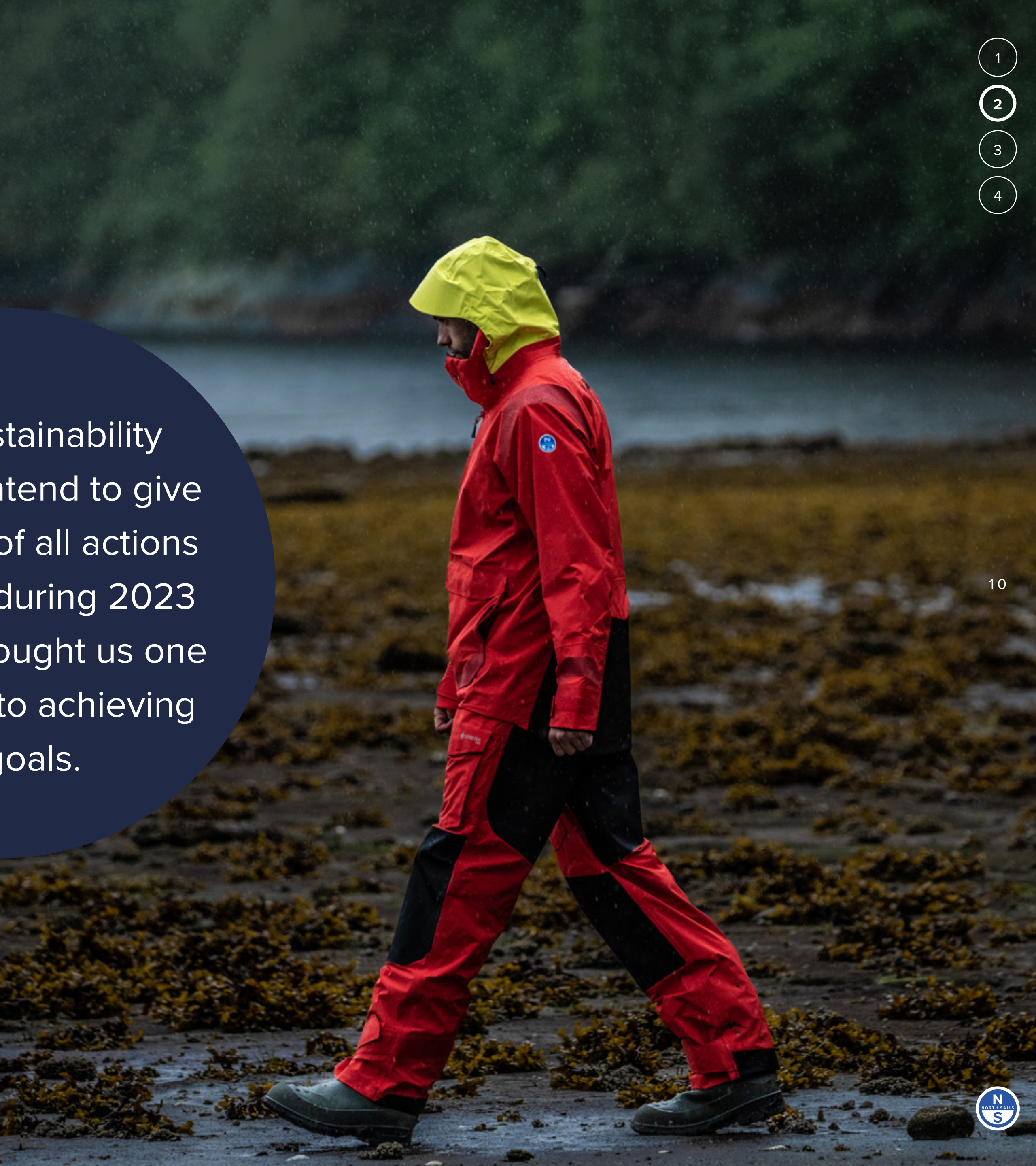
2. BECOMING A LEADER IN RESPONSIBLE PRODUCT INNOVATION

We are committed to performing Life Cycle Assessments (LCA) on our products by 2025 and to integrating circularity principles into product design so that they can be recycled at the end of their life cycle. We intend to eliminate single-use virgin plastic from all our packaging by 2025 and update our Code of Conduct for Suppliers by implementing new ethical sourcing practices.

3. MAKING OUR EMPLOYEES OUR FIRST AMBASSADORS AND DEFENDERS OF THE ENVIRONMENT

We want to define a Purpose Strategy for each business unit to support local pro-ocean organisations, campaigns and legislation. We aim to carry out and promote corporate volunteering activities in favour of social or environmental causes.

In this Sustainability Report we intend to give an account of all actions carried out during 2023 that have brought us one step closer to achieving our goals.



THE COMMON BENEFIT

CHAPTER

THE COMMON BENEFIT PURPOSES OF NORTH SAILS APPAREL

- 2.1. SUSTAINABLE INNOVATION
- 2.2. EDUCATION & ENGAGEMENT
- 2.3 LONG-TERM COMMITMENT

We are on a sustainability journey.
We challenge ourselves with goals that act as
our guiding star. The ocean we love must be
protected: that is why we work tirelessly to
make sure this happens.
History is made by looking ahead!

THE COMMON BENEFIT PURPOSES OF NORTH SAILS APPAREL

North Sails Apparel became a Benefit Corporation in 2020, making the awareness of playing an **important role for society and the environment** public and formalising the commitment that was already in the company's heart.

In fact, at the beginning of its corporate purpose, the Articles of Association state:

“Being aware of how industrial activity has an impact on the ecosystem and on the community, and how its commitment in the field of technological innovation and of environmental protection can contribute to the realisation of sustainable change, the company intends to qualify as a ‘benefit corporation’ according to Law no. 208/2015, paragraphs 376-384, also pursuing the purposes of common benefit listed below.

The company is therefore committed to operating responsibly, sustainably, and transparently towards all its stakeholders in order to generate social and environmental value in addition to economic value through its activities”.

North Sails therefore presents its specific purposes of common benefit, which are all aimed at pursuing **the ultimate purpose of the company's activities: to contribute to safeguarding the ecosystem, in particular the oceans.**

Specifically, the company is pursuing the following **common benefit purposes:**

2

EDUCATION & ENGAGEMENT

Raise awareness, motivate and involve all those who take part in the company's economic activity, such as, by way of example but not limited to, employees, collaborators, suppliers and customers, with regard to issues relating to the protection of the environment and of the ecosystem, strengthening the relationship with stakeholders and encouraging wider participation in the company's activities and in the pursuit of purposes of common benefit.

1

SUSTAINABLE INNOVATION

Introduce innovation, technology and design into the clothing market in order to provide customers with high quality products and, at the same time, to contribute to the progressive reduction of the environmental impact of materials and of the production, marketing and distribution processes of its products.

3

LONG-TERM COMMITMENT

Create both economic and social-environmental value over time in a fair and sustainable way for all those involved directly or indirectly in the company's activities, supporting the implementation of projects aimed at protecting nature, the ecosystem, the oceans and **the environment in general.**

These purposes have been broken down into specific, measurable goals, in order to identify the resulting KPIs that make up the contents of this Report.

SUSTAINABLE INNOVATION	Products	Design, manufacture and market products using raw materials with low environmental impact.	 
	Processes	Reduce the negative impacts of production and marketing processes as much as possible.	   
EDUCATION & ENGAGEMENT	Employees	Get employess and collaborators involved through training and information on environmental issues.	
	Customers	Raise awareness and inform customers in order to disseminate good purchasing and conduct practices.	
	Suppliers	Involve suppliers in improving supply chain sustainability practices.	 
LONG-TERM COMMITMENT	Research and Innovation	Invest in research and devoelopment geared towards innovation with respect to the environment and sustainability.	
	Philanthropy	Support philanthropic initiatives towards the environment, allocating a portion of the value produced.	 

For each of these goals, the specific contribution to the pursuit of the United Nations Sustainable Development Goals (UN SDGs) has been identified, so as to provide evidence of alignment with the direction of sustainable development identified at international level until 2030.

Finally, North Sails’ Articles of Association hint at its interpretation of a Benefit Corporation as a company that aims to **create positive value** for society through its day-to-day business, while at the same time striving to **reduce the negative effects** on its external environment.

“The mentioned purposes of common benefit will be pursued through a management aimed at balancing the interest of the shareholders and that of those on whom the social activity could have an impact, in order to generate one or more positive effects or reduce the negative effects on – by way of example – people, communities, territories and environment, cultural and social assets and activities, bodies and associations and other stakeholders.”

It is precisely to observe more specifically the commitment that North Sails Apparel has also undertaken in reducing its negative effects that we decided to **combine its Impact Report and Sustainability Report**. In order to give evidence not only of the activities introduced in the pursuit of our purposes of common benefit as set out in the Articles of Association, but also to account for all the social and environmental responsibility actions that are gradually being consolidated.

In 2021, we were awarded the B Corp Certification, the most comprehensive and challenging international sustainability certification, currently attained by some 8,000 companies internationally operating in 96 countries and 162 sectors. In Italy as of 2023, there are more than 260 B Corps territorially diversified in 18 regions and active in 74 different business sectors. The total turnover of B Corps in Italy is EUR 13.3 billion, with approximately 24,000 employees.

Finally, since 2023, we have been a member of the **UN Conscious Fashion and Lifestyle Network**, an online platform that aims to engage the fashion

industry, governments, and NGOs to accelerate the achievement of the UN's 17 Sustainable Development Goals (or SDGs). The aim is precisely to work in synergy with businesses and institutions to achieve goals that are essential for the survival of the planet and future generations.

This new global community is the evolution of the Conscious Fashion Campaign and will be managed by the Division for Sustainable Development Goals, UN Department of Economic and Social Affairs (DSDG/DESA), and the UN Office for Partnerships. The platform is intended to be a space for the **launch of innovative solutions shared by all members**, to present the activities undertaken and results achieved towards the attainment of the SDGs and bring industry leaders together. North Sails Apparel was involved precisely to present its product innovations and drive change.

The Conscious Fashion Campaign aims to educate and rally the fashion industry so that all those involved jointly propose solutions for social, economic, and environmental change during the Decade of Action (2020-2030) to achieve the 17 SDGs.



Introduce innovation, technology and design into the clothing market in order to provide customers with high quality products and, at the same time, to contribute to the progressive reduction of the environmental impact of materials and of the production, marketing and distribution processes of its products.

2.1 SUSTAINABLE INNOVATION

We tirelessly pursue actions to increase sustainability in all the areas of our business, because our aspiration is to steer a course towards cleaner oceans while creating a better future for new generations. Exploration and innovation are the key words guiding our actions. This is why we make sure that, year after year, we have an ever-smaller environmental impact by increasing the percentage of sustainable garments in our production.

Producing clothing has an ecological and social footprint. We are committed to using more responsible materials that cause less pollution of water, air and soil and that generally have lower impacts on ecosystems. Our aim is to strike the right balance between sustainability, functionality and corporate goals. For us, eco-friendly materials are made from recycled materials, grown by adopting organic practices or those that have a proven lower environmental and social impact than conventional materials.

We strive to create garments made from natural yarns or recycled plastic, to reduce both pollution and energy impact. To give a concrete example, which will be better explained in paragraph 2.1.1, in 2023 63.3% of sales came from sustainable models (garments made of organic material, natural yarns or recycled fabrics).

Finding and producing ecologically responsible materials is only one part of our sustainability work. We know that also producing and finishing garments can have a significant environmental impact. We strive every day to find effective solutions to improve these processes, and design functional products that can be used many times and in different seasons. (See par. 2.1.2)

Finally, we support and invite our customers to contribute to reducing the ecological footprint of their clothing, through advice and dedicated communication and marketing campaigns. (See par. 2.2.2)





2.1.1 DESIGN, MANUFACTURE AND MARKET PRODUCTS USING RAW MATERIALS WITH LOW ENVIRONMENTAL IMPACT



SUSTAINABLE INNOVATION
PRODUCTS 2023

KEY PERFORMANCE INDICATORS



Impact generated on UN Sustainable
Development Goals



The path towards increasingly sustainable collections, which started in 2018 with the first capsule collections made of recycled yarns and continued in 2019 with the process of **conversion to organic materials**, has been further substantiated in recent years. The share of **organic materials** in the garments made in that year amounted to 4%, a percentage that has been raised to **31% for 2023, i.e. +12.7% compared to 2022**. In 2023, we also invested in research and development to make **garments from recycled materials**. The relevant share of sales is EUR 24,567,810 (**32% of the total, +25% compared to 2022**). Overall, **sustainable products make up 56% of the total**.

Several projects devoted to sustainability took place during 2023. **All the collections produced mark another step towards North Sails becoming an Ocean Positive brand**, supporting the use of sustainable materials and taking inspiration from climate change with the aim of encouraging people to get involved and take concrete action to protect the environment and nature. Specifically:



THE SS23 NORTH TECH COLLECTION
BY NORTH SAILS

The **SS23 North Tech collection by North Sails** is designed for city and weekend life, combining the indomitable spirit of the ocean with the pace and rigours of urban life: clean lines, a versatile style and recycled fabrics are the distinguishing features of the collection. Alongside stretch poplin and chambray, technical fabrics such as **recycled polyester, locally produced knitwear, organic and recycled cottons** were chosen to provide waterproofing, windproofing, breathability and thermal insulation.

The SS23 collection includes Bionic-Finish® Eco, a fluorine-free water-repellent finish, Coolmax®, a fabric made from textile waste for thermal insulation, and Solotex®, a lightweight fibre of vegetable origin chosen for its comfort and elasticity (see page 33). It incorporates the structural forms of the urban environment and celebrates city life and the freedom of leaving everything behind. *Beyond the City* is an invitation to wear **cutting-edge, sustainable and responsible garments that combine design, style and performance**.

Among the cult items:



MALÈ JKT

This jacket, made of recycled memory fabric, is a feminine reinterpretation of the Sailor Jacket. With its regular fit, it features the reflective logo on the sleeve and an inner pocket customised with an ocean-related message expressing North Sails’ core values.



IFURU TECH VEST

Softshell waistcoat, made of recycled polyester mixed with micro ripstop also recycled. It is water-repellent and windproof. It features a chest pocket with a square logo patch and North Sails reflective print on the shoulders. The vest has two inside pockets with security zips.



MUIRI JKT

The Muiri jacket is made of stretch recycled nylon, with a detachable hood. Again, there is a reflective logo on the sleeve and a personalised inner pocket with an ocean-related message.



CROZET JACKET

Men’s jacket made of recycled water-repellent micro ripstop. It is padded in Repreve, an innovative fibre made from recycled plastic bottles in line with our commitment to the Oceans. Compared to traditional fibres, Repreve production emits fewer greenhouse gases and reduces the use of water and energy. To date, Repreve has enabled more than 20 billion plastic bottles to be recycled (see page 33).



COMMUTER HYBRID

Ultra-functional jacket made of water-repellent recycled softshell and sleeves of stretchable, flexible recycled nylon. The model is a must-have for the winter wardrobe as it provides maximum protection thanks to performance details such as the retractable wrap-around hood and the ribbed stretch edges that keep the wind out. Both side welt pockets feature waterproof zips – a must for outdoor adventures during mid-season.



In addition to these garments, the SS23 collection also features:

The women’s swimwear, all made from recycled lycra.

The women’s trousers all made from natural, cellulosic fibres, such as the **Slim Fit Chino** trousers made from stretch poplin containing 97% BCI-certified cotton fibres, which limits harmful emissions.

The increased use of renewable and natural fibres in the designs, such as in the iconic **women’s T-Shirt with the logo**, made of 60% Lenzing Micromodal and 40% Tencel jersey, two naturally biodegradable fibres of plant origin; or in the **Bamboo Jersey Tank Top** made of 70% FSC-certified bamboo and 30% organic cotton. And again, for the men’s collection, the **Defender jacket** in 100% organic cotton.

A new blend of 50% organic cotton and 50% recycled cotton introduced in our hoodie models, and we set ourselves the goal of continuing to increase the mix of recycled natural fibres in our “cut&sew” models.

The Maserati x North Sails collection that includes jackets made with **Thermore® Ecodown** insulation as an excellent synthetic alternative to down. This new technology makes it possible to recover a significant number of bottles that would otherwise be dispersed in the environment. The average Ecodown padded jacket makes it possible to reuse about 10 bottles without using oil, which means less impact on energy reserves for future generations.

The **Basic Volley beachwear** models also made from 100% Repreve® Our Ocean fibre, made from plastic bottles (see page 33).

THE FW 23 GO NORTH COLLECTION

The FW 2023 collection was made with the lowest possible resource consumption, as North Sails’ iconic products were re-imagined for everyday use, employing recycled rather than virgin synthetic fabrics and organically grown plant-based materials. The collection is based on North Sails’ know-how in technical clothing and the use of high-quality materials to guarantee a long-lasting product.

For the first time, **upcycled garments made from surplus fabrics from previous collections** were introduced, which avoided the production of new materials.



HE REVISITED SAILOR JACKET – REVERSIBLE SAILOR

The iconic jacket, a symbol of our heritage linked to the sea and an authentic expression of our values, has been made for the first time entirely from 100% recycled fabrics. The model doubles our commitment to the planet because it is made with one side in recycled nylon and one side in 100% biobased Sorona® ripstop with contrasting colours inspired by our spinnakers. It is finished with Repreve padding, made from recycled plastic bottles, and ribbed recycled knit edges. The ecological padding provides insulation from the cold and the finishing is 100% recycled.

Sailor Jackets perfectly express the evolution of North Sails’ product range, designed and manufactured with the aim of minimising waste and pollution.



CACHE DOWN JACKET

The first recycled men’s jacket: a down jacket with a camouflage print made from recycled fabric obtained from production leftovers of previous collections, demonstrating our continued concern for the planet. It is padded with recycled fibres and finished with functional pockets and North Sails patch on the sleeve.

UPCYCLED



UPCYCLED JACKET
SECOND WIND GEAR

THIS PRODUCT USES SURPLUS FABRICS FROM PREVIOUS COLLECTIONS. ALSO KNOWN AS 'DEADSTOCK ROLLS', USING THEM MEANS WE CAN GIVE NEW LIFE TO FABRICS THAT MIGHT OTHERWISE BE FORGOTTEN.

WHEREVER YOU SEE THE SECOND WIND GEAR LOGO, YOUR CLOTHING IS MADE WITH RECYCLED, REPURPOSED AND REIMAGINED MATERIALS.



In addition to the Cache, the first recycled jacket for children, the **BOREALIS jacket**, was also made using different fabrics from previous collections.



In addition to these garments, the FW23 collection also features:
Three of the women’s and twenty of the **men’s knitwear** models made in Italy. Given that our warehouse and most of our customers are located in Italy, this was a good solution to reduce the transport footprint of our garments.
All **women’s knitwear** models made from recycled, renewable or organic materials, such as our bestseller **Crewneck** made from 30% recycled wool, 30% recycled viscose, 35% recycled polyamide and 5% recycled cashmere.

THE TECHNICAL PERFORMANCE KIT COLLECTION AND THE “CLOSED LOOP” DESIGN

All polyester models in the Technical Performance Kit collection use the “closed loop” design: a circular design and production method (produce, use, recycle) as opposed to the traditional linear design (produce, use, dispose). **All of our polyester garments can be returned and will be recycled into yarn for the production of new fabrics.** In addition, we introduced Polygiene and UV protection treatments in this collection, which give the garments a new use and function and are proven to prolong the life and durability of the garments.

25



CLOSED
LOOP DESIGN



THE PARTNERSHIP WITH 727 SAILBAGS

During 2023, North Sails partnered with 727 Sailbags, a company that salvages old sails to create high-quality, handmade bags, T-shirts and designer home furnishings. The collaboration between the two companies, both passionate about sailing and committed to reducing environmental impacts, gives sails a second life and prevents them from ending up in landfills.

With 18 lofts throughout Europe, North Sails provides convenient access to the disposal and upcycling of old sails. Through this collaboration, North Sails will contribute about 10% of the raw materials used annually by 727 Sailbags.

Entirely hand-sewn **bag made from 100% recycled nautical sails.**

Each creation is unique. As a confirmation of its originality, it is accompanied by a certificate of origin that traces its provenance and tells the history of the sail with which it was made, specifying the sail number and the number of products made with that sail.

