



BENETTON GROUP

INTEGRATED REPORT 2022



BENETTON GROUP
Integrated
Report
2022

BENETTON GROUP

Integrated Report 2022

UNITED COLORS
OF BENETTON.

S I S L E Y

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Luciano Benetton
Chairman
Benetton Group

Dear Stakeholders,

last year was encouraging for several reasons. We started traveling again, meeting and working without the restrictions imposed during the gloomy period of the pandemic. This has allowed our Company to get back to doing what it does best, which is taking care of the relationship with consumers and the world – with its products, stores, campaigns and ideas – with that positive approach and curiosity that have always characterized our brand.

Sales are on a steady growing trend and this year we also took significant steps to reduce the carbon footprint of our operations. In addition to the unfailing focus on increasingly sustainable collections, I am proud to confirm that we have increased the level of sustainability of our campus too, thanks to the installation of energy-efficient lighting and the supply of energy from 100% certified renewable sources.

2022 marked the 15th anniversary of another project I am particularly proud of: Ponzano Children, the innovative children's center housed in a building designed by Spanish architect Alberto Campo Baeza. To me, the Ponzano Children project is not only a service for our employees and for the families in our community, but a tangible investment in the future.

After all, that's what sustainability is: the courage to set today's goals so that they will result in a better tomorrow, and the determination to balance individual interests and social and environmental needs.

Benetton Group has always pursued this vision by walking the talk, as shown by the projects described in the pages of this report and our corporate culture as a whole: from the use of recycled raw materials to the constant dialog with suppliers, and from Fabrica's artistic experimentation to the adoption of logistical processes that minimize waste and emissions.

I would like to thank the people of the Benetton Group, led by CEO Massimo Renon, for the work accomplished in 2022, and I invite everybody to keep the spirits high in facing the challenges that await us in 2023. Finally, I wish good reading to those who peruse this report.



Interview with *Massimo Renon*,
CEO Benetton Group

By *Gianmaria Padovani*
d - la Repubblica

Mr. Renon, what are the ingredients of your brand relaunch recipe?

Knits, color and affordable price drove the success of the brand in the 70s, 80s and 90s, when Benetton was the first to introduce this revolutionary formula in the market. From Auckland to Toronto, surveys confirm that our brand is known globally, along with its values, and that consumers love it. The challenge is to present new values with a new business model that combines retailing and e-commerce, and with a precise product positioning and message that says that our brand fashion is still colorful and democratic, but more premium. This is precisely what our newly appointed Creative Director Andrea Incontri is working on.

Andrea Incontri has brought a breath of fresh air without touching the brand's DNA.

We decided to start from revisiting the values to provide a more contemporary interpretation of Benetton products. We were looking for someone who could best interpret these concepts, and we found Andrea Incontri. When I first met him, I told him my vision: the color and freshness of 30-40 years ago reinterpreted in a modern key, with a radical reworking of the products aimed at increasing consumer perception and, ultimately, the price point, but without entering fashion segments controlled by competitors that are not ours. Specifically, I would like consumers to perceive Benetton as a cooler and more eye-catching brand, accompanying this transition with a program to increase visibility that includes campaigns and shop windows that are totally different from the past. Incontri took us on a style journey focused on simplicity. Andrea is an architect, he likes order, and he suggested we reduce the overall number of products in the collection but increase depth. He focused on the essentials not because this is easier, but because essentials have always been Benetton's strength. Finally, he redesigned the few rules of good taste and style that any fashion company operating in the industry of aesthetics must have. As an example, fitting: our products must fit well. Geographically, we decided to start off from the Asian market, with a restyling of the products in a more modern key, offering colors, shapes and fits designed for those consumers.

For a global brand like Benetton, distribution has always been a key factor. How do you envisage reorganizing distribution?

Technology must be used in support of the market, adapting to the development of consumers, sales channels and shopping experiences. We have now understood that to open up to the world, we need to look after the store, both virtual and physical, considering it as a single sales platform. A consumer can buy the product online or in the physical store and ask for home delivery. Essentially, we are radically changing what happens in the store. All sales assistants have a digital device that gives them immediate access to stock data. We have implemented an automated warehouse – which we call Autostore – to support online sales at any time. E-commerce weighed 3% in 2019, now it has a 14% incidence. And the goal is to reach 30% by 2025. In Milan, on the occasion of Design Week, we will open a pop-up store in a highly visible location that will represent the Benetton store of the future for a couple of months, both in terms of the type of products on sale and the positioning and technology used to support sales. This project summarizes our vision for Benetton in the future.

Sustainability is a trend that seems essential if one is aiming for credibility in all markets.

Everyone my age remembers when Benetton introduced the concept of democratic fashion, meaning fashion accessible to everyone. Well, this concept has always been combined with sustainability. Today, half of our products are made of monofiber material, the easiest to recycle, partly because 80% of the fibers we use are of natural origin. Cotton accounts for 70% of our fibers; it is a material we have known, handled and loved for 50 years. Over the years, this has also enabled us to select certified suppliers of organic or recycled materials, allowing us to join initiatives that represent the highest standards of the industry in which we operate. We are part of Better Cotton, an international non-profit organization that trains farmers in sustainable farming practices using less chemicals, fertilizers and water. We are also a member of the Sustainable Apparel Coalition, indisputably the most important coalition of brands, retailers and manufacturers involved in textiles and footwear. We have set our goals and we are ready to move in the right direction. We are fully aware that these choices will result in a slightly higher product cost, but we are fully determined to reach a higher degree of sustainability in our stores.

How high have you set the bar for the coming years?

We have signed a very ambitious commitment to reduce CO₂ emissions by 2030: the Science Based Targets Initiative, a United Nations program that defines the scientific criteria by which companies must plan to reduce their emissions. Our target is to reduce Scope 1 and Scope 2 emissions by 50%, and Scope 3 emissions, which relate to the supply chain, by 30% within 2030. Top-tier companies have joined the initiative along with us, but most importantly, 2030 is just around the corner. These are very ambitious goals. We should not forget that today sustainability also involves social aspects. At the end of 2022 we measured the social performance of more than 260 suppliers, 12% more than in 2021, and the number is growing every year. We were one of the first companies that formalized remote working after the period of the pandemic. Now, all employees work from home on Fridays by statute. This improves work-life balance, cuts down some of the road traffic and improves mobility. We also have numerous benefit-related plans in the pipeline.