FOCUS:
OUR SUSTAINABLE
MATERIALS
WOOL & CASHMERE,
ORGANIC COTTON
AND RECYCLED
POLYESTER

Producing clothing has an ecological and social footprint. We are committed to using more responsible materials that cause less pollution of water, air and soil and for life in general.

Our aim is to strike the right balance between sustainability, functionality and corporate goals. For us, eco-friendly materials are made from recycled content, grown by adopting organic practices or those that have a proven lower environmental and social impact than conventional materials.

WOOL & CASHMERE

Wool and cashmere are light natural fibres made from the fleece of cashmere sheep and goats. Their unique characteristics include comfort, versatility and great thermal performance. Being a natural fibre, **wool is also biodegradable and completely recyclable in its pure form.**

As far as possible, we purchase virgin wool from certified and responsible sources that respect the highest standards of animal welfare and land protection. We also encourage our suppliers to align with animal health and welfare standards as part of our Code of Conduct. In addition, we have introduced pre- and post-consumer recycled wool and cashmere into our collections, recovered from existing materials and reclaimed into new yarns. **In 2023, approximately 34% of the wool in our products was made from recycled content.**

ORGANIC COTTON

Cotton is the most widely used natural fibre in the world. It is produced from the soft white fibrous substance that envelops the seeds of the cotton plant. It is mainly cultivated in hot climates and often requires large amounts of water and synthetic chemicals: soils damaged by the use of chemicals do not retain irrigation and are therefore heavily watered.

Organic cotton has a much lower environmental impact than classic cotton, as no toxic chemicals are used in its cultivation. In fact, no pesticides are used, but pest control is done naturally, through organic cultivation practices and beneficial insects.

Furthermore, organic farming systems replenish and maintain soil fertility and promote a healthy balance of natural pests and predators. Organic cotton, on the other hand, helps keep the soil healthy, thus making it able to retain more water and nutrients.

In 2021, 65% of our cotton range was made of organic materials. **In 2023, about 90% of the cotton in our products was grown using organic practices.**

RECYCLED POLYESTER AND NYLON

Polyester and nylon are synthetic fibres that are also weather-resistant, long-lasting and quick-drying. We know that the fashion industry is largely dependent on limited and non-renewable resources, such as synthetic fibres derived from oil. Synthetic fabrics also release microplastics that seep into the environment in general, which can cause negative effects on ecosystems and human health.

Recycled means that a material or product has been treated with a special process so that it can be reused. Recycled polyester, also known as rPET, is obtained by melting plastic – usually from recycled bottles or containers – and re-spinning it into a new polyester fibre. Recycled polyester **has the same characteristics as virgin polyester, but it requires fewer resources in order to be produced.**

The process of transforming waste plastic into rPET not only gives a second life to a material that is itself non-biodegradable, but it also **significantly reduces the extraction of crude oil and natural gas** from the planet, without which it would be impossible to produce the virgin raw material. Furthermore, the recycling process allows the emission of significantly less CO2 than virgin polyester, as the **energy consumed** for production is **about 60% less.**

As a sportswear and active wear company, we rely on synthetic fibres such as polyester and nylon for their comfort and technical performance. We are working on replacing synthetic materials with natural ones, without compromising performance. Where this is not yet possible, we are taking steps to reduce our use of virgin polyester and nylon: in fact...

IN 2023
APPROXIMATELY

73%
OF THE NYLON

AND
APPROXIMATELY

93%
OF THE
POLYESTER

IN OUR
PRODUCTS
WERE MADE
BY USING
RECYCLED
CONTENT.

CERTIFIED FABRICS



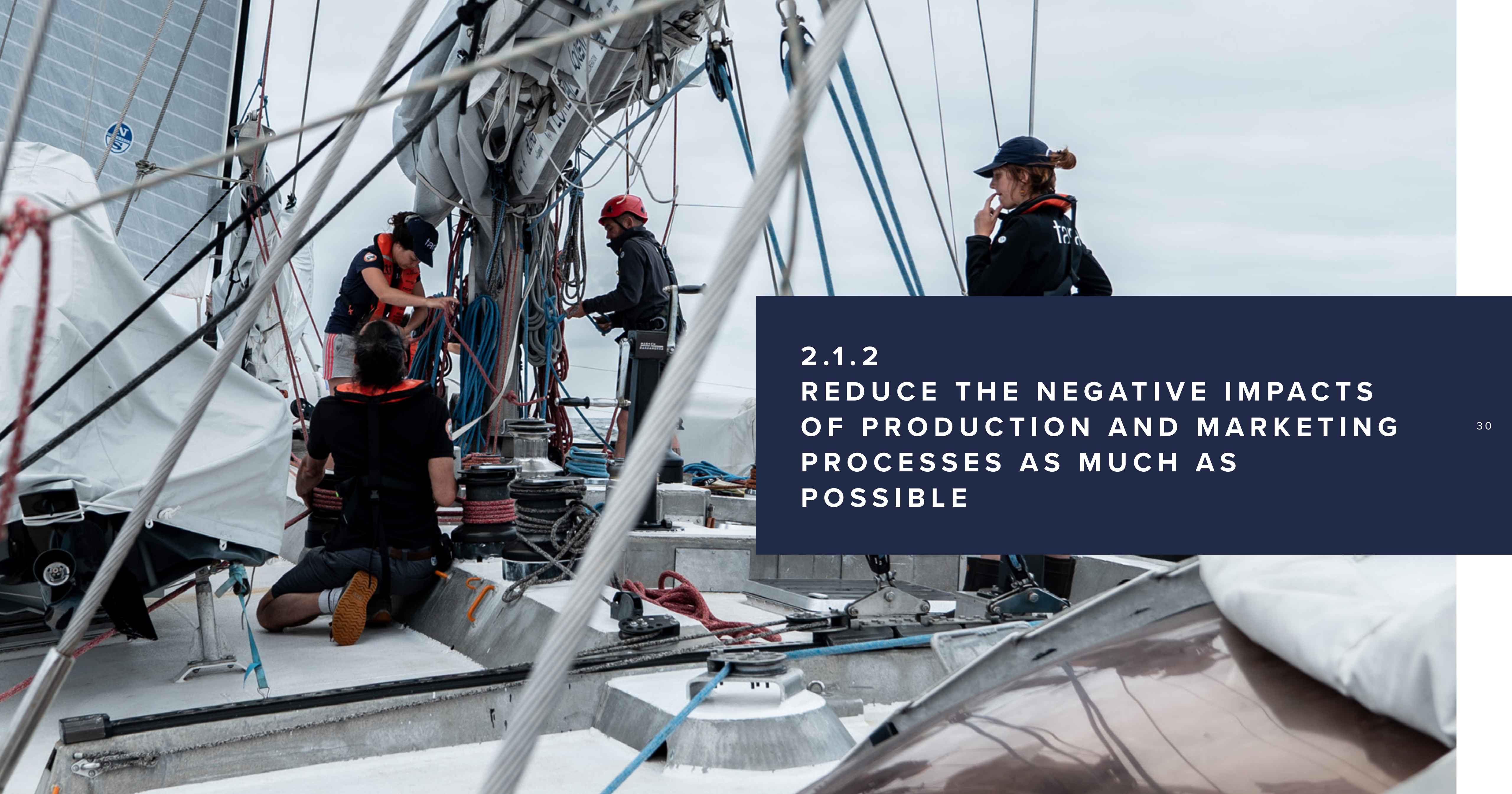
Repreve® is a sustainable fibre made from post-consumer plastic bottles that is moisture-absorbent, elastic and has a high degree of softness. These characteristics make it perfectly compatible with the production of sustainable and green garments. Moreover, it is one of the most traceable and certified fibres available on the market.



Solotex® is a new type of polyester fibre characterised by extreme softness, excellent shape retention, considerable elasticity and high compatibility with other fibres, such as cotton. Furthermore, it is an environmentally friendly fabric because a part of it (up to 37%) is made of raw materials of vegetable origin. Finally, this material is certified TB117, 1IM, a British Standard.



Sorona® is an innovative polyester fibre composed of approximately 37% vegetable fibres, obtained by fermenting glucose and processing maize seeds. Sorona® is therefore a “hybrid bio-polyester”, a blend of natural and synthetic materials. Soft, durable and insulating, it is the environmentally friendly alternative to spandex and animal feathers. Sorona® is certified through the Common Thread Fabric Certification Program.



2.1.2
REDUCE THE NEGATIVE IMPACTS
OF PRODUCTION AND MARKETING
PROCESSES AS MUCH AS
POSSIBLE

30

SUSTAINABLE INNOVATION
PROCESSES 2023
KEY PERFORMANCE INDICATORS

PURCHASES FROM SUPPLIERS
ADHERING TO THE CODE OF
CONDUCT

100%

SUPPLIERS WITH THIRD-PARTY
ENVIRONMENTAL OR SOCIAL
CERTIFICATION

94%

PURCHASING TURNOVER FROM
SUPPLIERS SCREENED ACCORDING
TO NORTH SAILS CRITERIA

83%

OF OUTERWEAR STYLES
ARE PFC FREE

43%

Impact
generated on
UN Sustainable
Development
Goals



We strive to ensure that not only our materials, but also our production processes are as sustainable as possible. We make sure that **all our suppliers comply with our sustainability criteria** and are subject to our Code of Conduct. We personally verify these conditions through regular screening processes. Also for 2023, **100% of the purchasing turnover came from suppliers screened according to our criteria** (see par. 2.2.3) and **83% of the suppliers (in terms of costs) were screened according to North Sails criteria**. In addition, 94% of suppliers have a third-party environmental or social certification.

In 2023, we developed **guidelines to help our designers choose greener materials and processes** on the market. With regard to materials, for example, we use organic and recycled cotton to reduce the use of pesticides and recycled polyester and nylon instead of traditional ones.

As already mentioned, two projects were particularly significant for the year 2023 (see chapter 2.1.1):





We set the goal of achieving 100% PFC-Free in our FW 2026 collection, also in our Performance line.

- **The CACHE down jacket:** the first jacket made entirely of water-repellent recycled fabric obtained from production leftovers of previous collections and padded with recycled fibres.
- **The REVERSIBLE SAILOR:** the iconic clothing product first launched by North Sails. It was designed in the 1980s as an alternative to the cumbersome rain jackets of the period, and has been revamped to suit modern times, using 100% recycled fabrics.

We have also set a “**PFC-Free**” target for our clothing products. PFCs are perfluorocarbons, toxic chemicals made in laboratories and used for decades in the production of sports and outdoor clothing, particularly jackets, trousers and shoes, to make them water-resistant and water-repellent. In the Fall Winter 2023 season, **43% of our** Lifestyle outerwear **models** were made with PFC-Free long-lasting water-repellent products.



We value the health and safety of our customers, which is why we have introduced the **Polygiene® Stays Fresh technology** into our collections, which keeps garments fresher for longer by blocking the growth of odour-causing bacteria with a silver chloride biocide. This salt inhibits and protects against the growth of bacteria and fungi. Polygiene® remains effective even after many more washes than any other antibacterial treatment. The treatment is applied to the fabric at the finishing phase of production and **requires no additional resources such as water and energy.**

Our commitment to responsible production and marketing also extends to **packaging**, which is why we are adopting solutions to limit the amount of unnecessary plastic in our retail packaging (the goods we send directly to you, the customers), as well as in the goods we purchase and in our wholesale packaging. Typically, packaging is made of virgin plastic (plastic accounts for about 26% of the total volume of packaging globally), but the small size of the packaging significantly increases the risk of this material leaking into the ocean.



For our retail packaging, we use **organic cotton bags** and **paper products** from certified and responsible sources, and we are experimenting with a special water-activated paper tape to replace the plastic one that contaminates cardboard packaging, so that everything is fully recyclable in paper. For transport packaging, on the other hand, plastic often proves to be an irreplaceable material, as it is the only one that can guarantee the integrity of garments in shipments to wholesale customers and retail and franchise channels. In order to address this problem, we chose to use **polypropylene bags from recycled plastic**, together with **cardboard** from certified and responsible sources. Our **tags** are all made of **recycled paper** and our hangers are all made of recycled plastic.

Finally, with regard to **transport**, the corporate policy envisages that, for both incoming and outgoing goods to retailers or direct customers (in the case of e-commerce shipments), the **means with the lowest environmental impact** are used. In fact, we want our goods to be transported, where possible, without the use of air freight, favouring land transport.

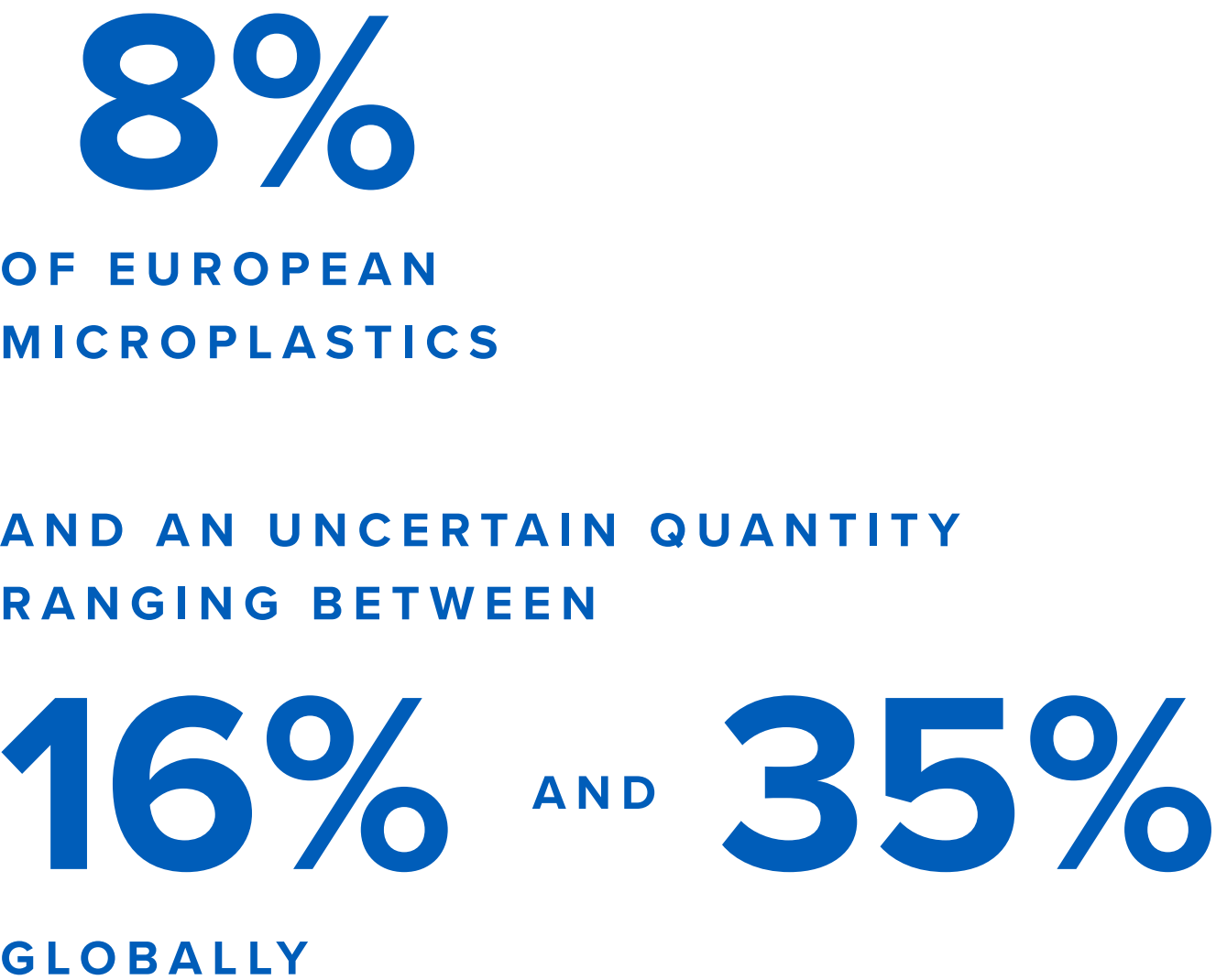
FOCUS: MICROPLASTICS

Microplastics are small pieces of plastic ranging from 330 micrometres to 5 millimetres; though invisible to the human eye, they have a devastating impact on the ecosystem, as they are ingested daily by fishes and other marine life forms.

The microplastics alarm in clothing was raised in 2011 by ecologist Mark Browne of University College Dublin, and in one of the latest counts, dating back to **2022**, Japanese scientists from Kyushu University estimated the presence of **24,400 trillion microplastic fragments in the shallowest layers of the oceans**, the equivalent of about **30 billion half-litre bottles**, a number that is hard to even imagine.

The textile industry is one of the main culprits for microplastic pollution with between 200 thousand and 500 thousand tonnes each year, which are produced during the entire life cycle of the industry. According to the research “Microplastic pollution from textile consumption in Europe” published on 10 February 2022 by the European Environment Agency (EEA).

THE TEXTILE SECTOR PRODUCES



Microplastics are present in all our **synthetic clothes**, i.e. those made from petroleum-derived materials. Researchers at the University of Plymouth found out **that a 6 kg load of washing machine can release over 700,000 microplastics**. Most of these **microparticles**, due to their small size, **are not captured by washing machine filters** nor by wastewater treatment plants, so most of the microplastics released by garments end up in the seas and oceans.

It has been showed how **a single synthetic garment can release up to 1,900 microplastics when washed in the washing machine**. This is precisely how microplastics enter the food chain of animals and consequently of us humans who feed on them, with a clearly negative impact on the planet and on our health. The Agency believes that it is possible to reduce the environmental impact of the industry through **the use of alternative and sustainable materials, increased attention to production processes, improved durability of garments, the development of a circular economy and proper waste disposal**.

At North Sails we are trying to **train and raise awareness among our customers** on this issue, providing them with bags (the **Guppy Bag**, see 2.2.2) in which to place their garments before washing them in the washing machine, which, thanks to their particularly dense weave, are able to retain the microparticles and prevent their release during washing.

FOCUS: MICROFIBRE CONSORTIUM

In September 2021, the Microfibre Consortium launched The Microfibre 2030 Commitment programme. It is a global framework joined by over 80 companies, including some of the largest textile and apparel companies in the world. The signatories of the Commitment set themselves the goal of contributing to sustainable, collaborative and proactive programmes aligned with the Microfibre Roadmap.

North Sails Apparel has been a member of the Microfibre Consortium since 2023 and contributes to filling data gaps on why and how microfibres are dispersed in the environment and researching measures we can all take to limit the impact of microfibres on marine ecosystems and human health.

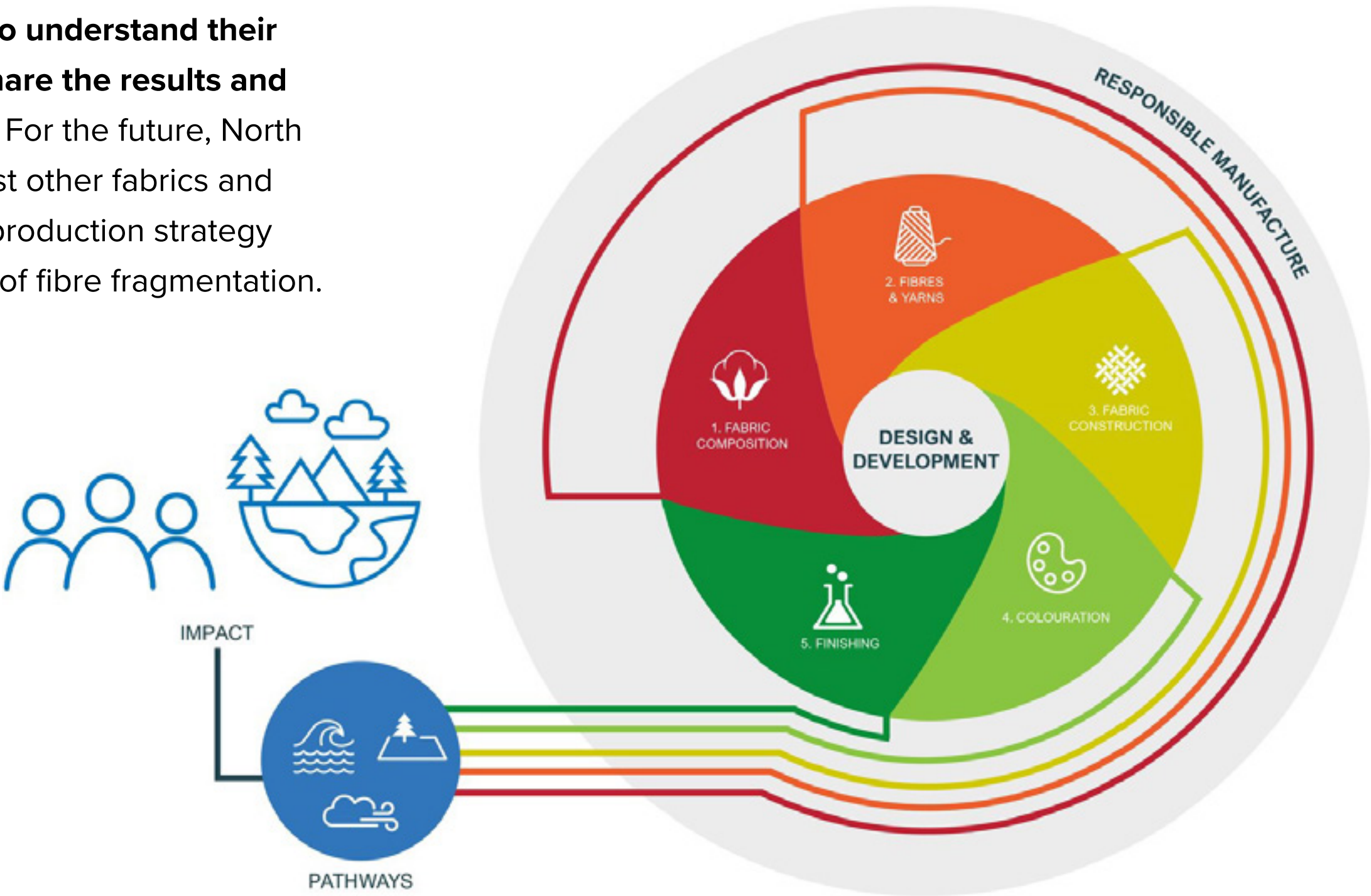
The Microfibre Consortium’s goal is to offer solutions to brands, retailers and manufacturers to transform textile production for the good of our ecosystems. **By joining the Consortium, North Sails Apparel is committed to working towards zero impact of textile fibre fragmentation on the natural environment by 2030.**

The method adopted by the Microfibre Consortium involves defining, under simulated home washing, how much fibre is released from fabrics.

The absolute novelty is the launch by the Consortium of The Microfibre Data Portal containing information on material specifications and analyses of the tests performed (in an accredited laboratory), once the technical specifications of the fabric of the garments examined have been provided.

In 2023, North Sails Apparel conducted 3 tests on key products in the collection to understand their fibre fragmentation rate and share the results and data on the Consortium portal. For the future, North Sails Apparel will continue to test other fabrics and collections in order to create a production strategy aimed at eliminating the impact of fibre fragmentation.

At North Sails we are trying to train and raise awareness among our customers on this issue, providing them with bags (the Guppy Bag, see 2.2.2) in which to place their garments before washing them in the washing machine, which, thanks to their particularly dense weave, are able to retain the microparticles and prevent their release during washing.



2023 GOALS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2023	INDICATOR	DATA	ASSESSMENT
1. SUSTAINABLE INNOVATION	2.1.1 Design, manufacture and market products using raw materials with low environmental impact.	Subject 7 products (best sellers) to environmental footprint analysis (LCA)	Environmental footprint analysis	2	+/-
		Make at least one 100% recyclable product	Number of products	“Closed loop” products	✓
	2.1.2 Reduce the negative impacts of production and marketing processes as much as possible	Initiate GHG emission monitoring practices	Start monitoring	-	✓
		Make progress on the external audit process of suppliers	Number of audited and/or certified suppliers	-	+/-

2023 was a year in which great strides were made in the **production of garments made of sustainable materials and recycled yarns**, making great progress in reducing microplastics within our collections. Total sales from sustainable collections (organic cotton, natural yarns, recycled material) in 2023 accounted for 63.3% of the total. **Sales from garments made of organic fabrics and natural yarns alone rose from EUR 21,566,000 to EUR 24,296,982, a percentage increase of 12.7%. On the other hand, sales of products made from recycled materials rose from EUR 19,625,950 in 2022 to EUR 24,567,810, a percentage increase of 25%.**

We also subjected 2 of our key products to Life Cycle Assessment (LCA): the Sailor Jacket and the iconic North Sails logo T-shirt. LCA is an internationally standardised methodology (ISO 14040), based on the calculation of specific indicators, which allows the environmental impacts of a product or service to be quantified throughout its life cycle: from production to distribution, from use to disposal. The indicators provided in the LCA allow the assessment of numerous environmental effects such as carbon footprint, soil acidification and water eutrophication. One of the advantages of carrying out the assessment lies in the possibility of identifying critical environmental issues and the consequent possible optimisation actions and improvement plans. The goal of conducting the assessment on 7 products was therefore not fully achieved but we are working on analysing the life cycle of all our products by 2025.

In 2023, we also developed an EP&L (Environmental Profit & Loss) tool to measure the environmental impact of our products. The “Environmental Profit and Loss Account” is a methodology to measure the ecological footprint of an entire product line by analysing greenhouse gas emissions, air and water pollution, water consumption, land use and waste generation along the entire value chain; it then calculates the cost to society in monetary terms and on the basis of the environmental changes resulting from the company’s activities and its supply chain.





This first EP&L was a collaborative data project developed by the North Sails Apparel team in collaboration with Duré Sabih, Data Scientist at the University of Salford. It has been integrated into the tools used by the Data Analytics & Insights team and allows them to have a complete view of the ecological footprint of all North Sails Apparel products. The next steps will involve the integration of the tool with purchase order data so that we can have instant feedback on the environmental impact of products as they are purchased by customers.

By measuring the totality of our environmental impact also in economic terms, we can better assess and address risks and opportunities, especially related to the supply chain, and focus on the most relevant factors so that we can make more responsible decisions in this regard. This decision-making tool will then allow us to develop robust policies and programmes to reduce our impact on the environment, modify our procurement and product development processes with the aim of promoting the most positive impact solutions for our products.

All our Closed-Loop products
can be recycled at the end of
their useful lives.

We are the first sailing brand to use “closed loop” design: a circular design and production method (produce, use, recycle) as opposed to the traditional linear design (produce, use, dispose). All our polyester garments from the Technical Performance Kit collection can be returned and will be recycled into yarn for the production of new fabrics. Key products include **the High Loft jacket, the Sailor Jacket Fleece Lined, the Regatta long-sleeved technical shirt and the Fast Dry Polo.**

In 2023, we conducted our first comprehensive **GHG emissions measurement** covering all North Sails activities. In cooperation with Anthesis, we measured our Scope 1 and Scope 2 emissions and conducted an initial assessment of our Scope 3 emissions activities. Details of the results are described in chapter 3.4 on environmental impacts.

Finally, on the **supply chain** front, we partially started the audit process on our supply chain. This is because our suppliers, initially selected according to defined criteria (see par. 2.2.3), already possess certain characteristics, confirmed by obtaining prestigious international certifications (such as the SMETA certification). But also, because during 2023 we chose to work with some new suppliers that we have not yet screened. This goal will be realised in the course of 2024. We also aim to update our Supplier Code of Conduct, implementing new ethical procurement practices.



2024 GOALS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2024	INDICATOR
1. SUSTAINABLE INNOVATION	2.1.1 Design, manufacture and market products using raw materials with low environmental impact.	Increase the number of water-repellent products made without PFCs	# products
		Increase the percentage of natural fibres with a low environmental impact such as hemp, recycled cotton, linen	% of fibres used
	2.1.2 Reduce the negative impacts of production and marketing processes as much as possible	Set a GHG emission reduction target	Target set
		Make progress on the external audit process of suppliers	Number of audited and/or certified suppliers



Raise awareness, motivate and involve all those who take part in the company's economic activity, such as, by way of example but not limited to, employees, collaborators, suppliers and customers, with regard to issues relating to the protection of the environment and of the ecosystem, strengthening the relationship with stakeholders and encouraging wider participation in the company's activities and in the pursuit of purposes of common benefit.

2.2 EDUCATION & ENGAGEMENT

We want the journey we are embarking on towards sustainability not to be a lone journey, but one that involves our employees, suppliers and customers. We want every employee, customer and person who comes into contact with North Sails Apparel to get on board with us, changing their lifestyles, production and working methods, reducing their daily impacts, becoming more aware of the consequences of their activities, in order to make our commitment unanimous and even more meaningful.



2.2.1 INVOLVE EMPLOYEES AND COLLABORATORS THROUGH TRAINING AND INFORMATION ON ENVIRONMENTAL ISSUES

44

2 TOWN HALL MEETINGS ORGANISED ON OCEAN HEALTH AND THE APPROACH TO SUSTAINABILITY

FIRST DAY OF CORPORATE VOLUNTEERING WITH WORLDRISE REALISED

OVER 80 EMPLOYEES INVOLVED IN 3 TRAINING SESSIONS: ON DE&I, SUSTAINABILITY AND LEADERSHIP

TRAINING ON ENVIRONMENTAL ISSUES FOR THE ENTIRE STYLE, PRODUCT AND DESIGN AND MERCHANDISING DEPARTMENTS

ESTABLISHMENT OF AN ESG COMMITTEE

Impact generated on UN Sustainable Development Goals





In 2023, **the ESG Committee**, established at the end of 2022, became fully operational. The Committee consists of 9 of our employees involved in different work areas such as sustainability, operations, human resources, finance and customer service. We would also like to involve areas such as product, product design, marketing and retail in 2024. As ESG Committee, we work as a team carrying out North Sails Apparel’s sustainability projects such as, for instance, the Ocean Positive volunteer activities or the improvement of waste management at the Milan and Rapallo sites. We meet once a month and devote a maximum of 2-3 hours per month to Committee projects. In the last months of the year, we focused on identifying Ocean Positive organisations for **Volunteer Days 2024** and defined the **Zero Waste project** in which colleagues were actively involved.

ZERO WASTE PROJECT

We have seen an improvement in waste collection practices in Milan and Rapallo, an upgrade of the collection bins with attractive graphics, and have educated colleagues on recycling through team building.

In addition, we eliminated single-use plastic bottles and reduced the number of disposable water bottles purchased as a company.

At the end of the year, we proposed the projects we would like to realise as **ESG Committee in 2024**:

- Start collecting data on waste generated in offices, warehouses and stores in kg of recycled and non-recycled waste.
- Collect data on paper utilisation in offices and warehouses by updating printing software with measurement tools.
- Identify a Diversity Equity & Inclusion project to be carried out company-wide on the basis of the results of the survey run at the end of the training initiative open to all our employees at the year end.
- Improve our purchasing policy: we drafted the document at the end of the year and will implement it next year with the approval of our CEO.
- Review renewable electricity supplies at all managed sites and identify opportunities to increase our renewable electricity production or invest in local clean energy projects.



Also, for 2023, North Sails was committed to continuing the employee training and awareness-raising process initiated in 2021.

With Eco-Age, a certified B Corp offering strategic sustainability consulting services to businesses, North Sails organised a training day for product development and design teams to examine the life cycle of the iconic T-shirts and Sailor Jackets.

The training day pursued three main objectives: to understand the meaning of sustainability, particularly in the fashion context; to explore colleagues’ approaches to sustainability; and to develop an understanding of the current sustainability regulatory landscape.

North Sails Apparel has already implemented various actions in this respect, such as the Life Cycle Assessment, research and use of innovative materials, testing and updating of packaging. Thanks to the training, the people at North Sails were also brought up to date on the activities undertaken during the year.

In addition, a Town Hall meeting was organised for all employees during which a presentation and quiz on sustainability took place, ocean health was addressed and the company approach to sustainability was explained.

In particular, retail managers received two training sessions dedicated to ocean health, sustainability and sustainable products made by North Sails Apparel.

Management was also involved in a two-hour workshop focused on sustainability and the upcoming ESG regulations, in order to identify together the best ways in which North Sails can continue to be an Ocean Positive company and achieve its goals.

Finally, at the end of the year, with the support of Goodpoint, three training sessions of 3 hours each were organised for all North Sails Apparel employees, who joined on a voluntary basis. The three meetings focused on three different areas:

• **DIVERSITY, EQUITY & INCLUSION**

DE&I took everyone by storm, forcing its way into the most relevant challenges for companies in the post-Covid world. The aim of the course was to reason about the meaning of the words we use every day, to understand their critical aspects and opportunities, and to unveil the mechanisms behind them through practical cases and insights from (personal and professional) life.

• **LEADERSHIP**

How can we foster the development of authentic and adaptive leaders? Given the nature of the current crisis at a global level, which is part of a historical period known as “VUCA”, i.e. characterised by Volatility, Uncertainty, Complexity, Ambiguity, we find ourselves interacting and working in contexts that are not always known or easily deciphered. Various approaches were examined to then focus on five dimensions considered essential to achieve this goal.

• **EFFECTIVE COMMUNICATION IN THE WORKPLACE**

Assertiveness is a type of communication that promotes equality in human relations, enabling people to act in their own interest, to express feelings easily and honestly and to exercise their rights without denying those of others. With the help of theoretical concepts, cases and examples, useful insights emerged on how to communicate effectively and respectfully in the company and in everyday life.

The three online training sessions were always attended by between 80 and 90 employees per session. Overall, the participants were very pleased with the training and the topics covered and expressed their wish to see these training events repeated in 2024.





Becoming Ocean
and Air Advocates.

This year North Sails Apparel also dedicated a day to **corporate volunteering** and, together with **Worldrise**, took care of the cleaning of a Ligurian beach. Participation in the day was on a voluntary basis and 30% of office personnel attended. An entire working day was dedicated to completely cleaning up the beaches of Foce in Genoa, collecting over 40 bags of rubbish and many inert materials, with the support of Worldrise marine biologists.

In addition, North Sails joined the **Cittadini per l’Aria “NO2, No Grazie”** campaign, sponsored by the Municipality of Milan. NO2 is a gaseous pollutant originating primarily from the combustion of diesel vehicles and associated with a serious impact on human health. Exposure to nitrogen dioxide is linked to increased lung cancer, cardiorespiratory diseases, strokes, heart attacks and asthma.

Employees spent two mornings installing and then collecting air monitoring devices at key pollution spots in Milan, including in front of the Milan site of North Sails Apparel. Following the volunteering activity, the results of the air monitoring process as well as possible solutions to be adopted personally to help improve air quality in Milan were presented to the employees at the Milan site.

FOCUS: 2023 EMPLOYEE CULTURE SURVEY

North Sails has embarked on the path to becoming an Ocean Positive brand, which means not only acting in accordance with the dictates of sustainability but also going a step further by trying to remedy what has already been caused by man. This means repairing and regenerating the ocean and preserving it for future generations. In every corner of the North Sails universe, from the sail market to the clothing market, the company is taking positive steps towards a cleaner and healthier ocean. This requires the convergence of all parties, starting with a shared corporate culture.

In order to investigate and verify the common orientation of the people working in North Sails and their degree of cohesion to the cause and the company, a survey was drawn

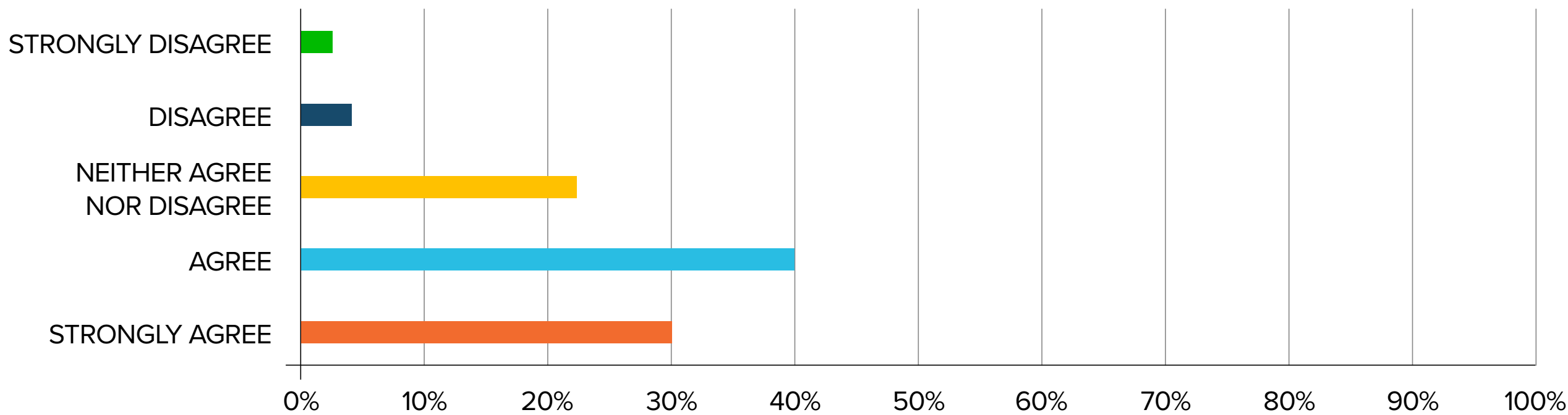
up and submitted to the employees of the sites and stores operating in Italy. Therefore, the survey was submitted to 223 employees, with a response rate of 63% (139 answers). Here are the results.

People were first asked to indicate which word best described the culture in North Sails. Interestingly, the word most frequently chosen by employees was SUSTAINABILITY, followed by FUTURE, IMPROVEMENT, GOING AHEAD, RESEARCH and VALUES. The results below confirm that people at North Sails Apparel share a common orientation in terms of values and culture.



FOCUS: 2023 EMPLOYEE CULTURE SURVEY

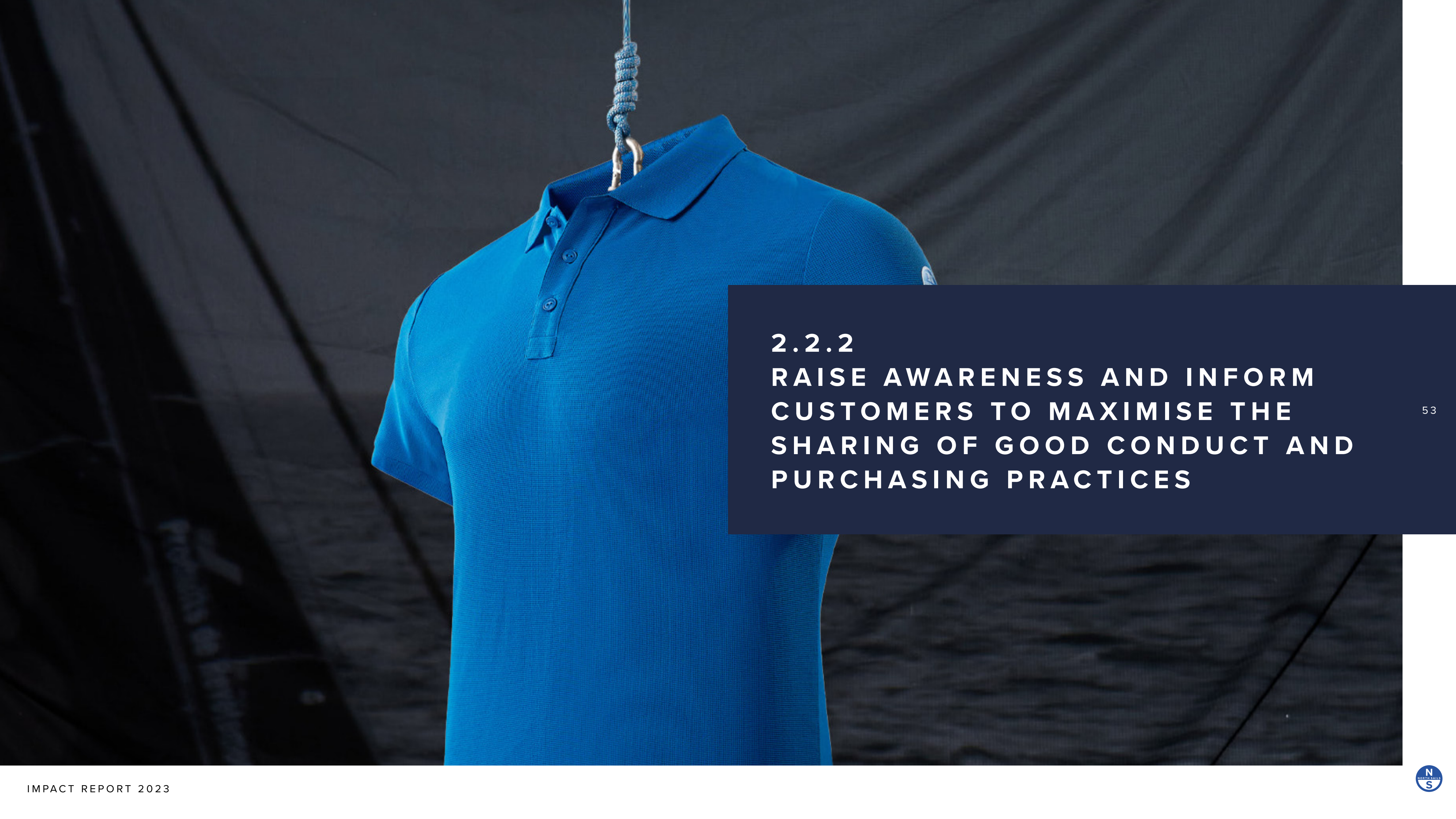
When investigating the degree of pride perceived by people in working for a company like North Sails, it emerges that the majority of employees feel proud to hold a position within this company. In detail, 70% of employees say they are proud to work for North Sails.