The challenges you just mentioned also require a redefinition of competencies and an enhancement of human capital.

Last year, we offered internships to 70 young graduates, most of whom are now on an a permanent employment contract. We are experiencing a generational change. However, this does not mean replacing senior staff with younger resources. Enhancement and improvement come through the growth of talents who are not necessarily the youngest.

Sisley seems to be the Group's new challenge. What are the strategic moves to relaunch the brand?

Sisley is a different brand from Benetton, its distribution markets are different. Sisley is well-known, appreciated, and considered cool in markets like Korea, China, Japan, Thailand, Singapore, Malaysia, and Australia. Sisley also has a different customer base and function. Right now Sisley is growing a lot. News about its relaunch? We have many projects in the pipeline, all aimed at increasing the brand visibility.



Highlights 2022

✓ 6 000 sq m

THE SURFACE OF THE NEW CASTRETTE AUTOMATED WAREHOUSE

✓ -13%

ENERGY CONSUMPTION IN THE CAMPUS

✓ 22%

GREEN B COLLECTION SALES

✓ 57%

FEMALE MANAGERS AT THE HEAD OF ORGANIZATION UNITS

✓ 131

NEW YOUNG EMPLOYEES

✓ 43%

“PREFERRED” MATERIALS



COMPANY

Benetton Group profile

Benetton Group is one of the world's best-known fashion companies. Present in the main markets with a sales network of about 3 800 stores, Benetton Group has always paid special attention to the environment, the dignity of people and the transformations of society.

Since 1965, the Company has preserved its identity made up of style, color, authentic fashion and quality at affordable price, reflected in the strong and dynamic personality of its United Colors of Benetton and Sisley brands, which are followed by millions of fans and customers worldwide.

Leveraging its history built on innovation, Benetton Group pursues a strategy of constant investment in products, stores, logistics, digital, communication and sustainability. The result is a competent and flexible organization that resolutely faces contemporary challenges while embracing the future with an optimistic vision.



Values



COLOR

The first thing that comes to mind when thinking of the Benetton Group is color, in all of its expressions. The colorful knits that have revolutionized the world of fashion are a metaphor of a playful and positive approach to life, celebrating our Italian origins.



INTERNATIONALITY

Benetton Group has always thought globally and not only in relation to business. Our vision is that of a world in which ethnic, cultural and religious differences are overcome in the name of global citizenship.



QUALITY

Benetton Group constantly strives to attain the highest level of quality in all of its products, processes and services. This dedication is part of the Italian textile industry's tradition and – thanks to the passion and dedication of all the Group's employees – drives all of the Company's activities.



CULTURE

Since the beginning, Benetton Group has carried on a dialog with some of the most prominent international figures in the world of culture. This has helped the Company developing new tools to understand and interpret the contemporary world. Because knowledge is crucial for the success of any enterprise.



SOCIAL ENGAGEMENT

Producing apparel is not enough. Playing a central role in a constantly evolving scenario, Benetton Group considers it necessary to take concrete action to promote the development of individuals and communities and ensure respect for human rights at a global level.



FREEDOM OF EXPRESSION

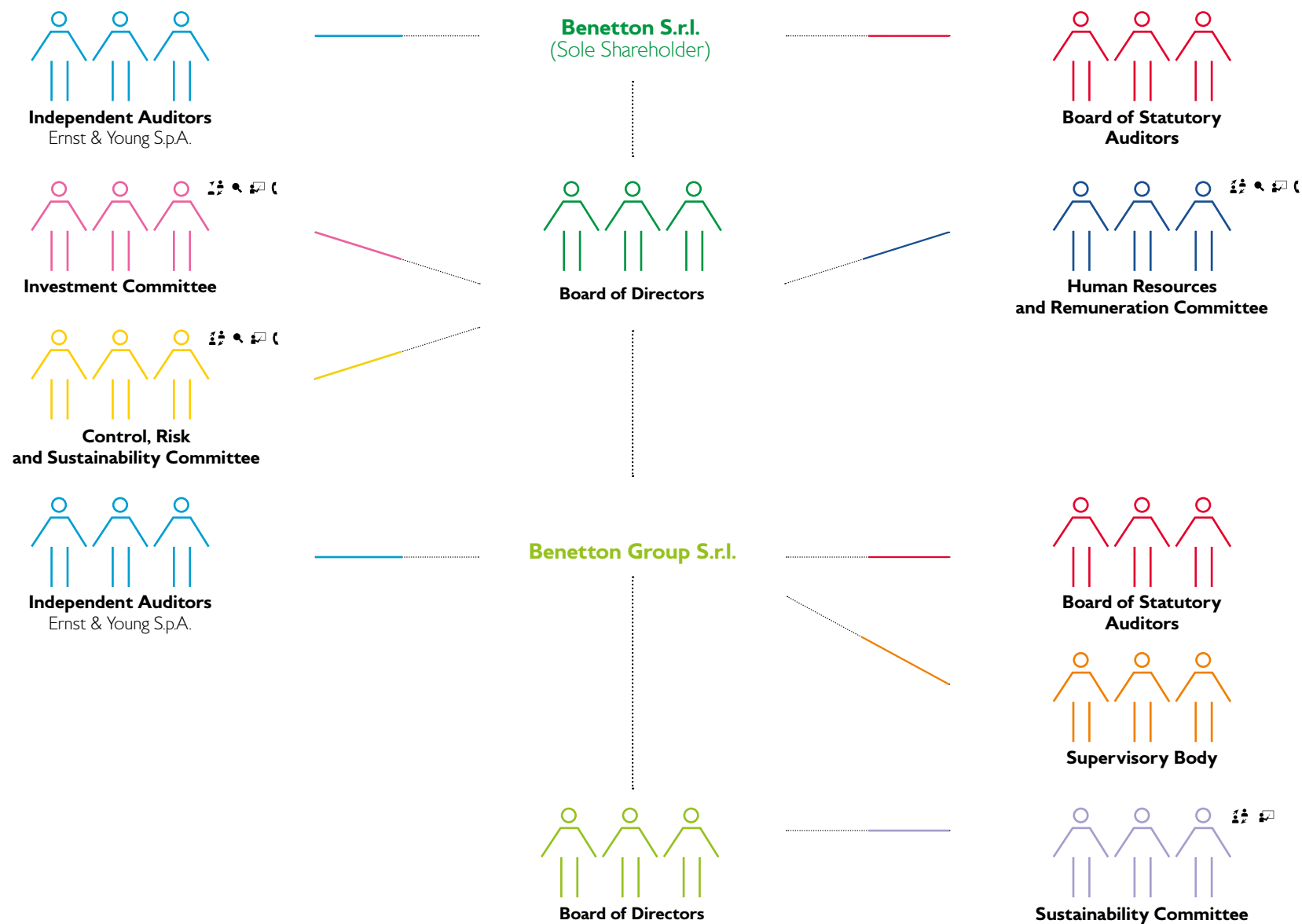
Benetton Group is outspoken. We are convinced that our society can only evolve if people are provided with the right tools and allowed to express their opinions freely. This will result in more ideas, greater dialog and more tolerance, also vis-à-vis those who see things differently.