Employees are also very aware of the path taken by North Sails to demonstrate its commitment to sustainability on an international level, for example through the process of acquiring B Corp certification that started in 2020 and ended with the certification in July 2021.

The certification process was also preceded by the transformation of North Sails into a Benefit Corporation (Società Benefit), a specific legal qualification in the Italian legal system that identifies those entities within the business fabric that, according to their Articles of Association, in addition to their profit-making purpose, also pursue one or more purposes of common benefit. The process of becoming a Benefit Corporation and being assessed by B Lab for the B Corp certification is known to 95% of the survey respondents.



A blue polo shirt is hanging from a rope, which is knotted at the top. The shirt is positioned on the left side of the frame, with its right side partially obscured by a dark blue text box. The background is dark and textured, possibly a wall or a large piece of fabric.

2.2.2

**RAISE AWARENESS AND INFORM
CUSTOMERS TO MAXIMISE THE
SHARING OF GOOD CONDUCT AND
PURCHASING PRACTICES**

53

2023 KEY PERFORMANCE INDICATORS

Investment in awareness-raising campaigns to protect the ocean and ecosystems



Creation of a customer satisfaction survey



Impact generated on UN Sustainable Development Goals



Also, during 2023, we continued our commitment to communication and advocacy campaigns aimed at raising awareness of the issue of plastic pollution of the ocean.

In order to celebrate the **World Ocean Day** (8 June 2023), we have joined and promoted several initiatives to communicate our ongoing commitment to Ocean Conservation, particularly preserving coral reefs to protect our seas. This year, North Sails was also chosen along with four other companies for **an exhibition at the United Nations headquarters**

in New York, aimed at highlighting the brands’ commitment to ocean conservation. In fact, North Sails has become a member of the United Nations **Conscious Fashion & Lifestyle Network** and, as part of this prestigious partnership, we were able to showcase some of our most sustainable products in New York and participate in a webinar on the future of sustainable fashion.

The theme of the 2023 edition was **“Planet Ocean: Tides are Changing”**.

In addition to the partnership with the Coral Gardeners association and the creation of a capsule collection inspired by coral reefs and made of materials with a low environmental impact (see chap. 2.3.2), North Sails collaborated with the non-profit organisation **Worldrise**, active in the protection and enhancement of the marine environment, in the realisation of the **30x30Italia campaign**.



This national pathway is in line with international targets whose goal is to protect at least **30% of Italy’s seas by 2030**, through the establishment of Marine Protected Areas.

Indeed, the Mediterranean is a sea of extraordinary biological richness, inhabited by more than 17,000 species. It is characterised by a biodiversity that represents, depending on how one calculates it, between 4% and 25% of the variety of global marine species, about ten times higher than the world average. Yet, the Mare Nostrum is changing dramatically: according to the FAO, it is the most overfished sea in the world, the surface temperature of its waters recently reached an all-time high of 31°C, and in some areas the concentration of microplastics is approaching 10 kg per km2. Marine Protected Areas are the best tool we have to protect biodiversity and ensure sustainable development so that the beauty of the sea and its resources can also be enjoyed by future generations. This is why North Sails proudly supports the Worldrise campaign.

The launch of the spring/summer 2023 collection was also the occasion to present the three new Ambassadors interpreting the **We Are North Sails** campaign. Each of them stands out for their strong personalities, the courage to give voice to their ideas and the deep connection with the ocean, which are fundamental elements underpinning the heritage of the North Sails brand.



Professional kiteboarder **Tom Bridge** was born into a family of kiteboarders in Devon, England, and by the age of 7 was already able to launch and land blindfolded; he has since dominated the freestyle scene with his talent. He has won the World Youth Freestyle Championships three times and through his family and sport has always had a strong connection with the ocean.



Lizzie Daly is a filmmaker, environmentalist, biologist, public speaker and populariser committed to encouraging the public to support scientific progress through the production of documentaries featuring adventure and wildlife. According to Lizzie, the time has come to take care of the oceans, the lifeblood of the earth and a fundamental ecosystem for human life.



Professional sailor and marine biologist **Andreas B. Heide** is the owner of S.V. Barba, a platform for the protection of the marine environment whose aim is to foster the conservation of Arctic waters through storytelling and scientific exploration. He has a background as a military diver and naval officer, holds an MSC in marine biology and has been working in and around the oceans for years. He is the third Ambassador of the spring/summer campaign with which North Sails continues its journey to protect and preserve the health of our oceans by promoting Ocean Positive values.

The Fall Winter 23 “Go North” campaign was launched in October 2023. This was North Sails’ first campaign combining all the worlds that make up the company: sailing, action sports and clothing.

To emphasise this, the brand hired members of the North Sails family instead of models. They are all people with a strong connection to the ocean and authentic stories to tell, they personify the values of North Sails and represent the past, present and future of the brand.

Among others, **Kwaku Asante**, the dynamic North London singer-songwriter whose music has the power to connect people, and **Max Blom**, Brand Director of the North Action Sports brand and founder of the Mystic brand (brand acquired by North Sails in 2019), accompanied in the photos by his daughter Bobby. Other cast members include the likes of world-recognised professional sailor **Abby Ehler**, avant-garde climate activist Louis IV, professional paddle boarder **Tihana Metta**, stylist **Isabelle Landicho** and renowned ocean photographer **Clare James**. Together they were chosen to inspire the public while showing the true breadth of the Ocean Positive universe created by North Sails.

The campaign soundtrack was created using sounds from the ocean, instead of traditional musical instruments, adding an additional sensory dimension for consumers. The music has a personal resonance, reflecting the same attention to detail that North Sails places on the search for fabrics and designs that respect and evoke the image and role of the ocean.

North Sails knows that the ocean is not simply a place to play sports or a fashionable venue: the ocean is an emotion, the way we choose to live our lives. Therefore, instead of just presenting products, North Sails invited all customers to enter its universe. The new campaign shows that North is more than a name, it is more than a word: it is an intention, a destination, a call to action.

If in doubt about where to go, “Go North”!



ADVICE TO CUSTOMERS

North Sails Apparel has also always been committed to the **dissemination of good conduct and purchasing practices**, with the intention of educating its customers. With this in mind, the recommendations we give on garment care should be interpreted, such as:



With due care, washing clothes less will give them a longer and more useful life. It will also maintain the breathability of jackets, in particular, and it will reduce the water and energy needed to run a wash cycle. Our Polygiene treated products reduce microbes and help limit the need to wash with water. Instead of washing them after each use, it is better to ventilate them. It is recommended to wash them only when they are actually dirty or stained.



With less than 1% of garments being recycled into new clothes each year, repairing slightly damaged garments and reselling quality garments that are no longer worn will keep textile waste out of landfills and the ocean. For GORE-TEX® jackets, such as our Southern Ocean jacket, fabric repair kits and Gore-approved repair centres can be used to extend the life of the garment.



Once washed, fabrics lose tiny particles known as microfibres. In the case of synthetic garments, microfibres are made of plastic, which is why they are commonly called microplastics. These tiny particles easily enter waterways, posing a significant threat to marine ecosystems and human health. For this reason, North Sails is committed to using natural fibres whenever possible and it is also experimenting with production technologies and fibres that lose fewer filaments during use and washing.

THE GUPPYFRIEND™ WASHING BAG

Precisely with the aim of combating the dispersion of microplastics in the seas, North Sails Apparel has produced and marketed the **Guppy Friend Washing Bag** (online and in all North Sails stores worldwide): a special washing bag that reduces the shedding of fibres and that protects clothes during laundry. Simply place the synthetic garments in the bag before washing them. Once the washing cycle has been completed, all the microfibrils will be in the bag and can be removed, at which point they can simply be thrown in the rubbish; our seas will thank you.



THE GORE-TEX REPAIR PROGRAMME

We offer our customers a **repair service for Gore-Tex products** (paid for by us or by Gore-Tex depending on the damage) they can benefit from by contacting the customer service, which takes care of collection and repair after assessing the problem by sharing photos of the damaged garment. This is mainly damage to the factory zip, during the branding process of the garment or after purchase. Damaged cuff tab is another reason why we are asked for repair or replacement: it happens that the hem comes undone or the seam has a factory defect.

10 TIPS ON HOW TO REDUCE PLASTIC POLLUTION

North Sails Apparel has also always been committed to the **dissemination of good conduct and purchasing practices**, with the intention of educating its customers. With this in mind, the recommendations we give on garment care should be interpreted, such as:

- 1

IN OUR DAILY LIVES, 90% OF PLASTIC OBJECTS ARE USED ONLY ONCE. REFUSE SINGLE-USE PLASTIC!
- 2

SHOP AT YOUR LOCAL MARKET AND AVOID BUYING FRUIT AND VEGETABLES IN PLASTIC PACKAGING.
- 3

USE A REUSABLE COTTON SHOPPING BAG.
- 4

BOYCOTT THE PURCHASE OF FACIAL SCRUBS, BUBBLE BATHS AND TOOTHPASTES CONTAINING PLASTIC MICROSPHERES.
- 5

GET A REUSABLE WATER BOTTLE FOR YOUR DRINKS AND USE THE FONTANELLE.ORG APP TO FILL IT UP.

- 6

DRINK YOUR FAVOURITE DRINK WITHOUT A STRAW.
- 7

AVOID USING (PLASTIC) COTTON BUDS.
- 8

LUNCH AT THE OFFICE IS BETTER IF YOU USE A REUSABLE CONTAINER FOR FOOD.
- 9

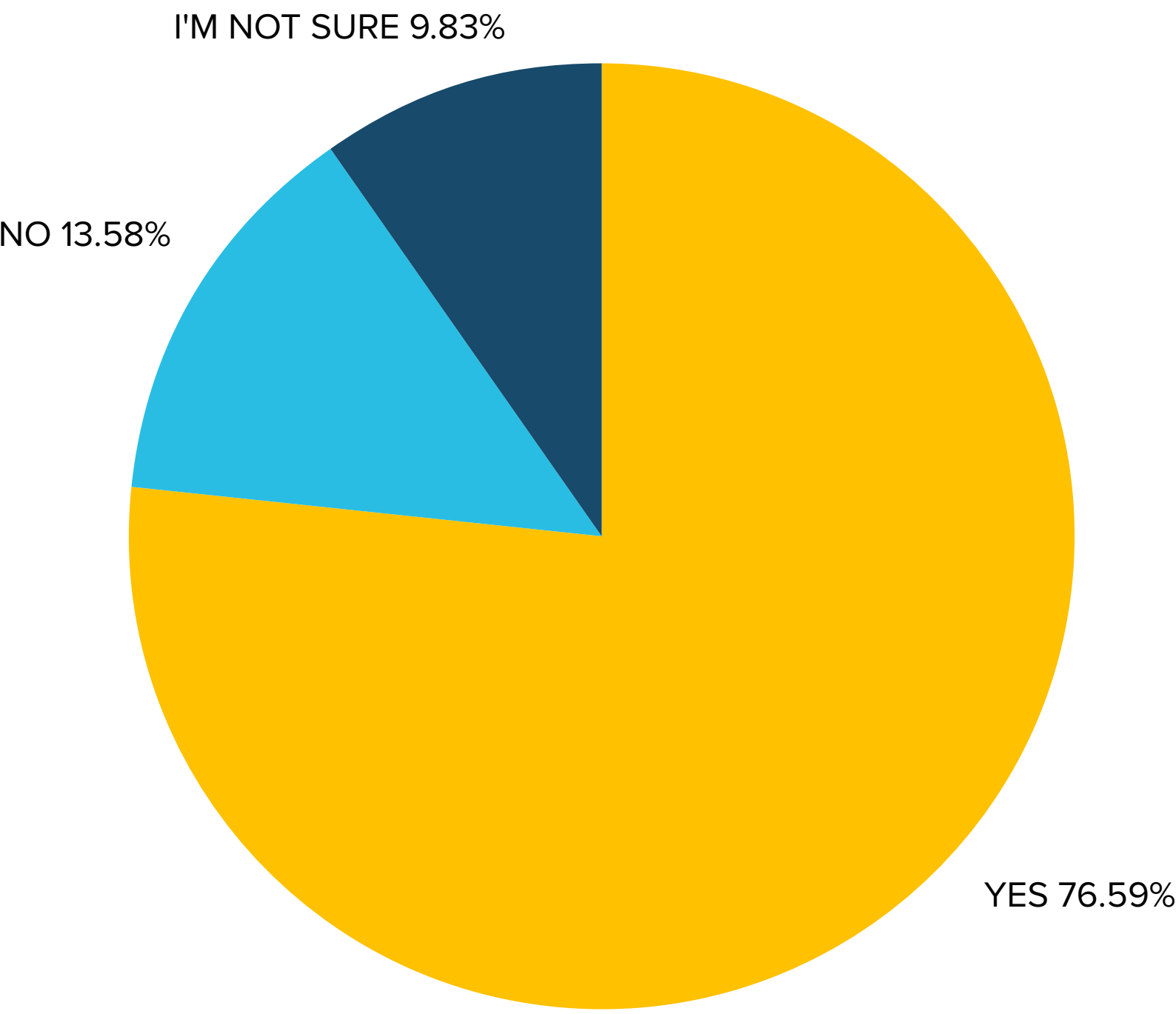
REPLACE PLASTIC PLATES AND CUTLERY WITH BAMBOO VERSIONS.
- 10

BE CREATIVE! RECYCLE AND REUSE EVERYDAY OBJECTS.

In addition, at the end of 2023, **North Sails started a satisfaction survey after the product purchase** for customers who made an online purchase. In particular, we investigated the importance of buying sustainable goods for consumers and the extent to which customers recognise the sustainable aspect of North Sails garments. More than 6,100 customer surveys were delivered and the open rate was 20.07%, showing a higher than average engagement rate, which is 15% to 17%.

The results received to date are very positive in terms of recognition of brand commitment and indicate that we are moving in the right direction, also in terms of value alignment with our customers.

In fact, 53.47% of respondents consider sustainable practices to be an important factor in their choice of purchasing clothes.
To the question “Do you know about our commitment to being a more responsible brand?” 77% of the respondents answered positively.



DO YOU KNOW ABOUT OUR COMMITMENT TO BEING A MORE RESPONSIBLE BRAND?



2.2.3 INVOLVE SUPPLIERS IN IMPROVING SUPPLY CHAIN SUSTAINABILITY PRACTICES

62

PARTICIPATION – SUPPLIERS

2023 KEY PERFORMANCE INDICATORS

100%

OF SUPPLIERS
SIGNED THE
CODE OF
CONDUCT

83%

PURCHASING TURNOVER
FROM SUPPLIERS SCREENED
ACCORDING TO NORTH
SAILS CRITERIA

CREATION OF
A SURVEY ON

ESG

ISSUES ADDRESSED
TO SUPPLIERS

63

Impact generated on UN Sustainable Development Goals





In terms of sustainability, one of the biggest challenges is the **complexity of the global supply chain**. We recognise the value of the work done by the people in our supply chain and also the importance of knowing where our clothes come from. For us, this means working to increase the traceability and transparency of our supply chains, ensuring that the highest social and environmental standards are met by our suppliers.

At North Sails Apparel, we do not stop at mere regulatory compliance, but we ask our suppliers not only to meet stringent quality criteria, but also to comply with certain social and environmental sustainability criteria, giving preference to those partners who are most attentive to implementing sustainable production and marketing practices. These criteria are represented, above all, by the presence of **good governance practices**, including **policies on ethics, transparency and corruption; positive practices** that go **beyond legal requirements**; and **certifications from external entities** regarding positive social and environmental performance.

In order to achieve a real change of direction and tangibly move towards sustainability, **it is necessary that suppliers are also engaged in our journey of change**. In order to clarify our expectations with business and supply chain partners, we have also developed a **Global Code of Conduct for Suppliers**.

GLOBAL CODE OF CONDUCT FOR SUPPLIERS

We believe that acting ethically and responsibly is the right thing to do, also for our business. For this reason, the Global Code of Conduct for Suppliers (“Supplier Code”) addresses key issues, such as corporate integrity, working practices, employee health and safety and environmental management. **The Supplier Code** (see box below), which can be downloaded from the North Sails Apparel website, **applies to all suppliers, vendors, outsourcers, contractors, advisers, agents and other providers of goods and services who do business with us worldwide.**

North Sails Apparel, either through its own employees or through third parties, reserves the right to conduct audits, even without prior notice, to verify the compliance of suppliers and/or of their subcontractors with the Supplier Code.



OCCUPATIONAL STANDARDS

The Supplier Code is based on the International Labour Organisation (ILO) Statement on Fundamental and Occupational Principles and Rights, on the International Pact on Economic, Social and Cultural Rights and on the OECD Guidelines for Multinational Enterprises.

ENVIRONMENTAL STANDARDS

Suppliers and subcontractors are expected to minimise the environmental impact of their production processes and products and to respect ecosystems and biodiversity, taking into account soil preservation and land management. The certification of the environmental management system according to international standards (e.g. ISO 14001) is strongly recommended for large-scale production processes or for those with a significant environmental impact.

ANIMAL HEALTH AND WELFARE STANDARDS

Suppliers must comply with all the applicable animal health and welfare laws and regulations and they undertake to do so. This includes, but is not limited to, breeding, herding, handling, transport, trapping and slaughtering practices.

Suppliers must undertake to respect the “**Five Freedoms**” for the welfare of farm animals:

- 1. freedom from hunger and thirst;
- 2. freedom from environmental discomfort;
- 3. freedom from pain, injury or disease;
- 4. freedom to express normal conduct;
- 5. freedom from fear and distress.

RESTRICTED SUBSTANCES

Being aware of the growing global problem caused by using toxic and health-damaging substances for workers involved in production activities within the garment industry and for customers who use these products, North Sails Apparel has established a framework to restrict and ban the substances that must under no circumstances be in our products.

The restricted substance list (RSL – pesticides, heavy metals, solvents, hyperfluorinated compounds and others) is communicated together with the Global Code of Conduct for Suppliers to all our partners. Each participant in the supply chain must adhere to the guidelines set forth in this document, certifying that none of the products developed under any order or working request issued by North Sails Apparel contain any of the substances marked as restricted or, if a substance is contained, that it is present below the established limits.





In 2023, **100 % of the suppliers signed our Code of Conduct**. In addition, North Sails, in order not to put its partners at a disadvantage, in the event of discrepancies, aims to accompany them on the path of improvement, in order to foster a path of common growth and development for the benefit of the entire community. However, the company sets a deadline by which suppliers must rectify non-compliance with the Code of Conduct, possibly considering termination of the business relationship.

To monitor and evaluate our performance, we need to know more about the practices and characteristics of the companies we buy from. **Our quality** control process has therefore been strengthened by close monitoring of suppliers to ensure that the final product meets the required standards. For this reason, **in 2023 we sent out a survey to our** clothing and accessories **suppliers** in order to investigate ESG (Environmental, Social and Governance) issues. The questions we asked to all of our business partners ranged from the composition of the Board to Diversity, Equity and Inclusion practices,

from measuring environmental impacts to the use of chemicals in manufacturing and the payment of a living wage: we received 35 responses, i.e. about 52% of the total. The next steps will be the thorough evaluation of all responses and the creation of a customised action plan based on the ESG maturity level of each supplier.

In addition, we implemented process control by reinforcing sampling at the stage of garment acceptance from the supplier, and we then performed product quality control at this stage.

In particular, we strengthened product and supplier quality control **with QIMA-qualified inspectors and auditors** during production and pre-shipment inspections.

We are collecting quality data, managing and implementing consistent quality protocols and, as a result, improving the performance of our suppliers. Furthermore, with **Intertek's testing**, we were able to support quality, performance and regulatory compliance, as well as run evaluations for products, components and raw materials.

FOCUS: CONTRACTS WITH SUPPLIERS

North Sails Apparel wants to be sure that the products it makes available on the market to its customers are manufactured under socially and ethically acceptable conditions, as well as paying attention to the environmental impacts they may have. For this reason, **a series of principles and requirements, referred to in the Code of Conduct for Suppliers and Code of Ethics, is included in the supply contracts**, to which the partners choose to adhere and abide.

The Code outlines policies and sets mandatory standards relating to:

- Product safety and quality
- Environment
- Labour and Human Rights
- Animal welfare and health
- Occupational health and safety
- Business Ethics
- Management system

The guiding principles that drive our relations with suppliers include:

- Work must be voluntary**
- The right to associationism and collective bargaining must be ensured**
- Safe and hygienic working conditions must be ensured**
- Child labour must be avoided**
- A wage sufficient to satisfy basic needs must be guaranteed**
- Working hours must be reasonable and respect the physiological needs of the individual**
- Work must be contractualised and based on a stable collaboration**
- Workers must not be discriminated**

Obviously, these requirements of a more social nature must be coupled with requirements of a more strictly environmental nature, such as the requirement to **consolidate the Environmental Management System, maintaining it active and making it systematic**; to have a **controlled and organised waste management**, encouraging the recycling or the recovery of materials; **to manage the use of resources and raw materials in the best possible way**, pursuing rationalisation; **to systematically identify and control the environmental impacts associated with the use of hazardous substances; to promote the involvement** and, when necessary, the training **of its personnel** in environmental matters; **to maintain open and constructive relations with the bodies of the Public Administration, with the communities** in which the company operates, and with associations, groups and individuals who have a legitimate interest in the company’s environmental performance.

2023 RESULTS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2023	INDICATOR	DATA	ASSESSMENT
2. EDUCATION & ENGAGEMENT	2.2.1 Get employees and collaborators involved through training and information on environmental issues	Carry out at least one corporate volunteering initiative on social and environmental issues	Implementation of the initiative	Corporate Volunteering Day with Worldrise	✓
		Establish an ESG Committee with the involvement of employees from different corporate areas	Establishment of the Committee	Established	✓
		Carry out one or more corporate training and refresher days, aimed at all employees, on both business and sustainability issues	Organisation of training days	2 Town Hall meetings organised + 3 training sessions with GP	✓
	2.2.2 Raise awareness and inform customers, to maximise the dissemination of good conduct and purchasing practices	Progress on the UN Sustainable Development Goals:	Advances in the process	Yes	✓
		Responsible Consumption 			
		Climate Action 			
		Life Below Water 			
		Partnership For The Goals 			
		Launch a new awareness campaign on environmental issues and ocean care	Launch campaign	Yes	✓
	2.2.3 Involve suppliers in improving supply chain sustainability practices	Initiate a supplier performance improvement process based on the audit performed	Initiate process	-	+/-



Also with regard to the second purpose of common benefit, the results achieved in terms of the goals set for 2023 are very good and we are satisfied with them. We have maintained our high level of commitment to the **United Nations Sustainable Development Goals**, helping to raise awareness among our people, our customers and the public about the importance of sustainable and environmentally conscious production. We **trained our people on environmental and social sustainability issues**, also by holding two Town Hall meetings for the entire company population. During these meetings, the issue of ocean health was addressed and the way the company approaches sustainability was explained, with the aim of bringing everyone on board and contributing to the goal of making our people the first Ambassadors and defenders of the seas.

In addition, **an ESG Committee** was set up, involving people from different company areas, with the objective (see chapter 2.2.1) of working as a team to carry out transversal sustainability-related projects: during 2023, the ESG Committee worked in particular on the organisation of the corporate volunteering day and the improvement of waste management in the Milan and Rapallo sites.

The corporate volunteering day was realised

in cooperation with the non-profit organisation Worldrise (see chapter 2.2.1) and involved around 70 office employees who were engaged in a beach cleaning activity on a Ligurian beach. The goal for the coming years is to establish a structured corporate volunteering programme, allowing people to take paid time off work to volunteer.

We **promoted new communication campaigns and actions** (as explained in detail in chapter 2.2.2) to reach customers and maximise the dissemination of good conduct and purchasing practices. In particular, in 2023, we launched the “We are North Sails” (SS 23) and “Go North” (FW23) campaigns, engaging special Ambassadors to personify the brand’s representative values, starting with respect and care for the ocean.

The only goal we did not fully achieve, for the reasons already explained in the previous section, was to initiate a process to improve the performance of our suppliers. However, during 2023, we conducted a survey of all our business partners to investigate their level of compliance with sustainability issues. The next steps will be the thorough evaluation of all responses and the creation of a customised action plan based on the ESG maturity level of each supplier.



2024 GOALS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2024	INDICATOR
2. EDUCATION & ENGAGEMENT	2.2.1 Get employees and collaborators involved through training and information on environmental issues	Carrying out new corporate volunteering initiatives on social and environmental issues	EUR invested
		Offering training sessions to employees on sustainability issues	Training hours
	2.2.2 Raise awareness and inform customers, in order to maximise the dissemination of good conduct and purchasing practices	Progress on the UN Sustainable Development Goals:	
		Responsible Consumption 	Reporting purposes 1 and 2
		Climate Action 	Reporting purposes 1 and 3
		Life Below Water 	Reporting purposes 1 and 3
		Partnership For The Goals 	Reporting purpose 3
		Launch a new awareness campaign on environmental issues and ocean care	Launch campaign
	2.2.3 Involve suppliers in improving supply chain sustainability practices	Establish an Action Plan on the basis of the supply chain survey	Action Plan

Create both economic and social-environmental value over time in a fair and sustainable way for all those involved directly or indirectly in the company's activities, supporting the implementation of projects aimed at protecting nature, the ecosystem, the oceans and the environment in general.

2.3 LONG-TERM COMMITMENT

North Sails Apparel aspires to be a strong company in the long term, to generate wealth that, year after year, can be of satisfaction to its shareholders, after having properly remunerated the supply chain, collaborators and partners, and having supported philanthropic initiatives that contribute to the preservation of the oceans.



2.3.1
**INVEST IN RESEARCH AND
DEVELOPMENT GEARED TOWARDS
INNOVATION WITH RESPECT
TO THE ENVIRONMENT AND
SUSTAINABILITY**

73

SUSTAINABLE INNOVATION
PROCESSES 2023

KEY PERFORMANCE INDICATORS

74

2023 GOALS

EUR

101,000

IS THE STANDARD INVESTMENT IN
RESEARCH AND DEVELOPMENT.

Impact
generated on
UN Sustainable
Development
Goals



For North Sails Apparel, the continuous search for materials and solutions to innovate its collections while respecting the environment is a serious commitment. We believe in **developing top-quality garments that last and offer excellent comfort to our customers, while at the same time protecting the ecosystem that hosts us as much as possible.**

This is why, for several years now, our Product Development Team has been focused on the search for new, cutting-edge sustainable materials and for suppliers capable of managing production while minimising the environmental impacts of processes. Furthermore, as soon as we can, we travel the world in search of the latest innovations in terms of sustainability of input materials, reduction of impacts of production processes and garment manufacturing.

As a direct result of our research, **we are proud to see our sustainable collections grow so significantly, year after year. This growth in terms of both number of garments and sales (63.3% come from sustainable garments)** shows us that the investments made in the past years have paid off and support us in our daily decision to continue investing in sustainability.



In particular, in 2023, we launched a special capsule collection in **collaboration with Maserati**, a visionary leader in the automotive industry, comprising a selection of products designed around the shared values of exclusivity, responsibility and performance.

The garments were developed with future-proof materials, from organic and recycled cotton to the performance-oriented Gore-Tex Infinium. A technically innovative but also environmentally friendly collection:

- Jackets, blazers and trousers made of Solotex® stretch, a fabric partially produced from organic fibres;
- Organic and recycled cotton polo shirt;
- Cargo shorts made of recycled nylon;
- T-shirts made of recycled polyester jersey or organic, recycled cotton.
-

The partnership with **Coral Gardeners**, a collective of enthusiasts founded in Moorea, Polynesia, by Titouan Bernicot with the aim of saving and repopulating coral reefs, was extended for 2023 (see chapter 2.3.2).

Together with the association, a special **sustainable sea capsule collection made of organic materials** was created **to support coral regeneration**.

This new capsule collection was produced according to company guidelines that help product and design teams select the most environmentally responsible materials on the market.





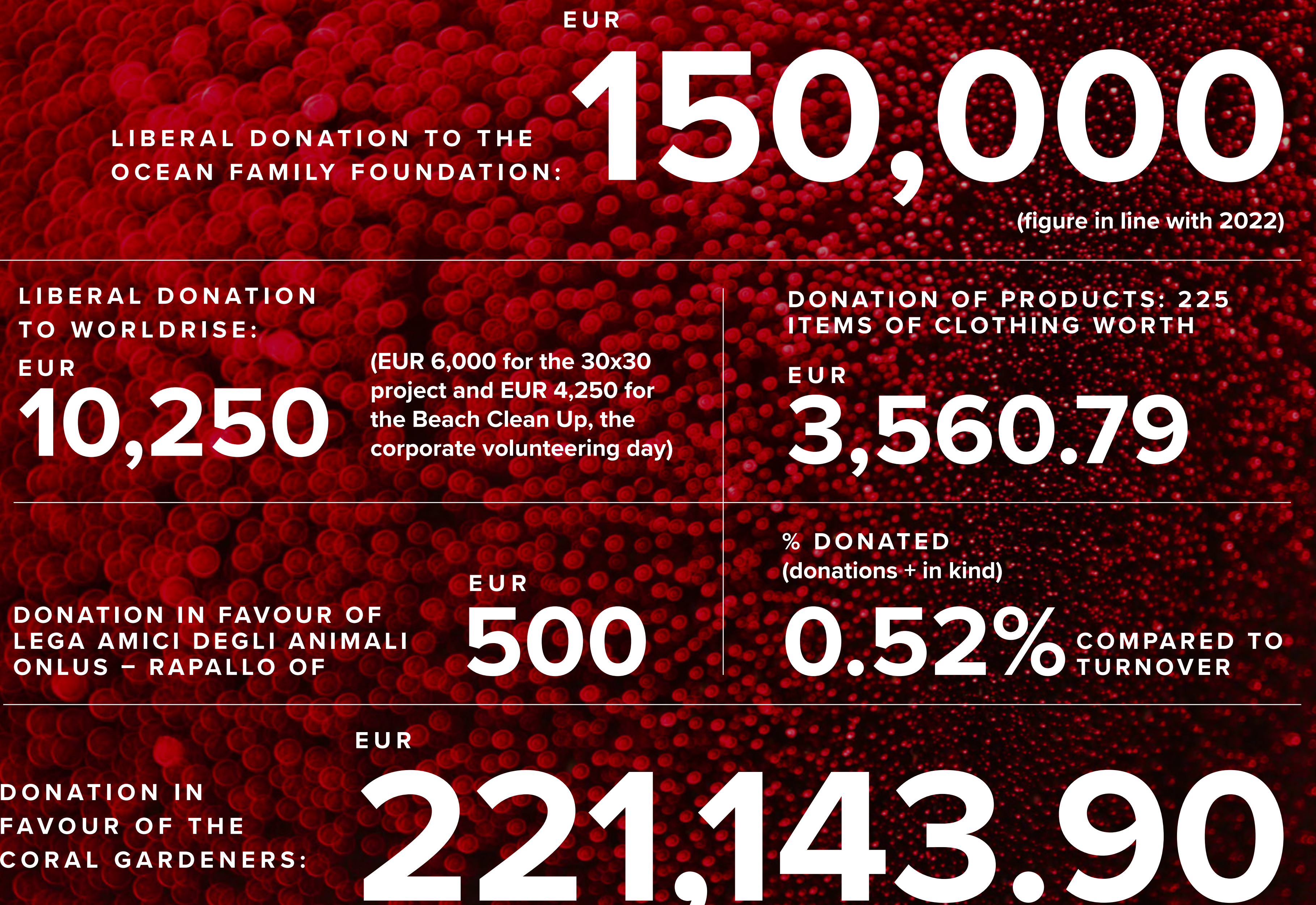
The activities of the specialised **Technical Collection** Team also continued, for the research and design of garments capable of enhancing North Sails Apparel’s link with the world of sailing and the sea and its need for top sporting performance, always respecting the ecosystem.

As already explained in the product chapter, North Sails was the first sailing brand to use the “**closed loop**” design, a circular design and production method that allows polyester garments to be returned and completely recycled.

A partnership was also **forged between North Sails and 727 Sailbags**, a company that salvages old sails to create high-quality, handmade bags, T-shirts and designer home furnishings. The collaboration between the two companies to produce bags made from 100% recycled nautical sails gives sails a second life and prevents them from ending up in landfills. (See chap. 2.1.1)

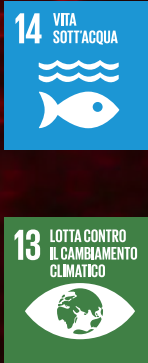


2.3.2
SUPPORT PHILANTHROPIC
INITIATIVES TOWARDS THE
ENVIRONMENT, ALLOCATING
A PORTION OF THE VALUE
PRODUCED



Impact generated on UN Sustainable Development Goals

79



Our “Ocean Positive” journey goes far beyond the way we make products. Our partnerships, projects and active support vary enormously and span the globe, but have a common purpose: what positive steps can we take for a healthier, cleaner ocean and how far should we go?

Our **support of the Ocean Family Foundation** continued in 2023: a long-standing partner for North Sails Apparel, with whom we share a specific commitment to preserving the oceans.



FOCUS: OCEAN FAMILY FOUNDATION

The Ocean Family Foundation is a **British foundation** set up by four families who are particularly **sensitive to the issue of safeguarding the marine ecosystem**, so deeply connected to human life, but yet still so understudied. The aim of the Foundation is to **develop good practices to bring about a positive change towards ocean pollution and plastic by supporting existing or start-up preservation projects** that have a positive impact on marine life and ocean health in different locations around the world. In 2018, North Sails chose to enter into a long-term relationship with the Ocean Family Foundation, **allocating a portion of the proceeds from its worldwide sales to support the projects promoted by the Foundation**. A small, highly significant gesture to testify to the company’s commitment to safeguarding marine ecosystems and its desire to establish itself as an Ocean Positive brand in the years to come.



We chose to support **IFAW (International Fund for Animal Welfare)** to safeguard endangered animals worldwide. We participated in the advocacy campaign in favour of the project to protect the endangered North Atlantic right whale, asking all our customers to take an active part and sign the petition promoted by the non-profit organisation. North Atlantic right whales are in fact at risk of extinction due to threats such as collision with ships, nets and fishing gear, ocean noise pollution and climate change with the consequent rise in ocean temperatures.

Also for 2023 we have chosen to re-engage alongside **Worldrise**, with the support for the 30x30 campaign on the **Ocean World Day 2023** (see par. 2.2.2).

- 1
- 2
- 3
- 4



Collaboration with Coral Gardeners was also extended: this is a group of scientists, engineers and Ocean Advocates committed to restoring damaged coral reefs to protect the health of the ocean. Half of the Earth’s coral reefs have already been destroyed or severely damaged in the last 30 years due to aggressive fishing, climate change and pollution. If nothing is done, by 2050 coral reefs will be the first ecosystem on Earth to collapse entirely. Although they cover less than 2% of the ocean floor, they are characterised by extremely high biodiversity, contain more than 25% of marine life and produce more than 50% of the oxygen we breathe. North Sails Apparel has been alongside Coral Gardeners since 2021 and, thanks to this partnership, the association has doubled the number of corals planted in one year (from 15,000 to 31,000). **The goal is to plant one million corals by 2025.**

This year, North Sails has created **a capsule collection of garments and accessories for the sea** inspired by the corals it strives to save on a daily basis. The shorts and swimwear were made from recycled polyamide recovered from production waste; the hats and bags from 100% organic cotton, grown without the use of chemical compounds and without wasting water resources, according to high social and labour standards for farmers; 100% recycled polyester was used for kaftans and sarongs.

The year 2023 marks the third chapter of the collaboration between Coral Gardeners and North Sails, which, in view of its ongoing work with the NGO, has already promoted the establishment of two coral nurseries in Tiaia. These nurseries act as gene banks and offer many valuable records of hardy coral species, helping to grow different varieties of climate-resistant corals that can bring biodiversity and richness back to coral reefs. The corals grown in the nurseries have a survival rate of 93.5% and have enabled an area of 5,000 m2 to be regenerated.

The capsule collection also aims to raise public awareness and involvement in the regeneration of coral reefs: each customer is offered the chance to **adopt a coral** remotely and monitor its growth. In addition, **20% of the proceeds of the capsule collection were donated to Coral Gardeners** to support them in their goal of planting one million corals by 2025.



2023 GOALS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2023	INDICATOR	DATA	ASSESSMENT
3. LONG-TERM COMMITMENT	2.3.1 Invest in research and development geared towards innovation with respect to the environment and sustainability	Reach a minimum amount of EUR 50,500 invested in standard research and development	EUR invested	EUR 101,000	✓
	2.3.2 Support philanthropic initiatives towards the environment, allocating a portion of the value produced	Continue the partnership with Ocean Family Foundation	Amount of donations	EUR 150,000	✓
		Continue the partnership with Coral Gardeners	Amount of donations	EUR 221,143.90	✓

Also with regard to the third purpose, we are proud to have achieved the goal we had set ourselves in terms of supporting non-profit organisations and entities working to safeguard the marine ecosystem, investing resources and forging long-lasting partnerships.

In addition to our well-established partnerships with the Ocean Family Foundations and the Coral Gardeners association, during 2023 we also supported Worldrise Onlus, both by backing their 30x30 campaign and by organising a corporate volunteering day in which 30% of the people working in the North Sails offices participated.

As far as investment in research and development is concerned, in 2023 we honoured our commitment, investing EUR 101,000 with the medium- to long-term goal of continuing to innovate in an environmentally friendly and sustainable manner and placing ourselves among the leaders in the industry.