History

- 1955** Luciano and Giuliana Benetton have the intuition to develop and sell a colorful, yellow knit – a brand-new product in those days.
- 1962** Benetton starts producing knits in neutral colors and dyeing them based on the orders received. First development of ready-to-dye production.
- 1965** Benetton Group was founded. In the same year, the factory designed by architects Afra and Tobia Scarpa was inaugurated in Ponzano, in the province of Treviso.
- 1966** Opening of the Group's first store in Belluno.
- 1969** Opening of the store in Boulevard St. Germain, Paris. It is the first store outside Italy.
- 1971** Registration of the 012 brand and development of the first jacquard and diamond patterned knits.
- 1974** Sisley enters the Benetton Group's brand portfolio.
- 1978** Benetton Group exports reach 60% of production.
- 1983** Benetton enters Formula 1 racing as sponsor of the Tyrrell team. Three years later, after the acquisition of Toleman, the Benetton Formula Limited racing team wins two drivers' and one constructors' world championships. In 2000, the team is acquired by Renault.
- 1985** Benetton ad campaigns by Oliviero Toscani win the Grand Prix de la Publicité in France. This is the first of a series of awards that, together with criticism and censorship, fuel debate in many countries around the world.
- 1986** The Group is listed on the Milan Stock Exchange, followed by the listing on the Frankfurt Stock Exchange in 1988 and the New York Stock Exchange in 1989.
- 1987** Fondazione Benetton Studi e Ricerche is established, along with the International Carlo Scarpa Prize for Gardens.
- 1989** The iconic green United Colors of Benetton logo is born.
- 1991** *Colors* magazine, distributed in 40 countries and translated in four languages, is launched.
- 1994** Fabrica, Benetton Group's Communications Research Center, is founded.
- 2006** Benetton Group celebrates its 40th anniversary with an exhibition and a show at the Pompidou Center in Paris.
- 2007** Launch of the Ponzano Children Centre for the children of both Benetton Group employees and families of the surrounding area.
- 2012** Benetton Group delists from the Milan Stock Exchange, after also delisting from those of Frankfurt and New York.
- 2013** Benetton Group is recognized by Greenpeace for its commitment to environmental sustainability.
- 2014** The Group is reorganised into three separate entities: one directly focused on the brands, one dedicated to manufacturing and one engaged in real estate management.
- 2015** The partial demerger of Benetton Group S.r.l. is accomplished after completion of the refocus and relaunch plan.
- 2019** United Colors of Benetton launches its first show at the Milan Fashion Week.
- 2020** United Colors of Benetton is the first Italian brand in terms of transparency according to the Fashion Transparency Index.
- 2021** United Colors of Benetton opens a store with a high level of sustainability in Florence.
- 2022** Benetton Group signs a letter of commitment with the Science Based Targets initiative (SBTi), a program that guides companies on a progressive path to reduce greenhouse gas emissions.



Governance



- Functions:**
- Advisory
 - Proposals
 - Due Diligence
 - Assistance

COMPOSITION OF CORPORATE BODIES AT 28.03.2023

Board of Directors of Benetton S.r.l.	Office	Age	Investment Committee	Control, Risk and Sustainability Committee	Human Resources and Remuneration Committee	Supervisory Body (Leg. Decree 231/2001)
Luciano Benetton	C	>70	●			
Massimo Renon	CEO	51-69	●			
Ugo Giorelli	●	51-69	○	○	○	
Christian Benetton	●	51-69				
Franca Bertagnin Benetton	●	51-69				
Ermanno Boffa	●	51-69				
Fabio Buttignon	●	51-69	C	C	○	
Christian Coco	●	≤50	○	○	○	
Nicola Pelà	●	51-69			C	
Chiara Anselmi						C
Andrea Pezzangora						○ (1)
Roberto Taiariol						○ (2)