2024 GOALS

COMMON BENEFIT PURPOSES		SPECIFIC GOALS AND ACTIONS PLANNED FOR 2024	INDICATOR
3. LONG-TERM COMMITMENT	2.3.1 Invest in research and development geared towards innovation with respect to the environment and sustainability	Reach a minimum amount of EUR 70,000 invested in standard research and development	EUR invested
	2.3.2 Support philanthropic initiatives towards the environment, allocating a portion of the value produced	Continue the partnership with Ocean Family Foundation and other non-profit organisations	Amount of donations

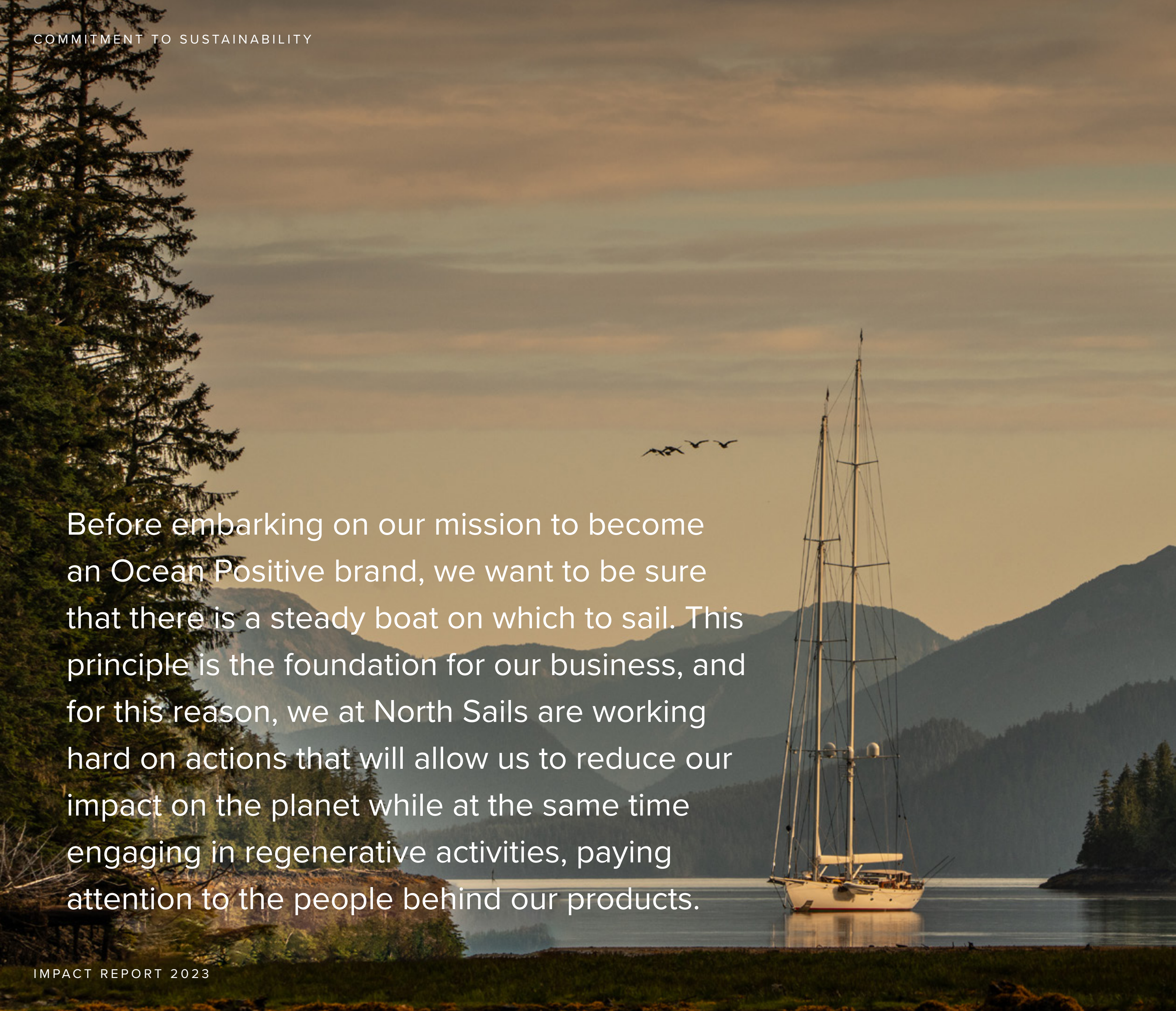


COMMITMENT TO SUSTAINABILITY

3

CHAPTER

- 3.1. OTHER ESG IMPACTS
- 3.2. MATERIALITY ANALYSIS
- 3.3. PEOPLE
- 3.4. THE ENVIRONMENTAL IMPACTS OF SITES
- 3.5. GOVERNANCE
- 3.6. THE ECONOMIC VALUE



Before embarking on our mission to become an Ocean Positive brand, we want to be sure that there is a steady boat on which to sail. This principle is the foundation for our business, and for this reason, we at North Sails are working hard on actions that will allow us to reduce our impact on the planet while at the same time engaging in regenerative activities, paying attention to the people behind our products.

3.1 OTHER ESG IMPACTS

Premises

We have based our reporting on the principle of “materiality” as a guideline for defining the issues to be covered: each company produces and consumes value differently, depending on its size, stage of life, industry and, above all, its own distinctive purposes and characteristics. **The “materiality” principle determines those issues that are sufficiently important** – for the company and its stakeholders – to warrant reporting and evaluation.

We then worked on **identifying the reporting scope**, by performing a **materiality analysis** that started, first and foremost, from our **identity aspects**, while also taking into account a **benchmark analysis** carried out against our competitors.

Once drawn up a list of potential issues to be reported on, we embarked on a process of **defining material issues**, discussing them both internally and with the representatives of our stakeholders. Having identified the actual issues to be reported, we carried out an **indicator construction** process, selecting those that would best enable us to tell our stakeholders, in an effectively representative way, the main aspects of our work. In order to help us in this process, we built a **monitoring tool**, set up in such a way that it could be easily **shared with all corporate departments** involved in **collecting the data and information required for reporting**.

We realise that this is not a totally exhaustive representation of our business activities and of our work in terms of environmental and social sustainability, but we hope that it will nevertheless be a way for our stakeholders to get to know us better and to **communicate together in a transparent way**, aware that this is only the first step on a path that we will strive to improve more and more over time.





3.2 MATERIALITY ANALYSIS

In order to determine the scope for reporting other impacts of an ESG nature generated by North Sails Apparel during its business activities, in parallel with the pursuit of value creation, a materiality analysis was carried out. This is an analysis to **determine which issues are sufficiently important, both for the company and its stakeholders, to make their reporting essential**. We chose to carry out our **analysis in a participatory way**, i.e. in cooperation with the representatives of our key stakeholders, identified for each main stakeholder: customers, suppliers, employees.

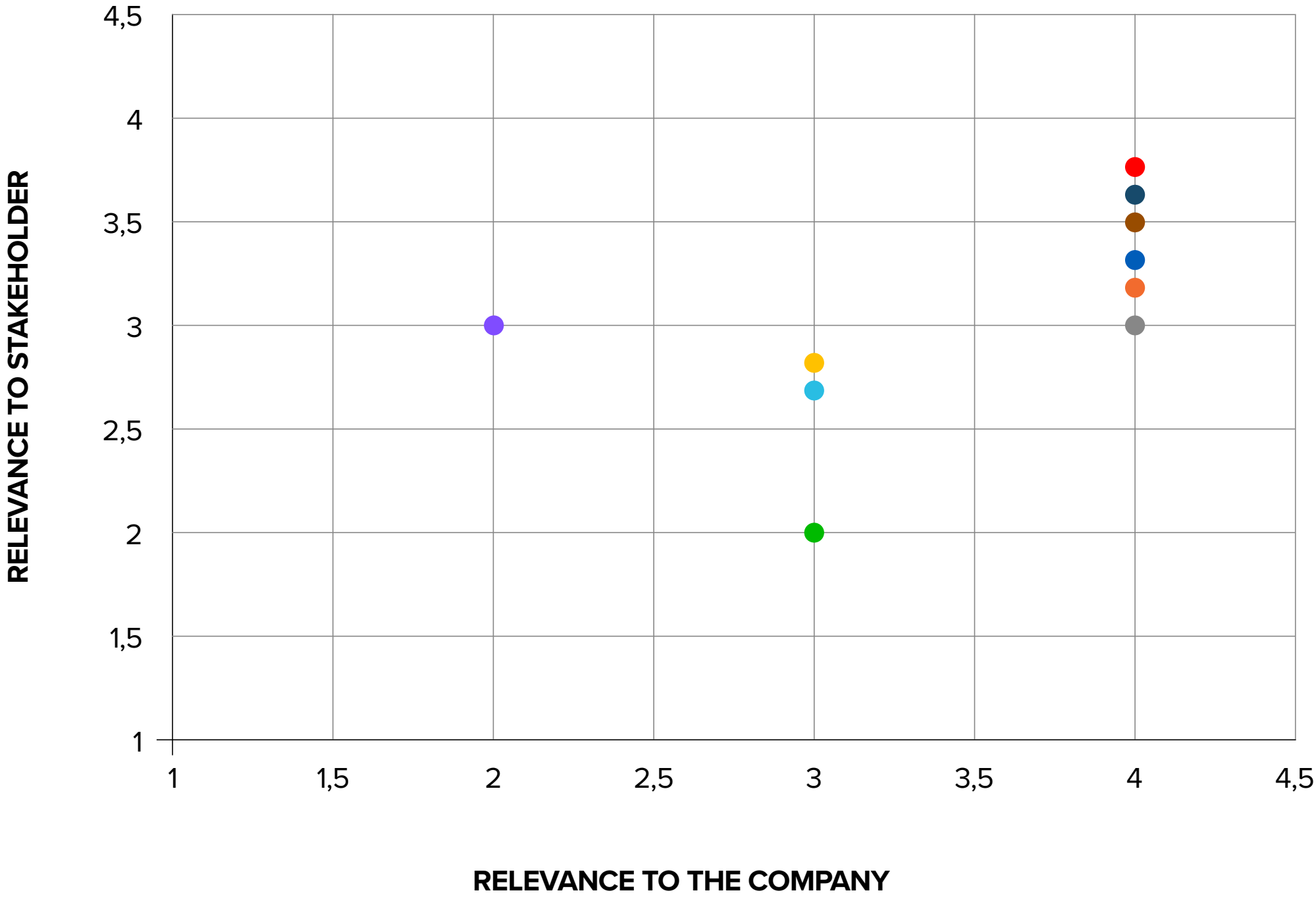
We started by trying to draw up a shortlist of potentially relevant issues, looking at our identity issues as a Benefit Corporation and benchmarking our main competitors, also from the international Apparel industry and B Corp certified. Once the issues were identified, we assigned them a **materiality coefficient** (a kind of importance index) and we submitted them to

our stakeholders, so that their materiality opinion could also be sought. Once we had also collected their comments, we graphically cross-referenced the points of view and created what is called a **materiality matrix**, i.e. a graphic representation of the convergence points of priorities of the company and its stakeholders.

List of issues and their materiality:

ELEMENT	RELEVANCE FOR THE COMPANY	RELEVANCE FOR STAKEHOLDERS
Circular economy	Very relevant	Very relevant
Supply chain	Very relevant	Very relevant
Raw materials	Very relevant	Very relevant
Employee management and welfare policies	Very relevant	Quite relevant
Worker health and safety	Very relevant	Quite relevant
Diversity and non-discrimination	Very relevant	Quite relevant
Water and wastewater	Quite relevant	Quite relevant
Energy consumption	Quite relevant	Quite relevant
Waste	Quite relevant	Not relevant
Animal welfare	Not relevant	Quite relevant

LIST OF ISSUES AND THEIR MATERIALITY:



- Employee management and welfare policies
- Employee health and safety
- Diversity and non-discrimination
- Water and waste water
- Energy Consumption
- Waste
- Animal well-being
- Circular economy
- Supply Chain
- Raw materials

These points of convergence represent the aspects we will report on in this section: **employee management and welfare policies, worker health and safety, diversity and non-discrimination, energy consumption, water and wastewater.** The issues specifically related to the common benefit purposes, such as **circular economy, responsible management of raw materials and responsible supply chain management**, are in fact dealt with in the previous chapter, as pivotal elements in the pursuit of the value creation goals that North Sails Apparel has set itself with the statutory amendment.



3.3 PEOPLE

At North Sails Apparel, we are convinced that **people are the beating heart of the company’s business;** without our human resources what we do, our commitment and our outlook on the future would not be possible. That is why we strive to **provide them with a safe and pleasant environment that enables their well-being and that stimulates their personal and professional development.**

EMPLOYEE MANAGEMENT AND WELFARE POLICIES

We want relationships with our employees and collaborators to be long-lasting and ongoing, which is why **most of our employees work with us on a permanent contract** (148 out of 197 employees, 75%). In contrast, the employees of North Sails Apparel SpA Società Benefit with a fixed-term contract represent 25% of the workforce, when considering also temporary workers. We also employ 5 external collaborators.

In 2023, we committed to hiring **60 new employees** and our turnover rate dropped to 27.1%. We deem this to be a reasonably value when considering the typical dynamics of the retail industry, which is subject to a natural turnover of employees (especially personnel working in retail outlets).

INDICATOR	2023 DATA	GRI REF.
Number of employees	197	2.7
Number of employees with permanent contracts	148	2.7
Number of employees with fixed-term contracts	49	2.7
Number of temporary employees	50	2.7
Number of continuous external collaborations	5	2.7
Number of women with part-time contracts	47	2.7
Number of men with part-time contracts	6	2.7
Number of women with full-time contracts	97	2.7
Number of men with full-time contracts	47	2.7
Ratio of highest annual salary to lowest annual salary	7-9x	2.21
Average annual training hours per employee	21	404-1
% employees who have benefited from personal and professional development training	40%	-
% employees who receive regular performance and professional development assessment	70%	404-3
Number of new hires in the current year	60	401-1
Turnover rate	27.1%	401-1
Number of employees who took parental leave	6	404-3
% of employees who received a bonus	61%	-

When looking at the type of contracts in more detail, we see that **73% (144 employees) of people have a full-time contract**. Of these, **97 are women** and **47 are men**. **Part-time contracts affect 27% of our workforce**, where we find 89% of women (47 out of 53) and 11% of men (6 out of 53).

Our **salaries** are **in line with the market** and the ratio of the annual total remuneration of the highest paid individual within the organisation to the median values of the annual total remuneration of all employees is good and ranges between 7 and 9%.

We are committed to ensuring that every person within the North Sails family has the same growth opportunities, both personally and professionally, which is why we offer training and performance assessment.

The average number of annual training hours per employee was 21 during 2023. From time to time, we organise dedicated discussion meetings with our employees, in order to offer them a periodic assessment of their performance and to assess together the possible growth paths that best match the needs of the person in front of us. In fact, the **percentage of employees who received a performance and professional development assessment** undertaken at North Sails was **70%**.

PEOPLE HAVE
A FULL-TIME
CONTRACT

73%
(144 EMPLOYEES)

PART-TIME
CONTRACTS

27%

OUR SALARIES
ARE IN LINE
WITH THE
MARKET





We awarded a bonus and contracted promotions and raises for 61% of employees.

Also for 2023, we made sure that the most deserving employees were still rewarded for their effort and the contribution they make to our company every day: we **awarded a bonus and contracted promotions and raises for 61% of employees.**

In addition, we offer our employees a range of customised benefits and discounts, as well as supplements to health care (UniSalute) and pension plans (Fonte), as well as the possibility of working remotely.

Finally, also in 2023, in addition to the Code of Ethics, **all new hires are trained (2 working days)** and given a **Welcome Pack** that includes corporate policies and a sustainability handbook outlining the corporate values and practices.

WORKER HEALTH AND SAFETY

INDICATOR	2023 DATA	GRI REF.
Hours of health and safety training per capita	8	403-2
Occupational accidents	1	403-9
Occupational diseases	0	403-10

The health and safety of employees is undoubtedly a central issue for any business, and at North Sails it is definitely a priority. We believe that a **healthy working environment with a proper management of employee safety risks** is the indispensable basis for cooperation. For this reason, we have chosen to **certify ourselves to ISO 45001** and to undergo a maintenance audit for the certification we have until 2025. **All our employees have undergone compulsory occupational health and safety training**, and they are regularly updated on new policies and practices to ensure everyone’s health and safety.

Since we do not have our own production sites, the risk to worker safety within our sites is identified as low. Nevertheless, in order to manage every possible source of risk in the correct way, we organise **training and information courses** and we draw up **procedures and operational instructions** that are **periodically included in the management system and updated** (information on manual handling of loads, use of mobile phones, risk prevention policies for smart-working workers and near miss registration practices). We also **send periodic e-mail communications** to all our employees and collaborators regarding compliance with the corporate health and safety procedures.



DIVERSITY AND NON-DISCRIMINATION

INDICATOR	2023 DATA	GRI REF.
Number of female employees	144	405-1
Number of male employees	53	405-1
Number of employees under 30	52	405-1
Number of employees in the 30-50 bracket	110	405-1
Number of employees over 50	35	405-1
Classification of North Sails Apparel employees		
Blue collar workers	0	405-1
White collar workers	176	405-1
Middle managers	18	405-1
Executives	3	405-1

At North Sails, we strongly believe in the **value of diversity** and in the **contribution it can make to the corporate growth and development**. The sharing of opinions and the constant discussion are key components of our business model and the composition of our personnel represents this.

The **majority of employees are women**, about **73%**. When looking at the classification levels, **female employees** account for **96%** of women within the company and the remaining **4%** of the women in the company are **middle managers**. The executives are all men, while there are 38 male white collar workers, and male middle managers make up 23% of the men working at North Sails.

We are aware that diversity does not only come through gender. In fact, when looking at the age composition of our employees, we see that **26% lie in the under 30 bracket, 56% in the 30-50 bracket** and the remaining **18% in the over 50 bracket**.

In our job searches, we always make sure to include a message that makes explicit our commitment to diversity, equity and inclusion, specifying that there is no distinction on the basis of gender, ethnicity, religion, ability or disability, political belief, personal or social conditions, and we ensure that the **language used in job descriptions is always fair and inclusive**.



3.4

THE ENVIRONMENTAL IMPACTS OF SITES

Our commitment to safeguarding the environment, particularly marine ecosystems, focuses above all on our production, which we try to make more and more sustainable every year, and on our supply chain, which is subjected to increasingly stringent standards every year.

However, we are aware that this is not enough and that it is necessary to **undertake a process of monitoring**, firstly, **and reducing**, secondly, **the environmental impacts** generated also by our operational sites in Italy, by observing our energy consumption and CO2 emissions, as well as by consciously managing our water consumption, waste production and disposal. It is a path that, as such, takes time, but one that we are happy to take one small step at a time.

ENERGY CONSUMPTION, WATER AND WASTEWATER

ASSESSMENT ELEMENT	INDICATOR	2023 DATA	GRI REF.
ENERGY CONSUMPTION	Natural gas consumption:		
	Milan Site	124,485 Kw/h	302-3
	Rapallo Site	49,666 Kw/h	302-3
	Electricity consumption:		
	Milan Site	94,658 Kw/h	302-1
	Rapallo Site	45,556 Kw/h	302-1
	Energy from certified renewable sources:		
	Milan Site	100%	302-1
WATER AND WASTEWATER	Water consumption in the sites		
	Milan Site	511.3 m3	303-5
	Rapallo Site	4,181 m3	303-5

An interesting fact to note is that **electricity** consumption for both the Milan and Rapallo sites decreased in 2023 compared to 2022. The Milan site consumed a total of 94,658 Kw/h, recording a 12% reduction (in 2022, the figure was 107,256 Kw/h), while the Rapallo site decreased consumption by about 20% from 57,334 Kw/h in 2022 to 45,556 Kw/h in 2023. We are also proud of the fact that, for the **Milan site**, the **Rapallo site** and all North Sails stores in Italy, the **energy** consumed **comes entirely from certified renewable sources**.

In order to reduce our energy consumption, we have equipped our sites with Energy Star appliances. Such tools allow the setting of automatic stand-by and timers to control consumption even after working hours. The preferred lighting is the one coming from natural sources, but when this is not possible, a lighting system based on LED compact fluorescent lamps, regulated by presence sensors and intensity controllers, is activated. The heating and air-conditioning system is equipped with a programmable thermostat, and in order to prevent heat loss, the structures are fitted with double-glazed windows and insulated walls to protect the interior from excessive sunlight, particularly in summer.

As far as **water consumption** is concerned, having solved the leakage problem in Rapallo at the end of 2022, 2023 saw a decrease in consumption of about 23%. In Milan, consumption increased by 4%, because the company population increased.

We also hold the **ISO 14001 Environmental Management System Certification**, acquired in 2018 and renewed in October 2021 for the next three years.

As regards **GHG measurement**, in 2023, the North Sails Group decided to calculate its carbon footprint with the primary objective of **identifying and defining a precise climate strategy** to guide the company’s path in the coming years.

In cooperation with the Anthesis Group, a certified B Corp company specialising in calculating and offsetting emissions, North Sails Apparel completed an initial measurement of greenhouse gas emissions for all Group companies in order to meet the requirements of the Greenhouse Gas (GHG) Protocol.

The activities undertaken, calculated on 2022 data, include:

- The measurement of Scope 1 and Scope 2 emissions, i.e. emissions from direct production activities and from energy consumption, using the Anthesis Group’s RouteZero tool for structured data collection throughout the company.
- Assessment of the activities related to Scope 3 emissions impacts for all business areas, including Apparel, Actionsports, Masts and Sails, as specified by the GHG Protocol.

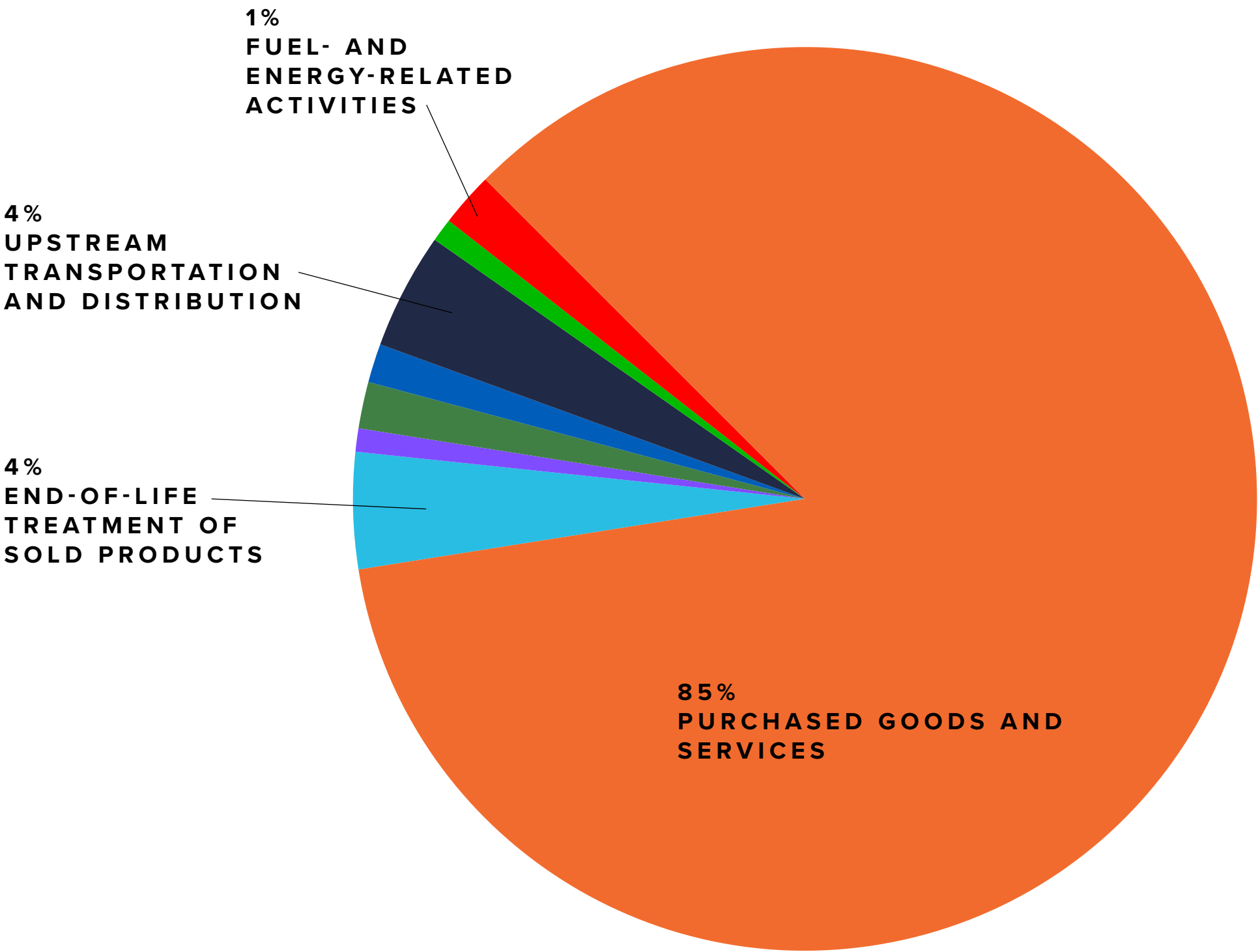
Location-based measurements showed that North Sails Apparel’s emissions are 31,836.26 tCO2e. Specifically, Scope 1 and 2 emissions account for about 4.3% of total emissions, while the largest portion (more than 95%) is related to Scope 3 emissions, i.e. all indirect emissions related to upstream and downstream business activities that are not under direct company control.

Considering, however, that the measurement was carried out for the entire Group, it is necessary to emphasise that the “portions” pertaining to North Sails Apparel (the company that is the subject of this Report) are significantly lower than the results pertaining to, for example, North Sails Group, which manufactures and markets sails.

With regard to Scope 1 and Scope 2 emissions, North Sails Apparel, which does not directly produce clothing and accessories but markets them, has a significantly lower impact in terms of direct emissions.

The same applies to Scope 3 emissions, where North Sails Apparel has a lower weight in terms of emissions produced than North Sails Group and NTG Masts. The image below describes the categories that were analysed for Scope 3, where the purchase of goods and services accounts for 89% of total emissions.

SCOPE 3 EMISSIONS (TCO2E)



For North Sails Apparel, textiles was the largest category of purchases and the analysis was conducted on all materials purchased including: cotton (61% of expenditure), polyester (20%), nylon (11%), wool (4%) and others.

This initial survey is useful not only to understand the company’s carbon footprint but also, and more importantly, to **arrange a decarbonisation strategy and set Science-Based Emission Reduction Targets.**

There is no doubt that data collection can be improved and become more accurate. Some examples of improvement actions we intend to prioritise are:

- Calculate the weight of materials purchased (also useful to better define the end-of-life impact of products sold);
- Collect data on business travel activity (especially kilometres travelled);
- Collect data on the activity of leasing assets and franchises/agents.

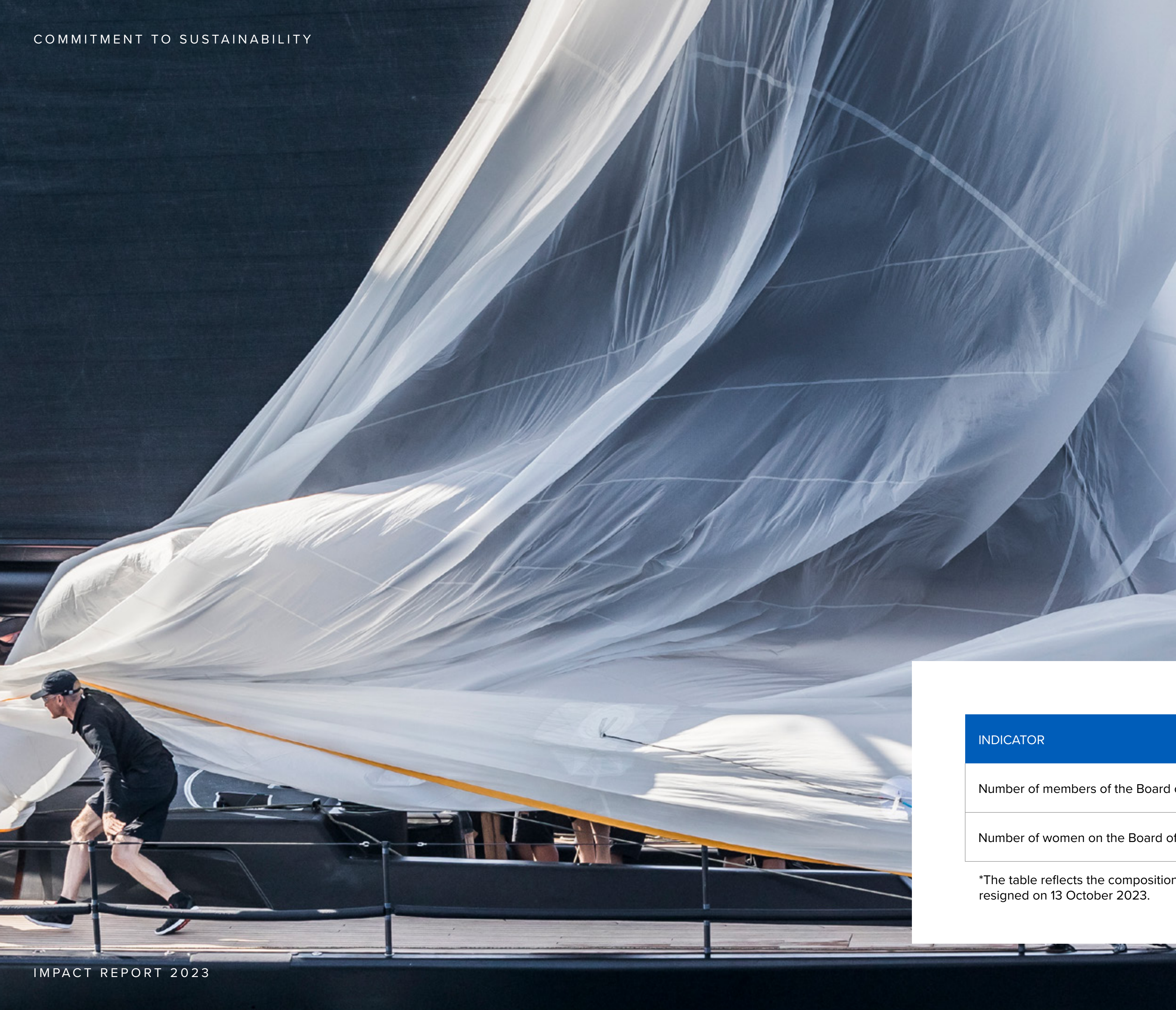


Gathering more accurate data and using it in future measurements will allow us to better plan and measure emission reductions, which will be key to achieving Science Based Targets.

Initiatives to be pursued over the next few years include:

- Prioritise energy efficiency practices at all sites;
- Reduce air transport by 50% by 2027.

Finally, again on the environmental impact front, we also pay **great attention to the purchases we make for our offices, favouring**, where possible, **environmentally friendly, recycled, recyclable and, in general, environmentally preferable products and services**, in order to minimise the impact of working activities. For this reason, we have an **Ecological Purchasing Policy (EPP)**, which covers our office supplies, paper purchases and cleaning products. We also encourage **limiting corporate travel**, preferring to use all virtual meeting technologies with the aim of minimising traditional meetings and, consequently, our emissions and impacts on the environment.



3.5

GOVERNANCE

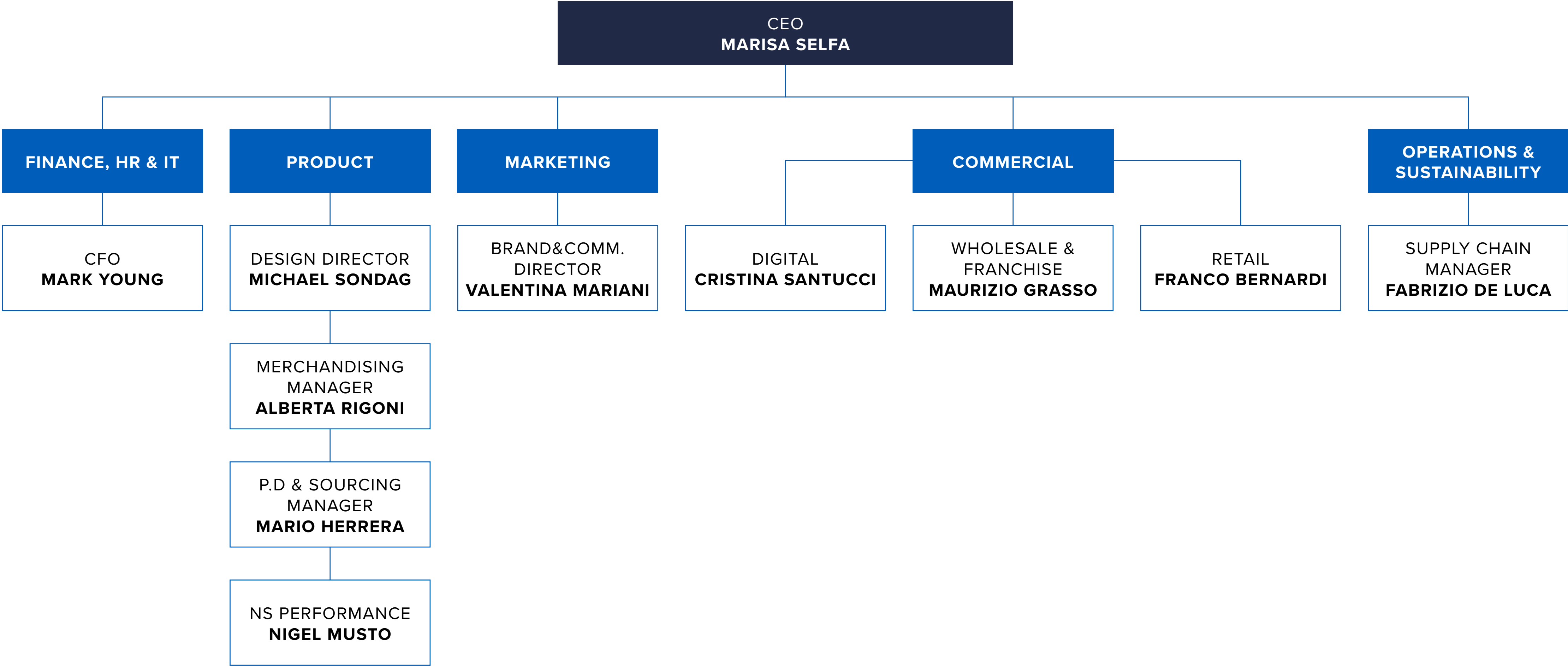
The last two aspects we have chosen to report on are not the result of materiality analysis, but they concern our **governance** and the **creation and distribution of the economic value** we help create through our activities.

We believe that these are two indispensable aspects of a good reporting process, as they express the very identity of the organisation, how it presents itself externally and how it is structured internally, with a view not only to social and environmental sustainability, but also to economic sustainability, which allows a company to survive and remain strong over time.

INDICATOR	2023 DATA*	GRI REF.
Number of members of the Board of Directors	3	2.9
Number of women on the Board of Directors	1	2.9

*The table reflects the composition of the Board of Directors for most of the year, given that Ms Marisa Luisa Selfa Ortega resigned on 13 October 2023.

ORGANISATION CHART OF CORPORATE DEPARTMENTS 2023



It should be pointed out that, having noted the resignation of CEO Marisa Selfa on 13 October 2023, Mr Victor Vladimiro Duran was appointed as new CEO in early 2024.

COMPOSITION OF GOVERNING BODIES

The **Board of Directors** is the **executive body** of the company, as it is responsible for implementing the decisions taken by the shareholders’ meeting during its deliberations and for carrying out the regular business activities. It plays a key role in corporate governance, as it is responsible for approving organisational strategies, developing management policy, hiring, supervising and remunerating senior managers, and ensuring the organisation’s legal accountability to the Authorities.

During 2023, there were changes in the Board of Directors at North Sails, following the resignation first of the Chairman Dino Saiani and then of the Chief Executive Officer Marisa Luisa Selfa Ortega, which led to the definition of a new Board composed, as of today, of: Mr Victor Vladimiro Duran, Chairman and Chief Executive Officer, Mr Mark Young and Mr Maurizio Grasso as Directors.

On the other hand, the **Board of Statutory Auditors** is the **controlling body** of the listed companies and it has the task of supervising the activities of the Directors, as well as checking that the management and the administration of the company are carried out in accordance with the law and the deed of incorporation.

Its members are:

- Edoardo Orlandoni
- Monica Mannino
- Daniela Bainotti



GOVERNANCE FOR SUSTAINABILITY

Sustainability is an essential element for North Sails Apparel. This explains why we have structured a governance system that takes it into account in every assessment and decision-making process.

The **Board of Directors** is responsible for **reviewing the social and environmental performance** of the company and for **assessing the key performance indicators** concerning social or environmental development.

We also created a specific internal **ESG Committee**, composed of key figures from the relevant teams, whose role is to push the implementation of the Sustainability Plan and monitor its progress over time.

The role of managers explicitly includes social and environmental performance, and all full-time managers have responsibilities or expectations, in their job description, related to the social and environmental mission of the company.

CONFLICT OF INTEREST,
CORRUPTION AND TRANSPARENCY

We conduct our activities in **full compliance with national and international regulations** and we are committed to implementing all the necessary measures to prevent and avoid cases of corruption and conflict of interest.

Directors are required to **disclose and explain any** (actual or potential) **conflict situations** in which they may find themselves, from participation in third party companies with possible interests in North Sails Apparel to reimbursements, gifts or services of an exceptional nature received during their term of office. Furthermore, they undertake not to accept any consideration, concession, discount or service from persons or organisations interested in starting business relations with North Sails Apparel and never to exert any kind of influence on the company to enter into transactions, adopt, modify or abolish policies or positions.

Finally, the company has implemented a **formalised whistleblowing policy** for cases of non-compliance with transparency and anti-corruption policies, which ensures the anonymity of whistleblowers and the absolute confidentiality of the information shared. The whistleblowing policy must circulate not only among all workers, but also among business partners.

CODE OF ETHICS

The company has also endeavoured to draw up a Code of Ethics, which incorporates all the **principles, rights and duties of employees and collaborators** in the areas of: health and safety, working relations, business procedures, respect for human rights, social relations, communication and security of information and data, and the handling of violations and complaints, also identifying the terms and scopes of applicability.

The Code of Ethics is **regularly reviewed and updated. Ongoing training is provided** to all managers and new hires, communicating changes to the personnel each time the text is updated.



3.6

THE ECONOMIC VALUE

All the final results for the 2023 financial year turned out to be higher than expected; revenues of EUR **74 million** increased by **+9.43% compared to 2022** and reached a level well above expectations, as the assumptions of the development plan had forecast a value of around EUR 71 million for the financial year. The net result for the year was a **net profit of about EUR 1.2 million**, improving on the plan estimate due to the combined effect of higher sales and lower costs incurred during the year. The reclassification of the annual financial statements highlights and reinforces the positive results achieved in 2023: **EBITDA margin** (EBITDA/Net Revenues) **of 6.88%** (+3.07 percentage points compared to 2022) and **EBIT of EUR 3,344 million**, up EUR 2,216 million compared to the previous year (EBIT/Revenues margin of 4.67% in 2023, up 2.89 percentage points).

INDICATOR	2023 DATA	GRI REF.
Revenues	EUR 74,090,373	201-1
Net result	EUR 1,209,368	201-1
Operating costs	EUR 72,990,923	201-1
Costs for salaries and employee benefits	EUR 9,499,098	-
Investments in the community	EUR 385,454.69	-
Payments to the Public Administration	EUR 340,844	
Net financial position/equity	35%	-
Total amount of investments in the current year	EUR 1,031,973	-

During the year, we continued to develop and improve the internal organisational structure with the expansion of certain departments that are strategic to the business, in order to adequately respond to the dynamics of the market in which it operates. We have chosen to continue contributing to activities of interest to the **community**, establishing **partnerships with non-profit organisations** and entities active in preserving the marine ecosystem, for a total of **EUR 385,454.69**. Furthermore, in 2023, **investments within our company** amounted to **EUR 1,031,973**.

In particular, there was a significant **increase in sales volumes on the Wholesale and Retail channels**, which exceeded the levels budgeted in the company’s Business Plan, as well as a **rise in sales** through the **E-commerce channel (by more than 21%)** compared to the previous year, driven by the new purchasing habits of consumers, who are increasingly oriented towards online purchases, and the increase in **Performance clothing** sales, which **grew by 25%** compared to 2022.

A great deal of effort was put into the search for eco-friendly fabrics, accessories (in recycled or natural materials) and packaging (plastic free in the e-commerce channel), making us one of the leading brands in environmental, preservation and circular economy issues. The use of **sustainable materials continued to grow in 2023**, with significant improvements over previous years. By way of example, it should be noted that, in the Lifestyle collection, the proportion of organic cotton used in the garments made in 2020 amounted to 4%, a percentage that rose to 65% in 2021 and exceeded 90% in 2023.





MEASURING IMPACT



CHAPTER

- 4.1. IMPACT ASSESSMENT
- 4.2. 2023 ASSESSMENT

4.1 IMPACT ASSESSMENT

Our commitment as a Benefit Corporation is not confined to the pursuit and subsequent reporting of Common Benefit Purposes. An overall assessment of the impact cannot disregard a general assumption of responsibility by the company with respect to all relevant externalities towards society and the environment, on the management of which the long-term sustainability of the company is based. To this end, we have chosen to assess our performance annually according to the Sustainability Standard B Impact Assessment. We also became certified as a B Corp in 2021 and are about to enter the recertification phase in 2024.