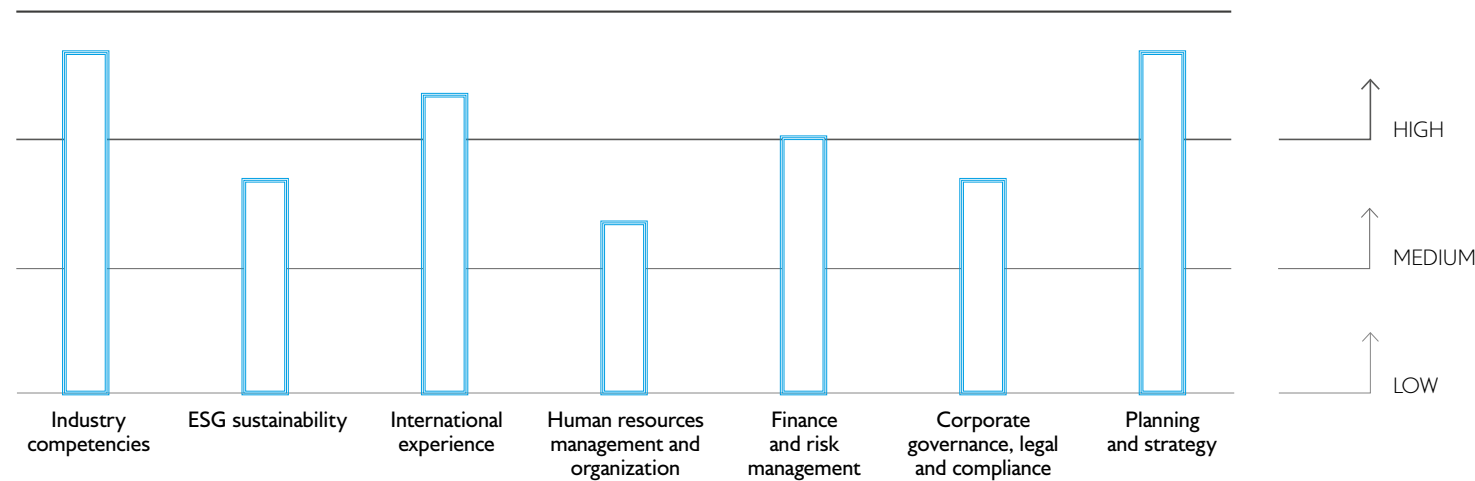
Board of Statutory Auditors	
Angelo Casò	C
Antonio Cortellazzo	SA
Giorgio Grosso	SA
Gianluca Pivato	AA
Graziano Gianmichele Visentin	AA

- C Chairman
- CEO Chief Executive Officer
- (1) General Counsel
- (2) External Member

- SA Standing Auditor
- AA Alternate Auditor

- Executive
- Non-executive
- Independent - non-executive
- Member

LEVEL OF ADEQUACY OF THE AVAILABLE COMPETENCIES



BOARD OF DIRECTORS

The Board of Directors is responsible for managing operations. Among other things, it examines and approves:

- › the guidelines for the Group's operations;
- › proposals concerning organization and corporate governance;
- › the general guidelines regarding the management of human resources;
- › proposals for the re-organization of the Company's structure;
- › the result of operations;
- › extraordinary corporate actions;
- › annual budgets and quarterly, half-yearly and annual financial results.



INVESTMENT COMMITTEE

The Investment Committee serves in a due diligence, advisory and/or recommendation-making capacity in support of the Board of Directors with regard to:

- › specific investment projects, assessing their alignment to the Group's strategic guidelines, their profitability targets and financial sustainability;
- › Company procedures regarding investments and significant transactions.

In general, the Committee monitors the implementation of the approved investment programs by monitoring their execution in terms of costs incurred and actual return on investment (post-audit), analyzing the main criticalities.

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Control, Risk and Sustainability Committee, whose members have suitable experience in accounting and finance, has the following main tasks:

- › assist the Board of Directors in defining the guidelines of the internal controls. At the request of the Executive Chairman, it expresses opinions on specific issues concerning the identification of the principal business risks;
- › assist the Board of Directors in evaluating the adequacy, efficacy and effective functioning of the system of internal controls, which it oversees;
- › provide the Board of Directors with indications and information on compliance with corporate governance rules;
- › assess, together with the Chief Financial Officer and the Independent Auditors, the adequacy of the accounting standards adopted and their consistency for the purposes of preparing consolidated financial statements;
- › verify, with the assistance of the Head of Internal Audit, the process that generates the financial reporting data;
- › monitor the effectiveness of the auditing process and assess the results published in the Independent Auditors' report and the opinion letter;
- › receive the annual report from the Head of Internal Audit on the application of the "Organization and Management Model" – pursuant to Italian Legislative Decree 23 1/2001 – which was adopted by the

Company and also includes the Code of Ethics, and evaluate whether to present the Board of Directors with recommendations for updating and/or amending such model and its method of application:

- › assess and express an opinion, in advance and as necessary requirement prior to confirming the appointment, on all auditing and non-auditing services provided by the Independent Auditors;
- › assess and verify the independence of the Independent Auditors;
- › assess the environmental, economic and social impacts resulting from Company operations;
- › monitor the Company's positioning in the main sustainability indexes;
- › examine the Integrated Report, containing non-financial information;
- › formulate opinions and proposals regarding specific sustainability issues.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee serves in a due diligence, advisory and/or recommendation-making capacity in support of the Board of Directors and, in particular:

- › submits proposals on the overall remuneration of the Chairman, directors and senior managers of the Benetton Group companies;
- › examines performance targets and incentive plans for employees of the Benetton Group companies;
- › evaluates proposals regarding: composition criteria and skills profiles of the managers identified as members of management and control bodies in strategically important subsidiaries; policies for the strategic development of "human resources" and recruitment and appointment of senior managers of the Benetton Group companies.



ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 23 1/2001

The current Organization, Management and Control Model adopted by resolution of the Board of Directors on March 1, 2016, to replace the one approved in 2008, is composed of a general part and numerous special sections. The Code of Ethics approved by the Company is treated as an integral part of the Model. Under its Code of Ethics, the Group has adopted the International Labor Standards (ILS) contained in the fundamental conventions of the International Labor Organization. The whistleblowing procedure allows the reporting of unlawful conduct relevant under Legislative Decree 23 1/2001 or violations of the Organizational Model or practices that do not comply with the provisions of the Code of Ethics. Anyone having a business relation with Benetton Group can submit a report, including employees, members of corporate bodies, partners, suppliers and collaborators.

Composition of the Sustainability Committee:

Massimo Renon CEO
Martino Boselli Chief Commercial & Sales Officer
Stefano De Marchi HR & Organization Director
Ugo Giorcelli Chief Staff Officer
Nicoletta Sartori Head of Sustainability
Francesca Svab Global Managing Director Sisley
Carlo Tunioli CEO Fabbrica
Marco Zeggio Chief Operations Officer

GDPR

In 2018, with the enforcement of the EU General Regulation 2016/679 on the protection of personal data (known as GDPR), the Company set up a new Privacy function, headed by Mauro Menardo as Data Protection Officer, assisted by a multidisciplinary team. The new function, responsible for personal data monitoring, assessment and processing, enables Benetton Group S.r.l. to ensure its employees, consumers and, in general, stakeholders correct personal data protection in the performance of their activities, so that data is always processed in compliance with the applicable national and European regulations in the matter.



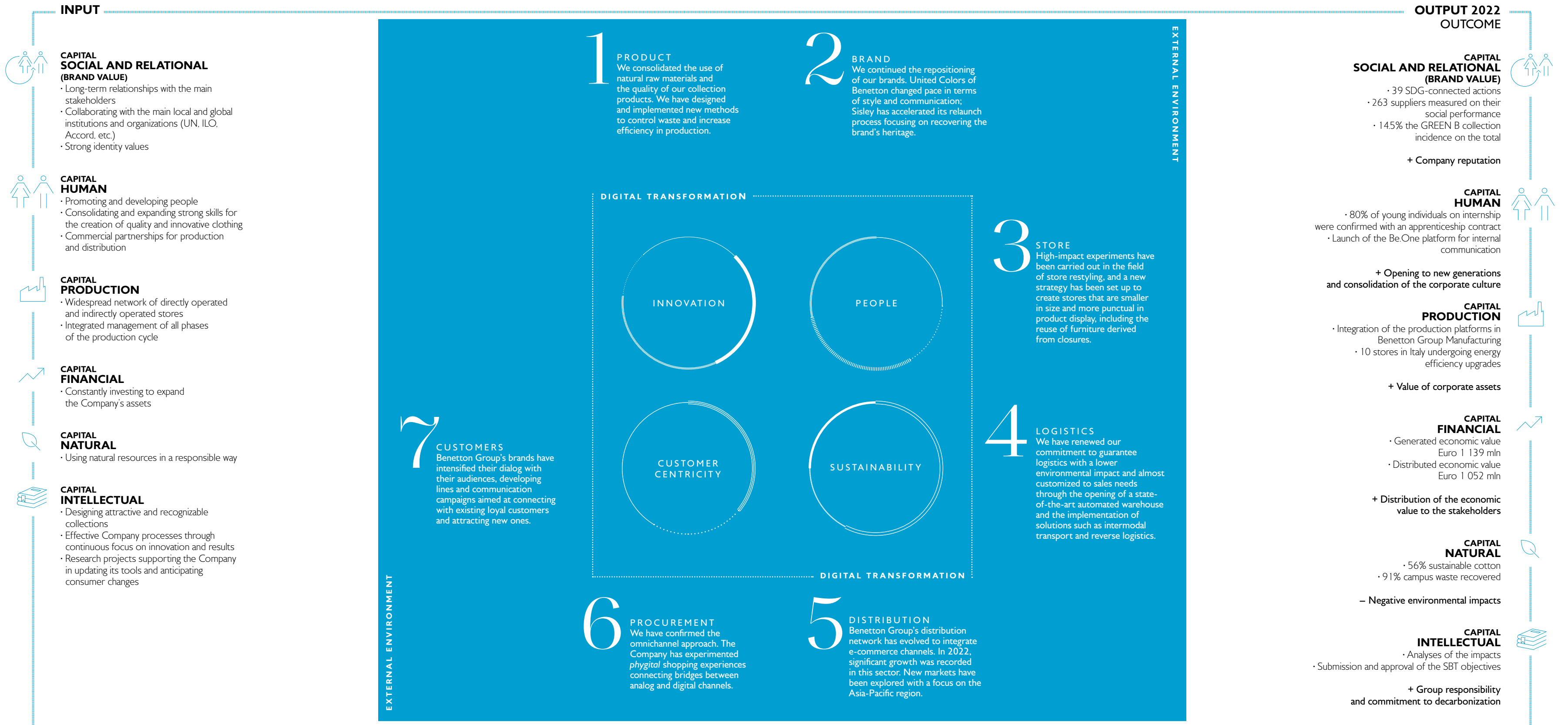
SUSTAINABILITY COMMITTEE

The Sustainability Committee – set up by the Board of Directors in 2015 – defines and oversees Benetton Group's sustainability strategy. The establishment of this Committee is further evidence of the Company's commitment, at all levels, to become an agent of social change through its initiatives. The objectives of Benetton Group's Sustainability Committee include:

- › promoting the effective and continuous integration of sustainability initiatives into business activities and supporting the work of the Head of Sustainability;
- › standardizing all sustainability activities;
- › promoting dialog with internal and external stakeholders on sustainability issues;
- › examining and periodically reviewing corporate sustainability implementation tools by the Board of Directors – starting with the Code of Conduct for Manufacturers and its implementation procedures –, also in light of possible risks related to Company and brand reputation;
- › providing the Board of Directors with a constant flow of information and indications regarding the application of the corporate sustainability strategy and its tools;
- › overseeing activities related to integrated reporting and the disclosure of KPIs and relevant information on environmental and social issues.