THE ASSESSMENT STANDARD

The B Impact Assessment is a credible and complete international sustainability standard that allows us to account for the commitment of past years and at the same time to design paths of improvement, which are consistent with future development projects. It is the assessment tool promoted by the non-profit organization B Lab with the aim of rigorously observing the impact generated by companies in five areas: Governance, Workers, Community, Environment, Customers.

The Assessment is used by about 240,000 companies worldwide, of which almost 8,000 obtained the B Corp certification (more than 260 in Italy), active in 96 countries and 162 sectors.





THE B CORP CERTIFICATION

Once the assessment is completed, companies that have scored over 80 points may choose to obtain the B Corp certification. In B Lab’s vision, this threshold represents the break-even point between what the company takes from society and the environment and what it gives back, moving from an extractive model to a regenerative one.

Certified B Corps are companies that voluntarily decide to meet high standards of social and environmental performance, transparency and accountability towards the stakeholders.

The certification is issued following an accurate verification process of the answers provided to the self-assessment questionnaire, accompanied by documentary analysis and an in-depth interview with the company.

North Sails Apparel initiated its first assessment using the B Impact Assessment standard during 2020, concluding the Certification in spring 2021 with the score of 80.3.

Recertification is scheduled for spring 2024, but we have chosen to continue using the BIA tool to monitor our progress over time and to strive for further improvement, year after year.

The score obtained in 2023, although not formally reviewed by B Lab, is 91.9 points. This is mainly the result of our efforts to increase the percentage of sustainable, organic and recyclable garments in our collections and of our improvement plan launched with respect to our environmental impacts.

As already detailed in the relevant chapters of this Report, we have taken important steps towards a more sustainable fashion over the past year and, as of today, 63.3% of our sales derive from sustainable collections, made of organic cotton, natural yarns and recycled materials.



4.2 2023 ASSESSMENT

We are proud to have increased our B Corp score to 91.9 points at the end of 2023, compared to 80.3 in 2021, as calculated through the B Impact Assessment.

NORTH SAILS
APPAREL SPA
SOCIETÀ BENEFIT

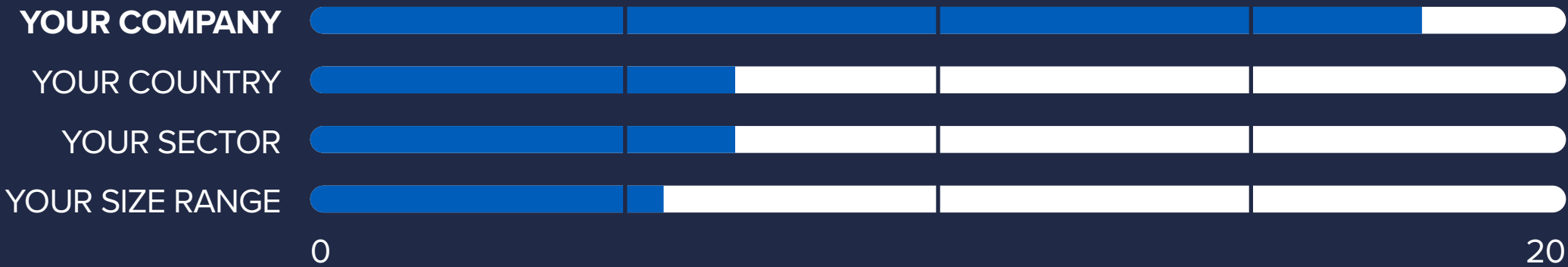
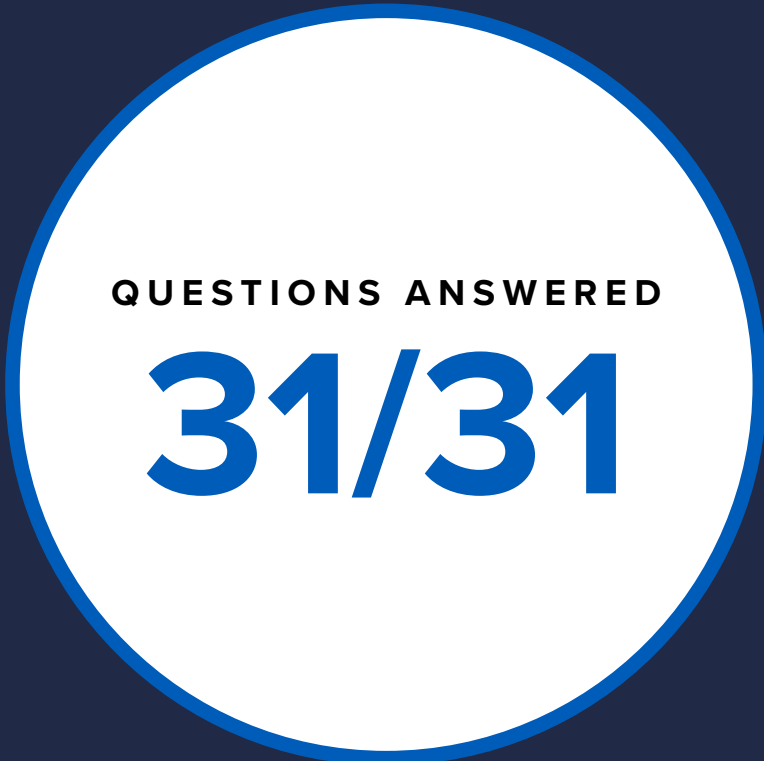
For Fiscal Year End Date: **31 Dec 2023**



For the purposes of this Report, the information in the B Impact Assessment was updated with 2023 data, resulting in an **overall score of 91.9** (score not verified, but obtained by applying the same criteria agreed with the auditor at the certification stage in 2021). Below is the analytical report of the performance in the 5 assessment areas, supplemented by comments and additional information on the specific characteristics and results achieved by the company.

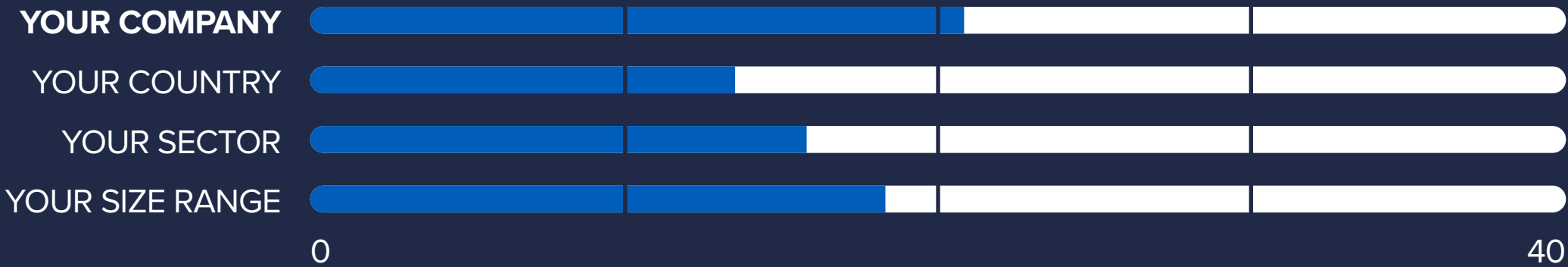


GOVERNANCE



The high score in the **Governance** area (17.5 against a sector average of 7.2) is linked both to the company’s decision to make its long-term commitment to sustainability binding, by acquiring the legal status of a Benefit Corporation, and to a very high performance in terms of ethics and transparency. This was due to the implementation of policies and practices aimed at preventing corruption (a Code of Ethics on which ongoing training is offered to workers, financial audits drawn up by third-party and independent bodies, effective financial control mechanisms aimed at preventing fraud and mismanagement, formalised and well-communicated anti-corruption prevention and whistleblowing systems) and an ongoing commitment to transparent disclosure of the social and environmental performance.

WORKERS



The score in the **Workers** area improved compared to last year and remained good, above the industry and country average.

In particular, the company scores well above average in the areas of “Professional Development” and “Level of Engagement and Satisfaction”, thanks to its work-life balance practices (in fact, the company guarantees various flexible working options for people, e.g. part-time shifts, flexible working hours on entry and exit, remote working and teleworking) and training opportunities for employees not only with regard to basic job responsibilities but also on soft skills and personal development, not directly career-related. This year, the company offered several training sessions on sustainability issues as well as leadership development and positive internal communication within the company.

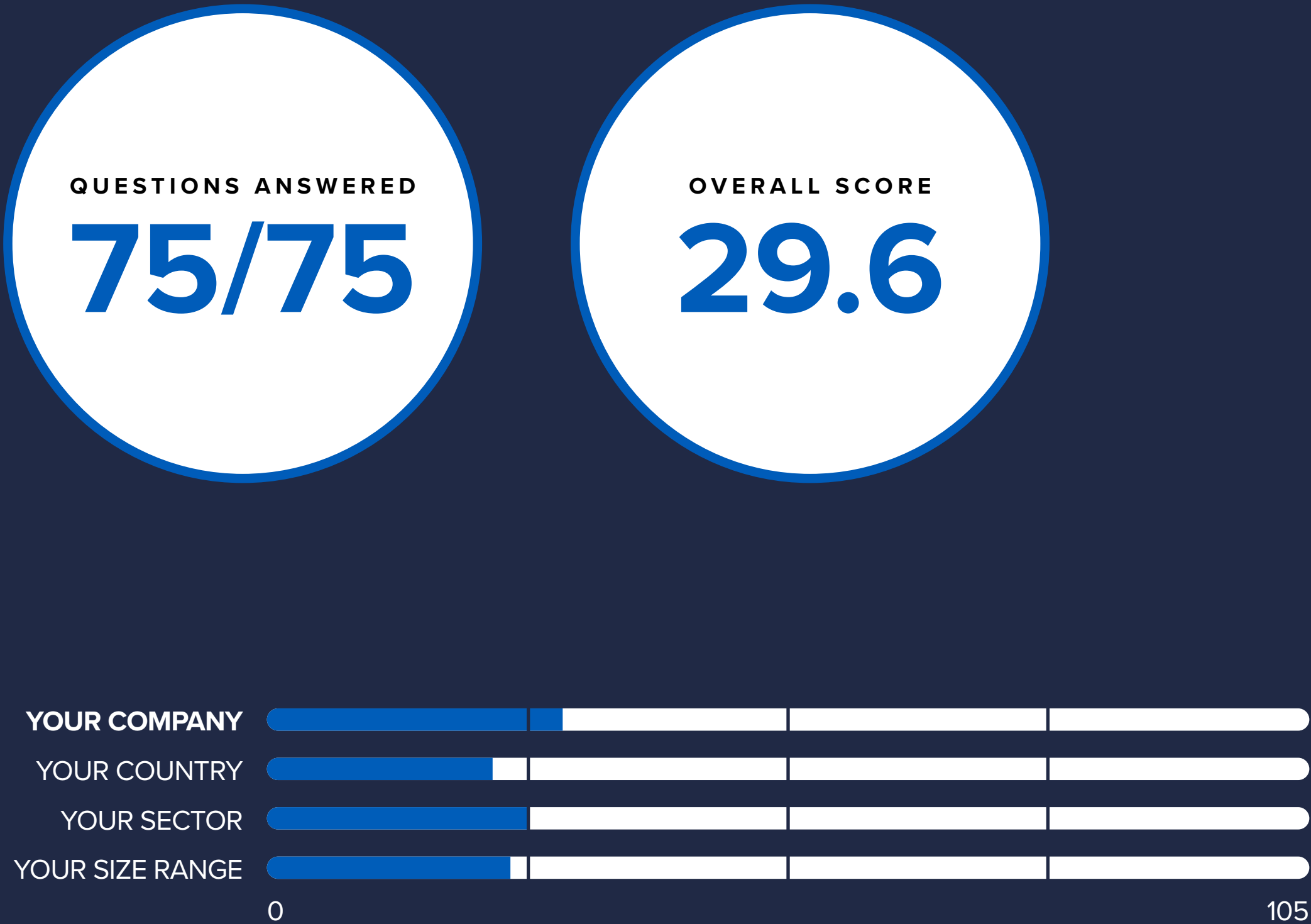
COMMUNITY



Performance in the **Community Area** of the BIA remained very satisfactory and is growing compared to past years (20.1 against an industry average of 12.9). North Sails Apparel devotes, in particular, a continuous and increasing effort to the involvement, assessment and support of the supply chain. In the section “Supply and distribution chain management”, NSA scored 9.4 (against an industry average of 3.5 and of companies of the same size of 2.2). The company focuses heavily on increasing supply chain traceability, assessment criteria and monitoring the social and environmental performance of suppliers (see chapter 3.3 for details on supply chain care practices and processes).

In 2023, North Sails also resumed its corporate volunteering activities, organising a number of events, such as a waste collection on the beaches of Liguria, in partnership with the non-profit organisation Worldrise, which saw the involvement of 30% of the people in the offices.

ENVIRONMENT



The **Environment Area** remains the one in which North Sails Apparel scores the highest (29.6 points), up from 2022. It is at the heart of the business, because it represents one of NSA’s pillars and a goal of common benefit: making sustainable and recyclable products.

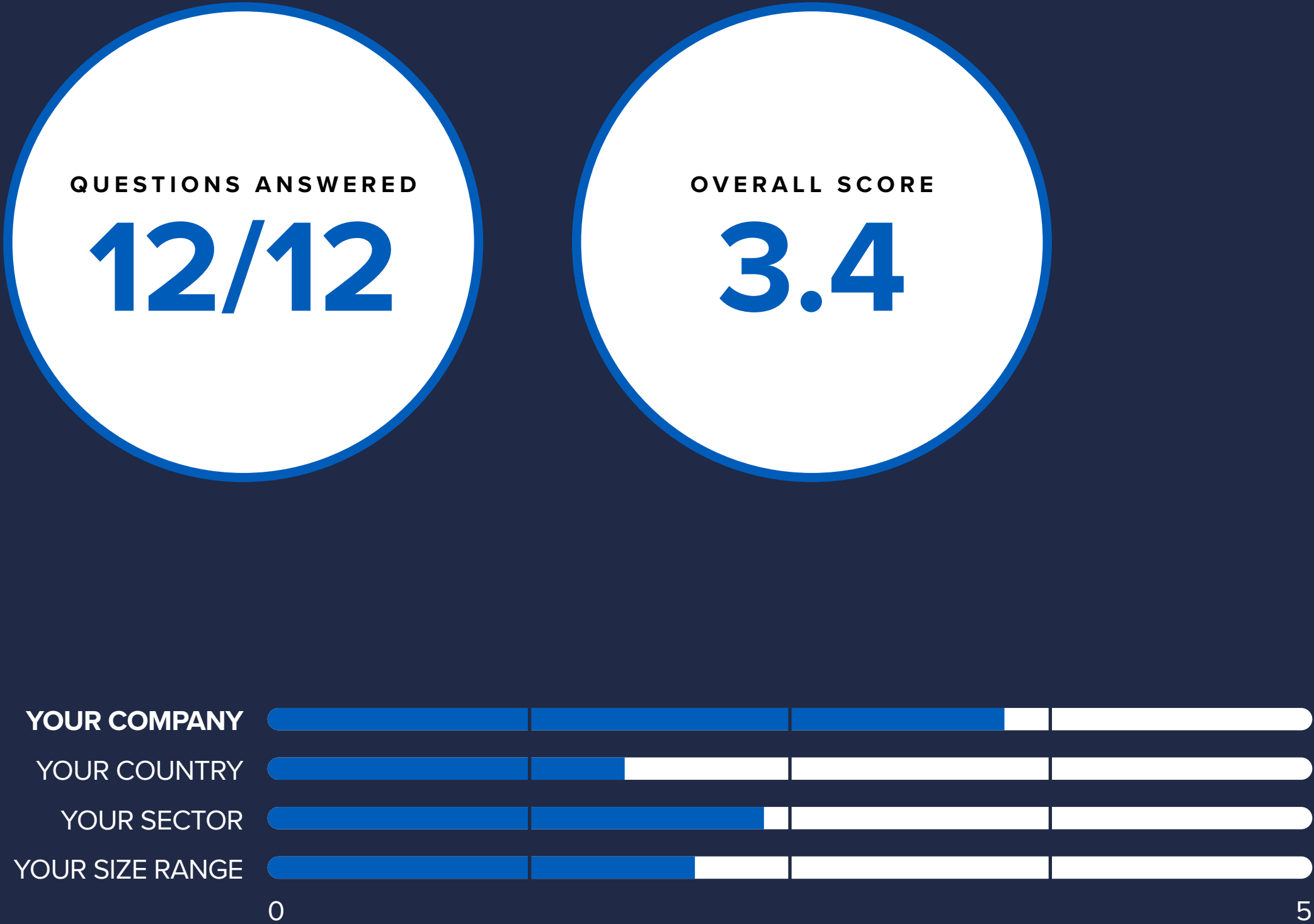
The improved score is due first of all to the two areas related to North Sails Apparel’s specific Business Model and to the choice to pursue a positive impact through sustainable collections:

- **Resource Preservation:** linked to recycled materials introduced in sustainable collections. Based on BIA’s calculation criteria, sales from products with resource preservation impacts now make up approximately 32% of North Sails Apparel’s sales, with an increase of about 25% compared to the previous year. This remarkable success shows us that we are heading in the right direction.
- **Reduction of Toxins:** by choosing to use certified natural and organic raw materials in the collections (organic cotton and natural yarns), which now account for about 31% of the total sales, with an increase of 12.7% compared to the previous year; a sign, also in this case, of how much commitment and resources the company is dedicating to the creation of sustainable products.

Overall, about 63.3% of North Sails Apparel’s total 2023 sales come from sustainable and recyclable products, a figure that is set to grow significantly in the coming years. In fact, the priority is to produce an increasing share of low-impact products and collections, adopting innovative and environmentally sustainable raw materials (see 2.1 Sustainable Innovation).

Another reason why the score in the Environment area increased so much is that, during 2023, the analysis and measurement of Scope 1 and 2 GHG emissions were carried out for the entire Group and the evaluation of activities related to Scope 3 impacts was carried out for all business areas. The results of this first survey (see pp. 56 et seq.) were useful not only to understand the company’s carbon footprint but also, and more importantly, to **arrange a decarbonisation strategy and set Science-Based Emission Reduction Targets.**

CUSTOMERS



The **Customers** area is the one that assesses, in essence, customer relations management practices. Our good score, higher than the industry averages, is attributable to the way we handle consumer relations, the guarantees for our products, the channels we offer to leave feedback and complaints, and the whole GDPR and data security issue. We also monitor our customers’ satisfaction through specific surveys following product purchases. The results received to date are very positive in terms of recognition of brand commitment and indicate that we are moving in the right direction, also in terms of value alignment with our customers.

In fact, in 2023, 53.47% of respondents considered sustainable practices to be an important factor in their choice of purchasing clothes. To the question “Do you know about North Sails Apparel’s commitment to being a more responsible brand?” 77% of the respondents answered positively.



In **conclusion**, the 2023 self-assessment confirms the results achieved in previous years, with further room for improvement at the end of the year, thanks to the actions planned during 2024. 2024 will also be the year of the B Corp Certification renewal (with a review by B Lab auditors) and for this reason we are working on implementing actions and tools that will not only confirm the certification, but also further improve the score and thus the management of the company’s social and environmental impacts.

GRI INDICATOR SUMMARY

GRI STANDARD	ELEMENT	REPORT SECTION	PAGE
2.1	Name of the organisation	Cover	p. 1
2.7	Size of the organisation	People	p. 93
2.7	Information on employees and other workers	People	p. 93
2.22	Statement by a senior manager	Letter to stakeholders	p. 3-4
2.9	Governance structure	Governance	p. 102-103
2.9	Responsibility at executive level for economic, environmental and social issues	Governance	p. 104
2.9	Composition of the highest governing body and its Committees	Governance	p. 104
2.19	Remuneration policies	People	p. 94-95
2.21	Annual total remuneration rate	People	p. 93
3.2	List of material issues	Materiality analysis	p. 90-91
2.3	Reporting period	Cover	p. 1
2.3	Reporting frequency	Cover	p. 1
3.3	Explanation of the material issue and its scope	Materiality analysis	p. 90-91
3.3	The management method and its components	Entire Report	p. 1-123
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GRI INDICATOR SUMMARY

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THANK YOU