Business model



Economic value generated and distributed

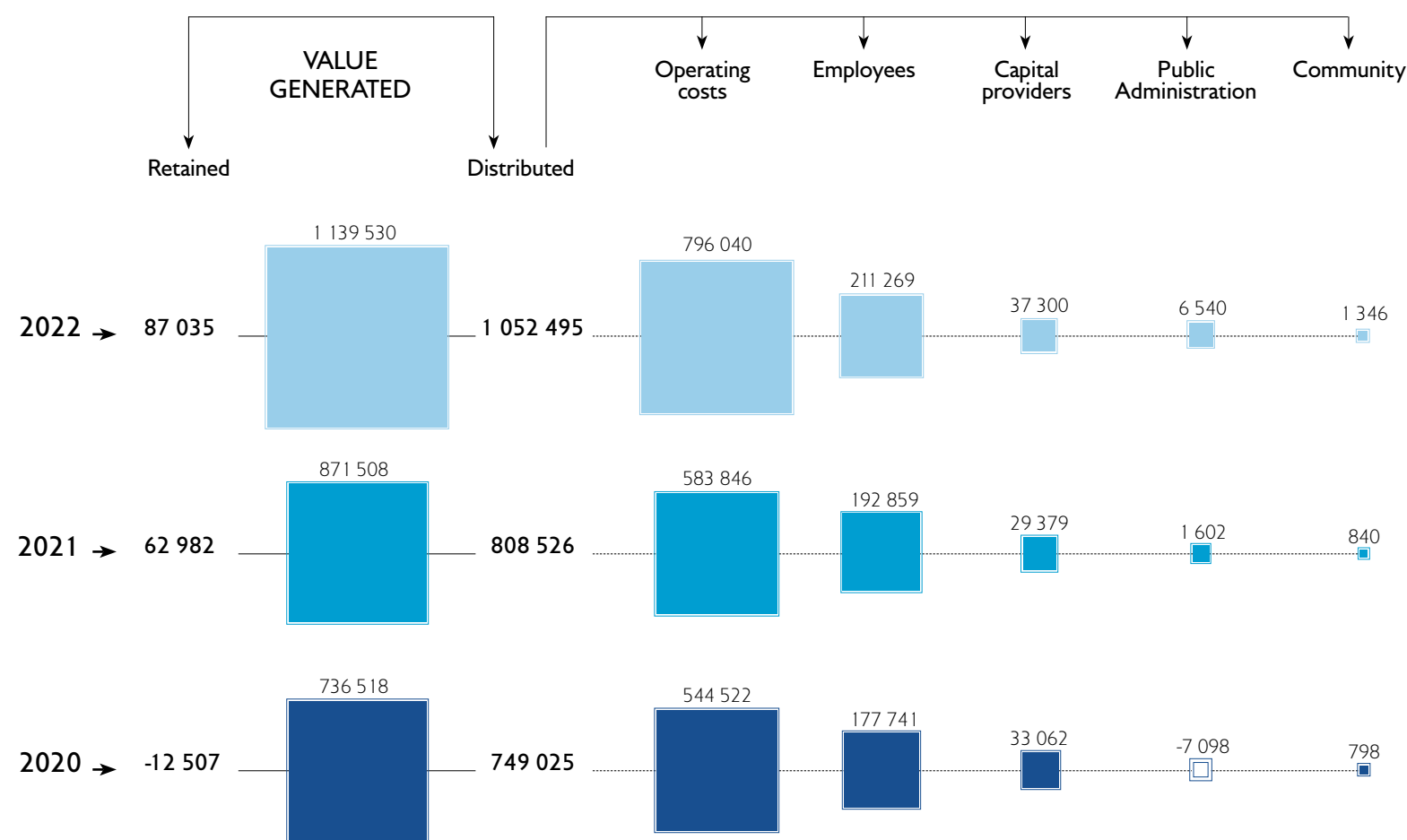
In 2022, Benetton Group continued its re-launching process, consolidating the strategic choices made in the previous years and improving its economic performance on a year-on-year basis. The economic value generated amounted to approximately Euro 1 139 million, while the economic value distributed totaled Euro 1 052 million, and the retained economic value was equal to approximately Euro 87 million. The increase in the economic value generated

indicates a priority focus on the dimension of economic sustainability, with clear signs of recovery, despite the uncertainties due to the international situation. The increase in revenues is driven by double-digit growing sales from directly operated stores and e-commerce and the contribution of sales in the two markets of India and Korea. Benetton Group also implemented a series of actions designed to ensure an increase in margins, through reduced use of discounts and cost containment

from optimized use of inventories, in line with the policy of improving sell-through and disposing of the previous collections. For the third consecutive year, the results are in line with the approved Business Plan, which focuses on efficiency gains and increased performance of the various channels on a like-for-like basis. Despite the complexities of the current socioeconomic context, Benetton has decided to continue to invest in a number of strategic areas, including digital transition

– which is fundamental to making the operations supporting the business simpler and more efficient – and environmental and social sustainability. The program of new store openings has also kept moving forward, confirming the search for increasingly cutting-edge solutions to offer a unique brand experience, inclusive and designed around the consumer.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EURO THOUSAND)



Material topics

The degree of detail with which the relevant topics within the Report are treated reflects the results of the materiality assessment. Material topics are topics that represent an organization's most significant impacts on the economy, the environment and the people, including possible violations of human rights on the negative side, and assessing the contribution to sustainable development with regard to positive impacts. In 2022, in accordance with GRI Standard 3, Benetton Group revised its materiality matrix by analyzing the impacts generated by the Company. Specifically, it identified and measured the most significant economic, social and environmental impacts and established a scale of priorities, outlining the material issues subject to reporting. As envisaged by the GRI Standards, the analysis of impacts requires a preliminary mapping of the organizational context through a description of the activities carried out and business relationships, an analysis of the sustainability context and the relationship with key stakeholders. Specifically, the following elements were considered in the analysis:

- › the Company's business model, the regions in which it operates, the products offered, the characteristics of the industry and the Company size;
- › the characteristics of its relations with the stakeholders;
- › the analysis of the main industry documents, sustainability indices,

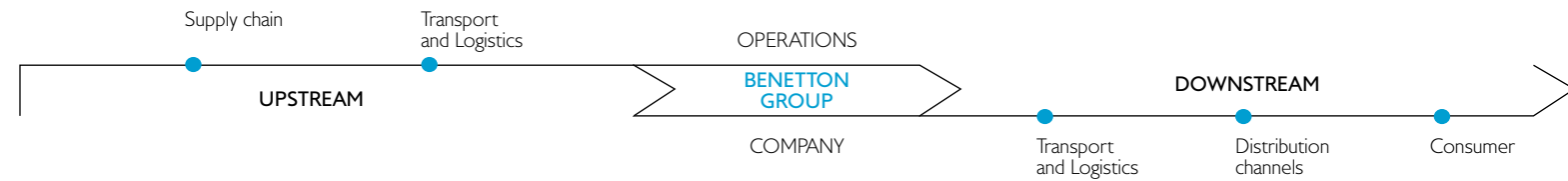
documents and reports of the most relevant and influential nongovernmental organizations and policy makers, in order to identify the main sustainability trends, and the main critical issues at local, regional and global level and anticipate the expected regulatory developments.

Benetton Group then identified its actual and potential impacts from an economic, social and environmental perspective, with particular attention to human rights impacts across the different business functions and stages of the value chain. Impacts are classified as actual or potential, positive or negative, short- or long-term. For each of the identified impacts, the stage of the value chain involved, the causal link to the organization (direct or through its supply chain), the approved policies and commitments and the mitigation actions taken were specified. Benetton Group also evaluated the effectiveness of the measures undertaken and summarized the dialog with stakeholders on the various topics. In this phase, the Group considered the elements that emerged from the discussion with the parent company Edizione S.p.A., the issues addressed by policy makers in the European Green Deal and the EU Sustainable Textiles Strategy as well as the input from associations of which Benetton Group is a member (SAC, ZDHC, Textile Exchange, UN Global Compact). This was followed by an assessment of

the significance of the impacts, based on the parameters of severity and likelihood of occurrence; in the case of negative impacts, severity takes into account the scale, perimeter and irremediable character of the impact, leading to the identification of aspects to monitor in the risk management system, with the identification of appropriate control and mitigation tools. In the case of positive impacts, the assessment is based on the scale and perimeter of the impact. The impacts thus assessed were prioritized to identify the list of material topics that guided the definition of content for the Integrated Report. The identified topics were compared to the GRIs applicable to companies in the sector to check for consistency and completeness of reporting. The Committee on Control, Risk and Sustainability (CCRS) and the Sustainability Committee supervised the process, formulating opinions and proposals, and finally approved the list of material topics divided into two categories: high and medium materiality. The methodological difference from the previously conducted analysis resulted in some deviations in the relevance of material topics. The choice of preferred materials and fibers, responsible management of the supply chain and respect for human rights were confirmed as key elements; on the contrary, considering the impact of Benetton Group and/or the need to strengthen the corporate management strategy,

water consumption, biodiversity and animal welfare, which had a secondary role in the matrix analysis, emerged as priorities. Finally, the relevance of the topic of climate change and the focus on energy consumption demonstrates an internal awareness of the Company's impact; in this context, Benetton Group has in fact defined specific greenhouse gas (GHG) emission reduction targets throughout its entire value chain.

VALUE CHAIN



MATERIALITY MATRIX
TABLE OF IMPACTS (MEDIUM-HIGH)

IMPACT	DESCRIPTION	TYPE	LEVEL	SDG(s)	ATTRIBUTION
Selection of "preferred" materials and fibers GRI series: 301 - In-depth analysis Chapter Product Pages 78 - 83	Commitment to selecting "preferred" materials and fibers with reduced impacts and greater benefits for the climate, nature and the people compared to the traditional ones. Policy and Commitment • 100% sustainable cotton by 2025 Remedial or mitigation actions -	+	Low	12	• Upstream (supply chain)
Responsible management of the supply chain GRI series: 308; 414 - In-depth analysis Chapter Supply chain Pages 88 - 92	Selection and management of suppliers based on social and environmental criteria in line with the assessment standards shared in the industry. Maintaining collaborative relations and partnerships with suppliers to ensure flexibility, quality, transparency and efficiency. Policy and Commitment • Code of Conduct for Suppliers - ZDHC Wastewater Guidelines. Remedial or mitigation actions -	+	Low	8, 12, 13, 17	• Upstream (supply chain)
Consumption and discharge of water GRI series: 303 - In-depth analysis Chapter Spaces Page 66 Chapter Supply chain Pages 91 - 92	High consumption of water in water-stressed areas for agriculture, farming and process activities. Water discharge with parameters not in line with legal requirements and/or characterized by the presence of substances hazardous to human health and the ecosystem. Policy and Commitment • ZDHC Wastewater Guidelines. Remedial or mitigation actions • Evaluation of suppliers using Higg FEM - Wasatex Project - Use of cotton derived from Better Cotton Initiative - Use of organic cotton.	-	Low	5, 8, 12	• Upstream (supply chain)
Threats to biodiversity GRI series: 304 - In-depth analysis Chapter Supply chain Page 92	Loss of biodiversity attributable to agricultural and industrial exploitation, deforestation and soil degradation. Potential threat to ecosystems from waste and chemicals leaked into the environment. Policy and Commitment - Remedial or mitigation actions • Introduction of recycled materials (cotton, wool, man-made fibers) that avoid the use of new soil	-	Low	12, 13	• Upstream (supply chain)

+ positive - negative // ○ potential ○ actual
 low
 medium
 high

Sustainable Development Goals:



IMPACT	DESCRIPTION	TYPE	LEVEL	SDG(s)	ATTRIBUTION
Lack of protection of human rights and respect for health and safety GRI series: 401; 403; 404; 405; 406; 407; 408; 409; 413; 414 - In-depth analysis Chapter Supply chain Pages 88 - 90 Chapter People Page 151	Potential human rights violations across the value chain. The company must adopt a due diligence approach. Policy and Commitment • Code of Ethics • Code of Conduct for suppliers Remedial or mitigation actions • Respect of all laws and regulations • Evaluation of suppliers using Higg FSLM • Use of cotton derived from Better Cotton Initiative or GOTS certified • Industrial relations, periodic dialog with employee representatives	⊖	Low	5, 8, 12	• Upstream (supply chain) • Company
Climate change GRI series: 302; 305; 308 - In-depth analysis Chapter Spaces Pages 59; 66 - 67	Inability to reduce GHG emissions across the value chain in compliance with the Paris Agreement on Climate Change by decoupling the company's economic growth from resource exploitation. Policy and Commitment • Definition of the SBT objectives to reduce Scope 1-2-3 emissions Remedial or mitigation actions • Use of renewable energy • Energy efficiency program • Evaluation of suppliers using Higg FEM • Use of "preferred" materials and fibers • Use of recycled materials • Intermodal transportation • Saturation of transportation means	⊖	Low	13	• Upstream (supply chain) • Company • Downstream (Logistics and distribution channels)
Threats to animal welfare - In-depth analysis Chapter Products Pages 80; 83	Insufficient practices to protect animal welfare Policy and Commitment • Policy of the 5 freedoms of the animal Remedial or mitigation actions • Responsible Down Standard (RDS) Certification	⊖	Low	12	• Upstream (supply chain)
Air pollution GRI series: 302; 305; 308 - In-depth analysis Chapter Spaces Pages 66 - 67 Chapter Supply chain Pages 91; 93	Negative impacts from air emissions from direct operations, refrigerant systems, and production processes. Policy and Commitment - Remedial or mitigation actions • Evaluation of suppliers using Higg FEM	⊖	Low	12, 13	• Upstream (supply chain) • Company
Management of chemicals GRI series: 308 - In-depth analysis Chapter Products Pages 78 - 83 Chapter Supply chain Page 91	Potential harm to human health and the environment from uncontrolled management of chemicals. Policy and Commitment • ZDHC wastewater guidelines • Restricted Substance List (RSL) Remedial or mitigation actions • Evaluation of suppliers using Higg FEM • Use of cotton derived from Better Cotton Initiative • Use of organic cotton • Use of sustainable viscose	⊖	Low	12	• Upstream (supply chain)



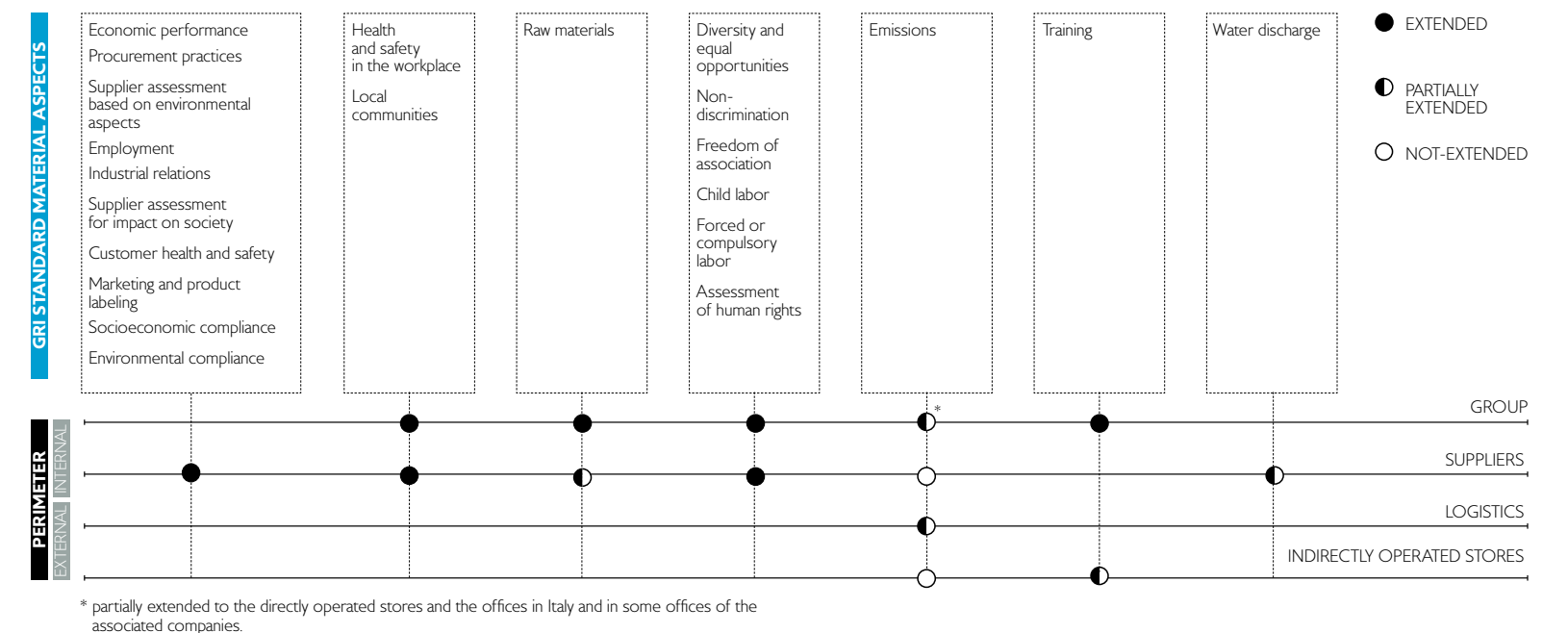
IMPACT	DESCRIPTION	TYPE	LEVEL	SDG(S)	ATTRIBUTION
Failed management of waste GRI series: 306 - In-depth analysis Chapter Spaces Page 66 Chapter Supply chain Page 90	Inappropriate management of hazardous and non-hazardous waste, with possible harm to human health and the environment. Difficulty in reusing textile waste in new production processes by introducing circular recycling models. Inability to control overproduction and manage unsold goods, avoiding destruction and landfill disposal.	⊖	▬▬▬	12	• Upstream (supply chain) • Company
Policy and Commitment					
• Waste management procedure					
Remedial or mitigation actions					
• Compliance with laws and regulations • Separate waste collection • Recycled packaging • Use of reusable metal baskets for 40% of production • Pilot project to recover cotton waste in Bangladesh • Accurate sales forecasts to limit overproduction and use of an outlet network to dispose of unsold goods.					
Generation and distribution of the economic value GRI series: 201- 204 - In-depth analysis Chapter Company Page 20	Generation and distribution of the value that generates wealth for stakeholders, particularly the local economies in which the company operates.	⊕	▬▬▬	8	• Company
Policy and Commitment					
-					
Remedial or mitigation actions					
-					
Increasing awareness to sustainable consumption - In-depth analysis Chapter Product Page 72	Possibility to educate consumers and encourage the development of sustainable consumption patterns and attention to product care.	⊕	▬▬▬	12	• Downstream (consumers)
Policy and Commitment					
-					
Remedial or mitigation actions					
-					

Benetton Group observed additional topics of mild impact that it is committed to monitoring and verifying during the course of the year.

TABLE OF IMPACTS (LOW)

Promoting diversity and inclusion Promote an inclusive corporate culture, support diversity and condemn all forms of discrimination. Achieve gender equality in management level positions, promote equal opportunities for men and women to enter the company and grow professionally.	⊕	Failed transition to a circular business model Insufficient, or underperforming, investments and actions toward economically sustainable and scalable solutions in order to make the textile industry a circular business, minimizing waste of resources (energy and materials).	⊖
Contribution to innovation Investments in new business models and innovation projects regarding key challenges for the fashion industry (traceability, new materials, less impacting processes).	⊕	Privacy violations Mismanagement of data and consequent violation of the Data Protection Act.	⊖
Commitment to people development and training Training talent through training programs and professional development opportunities.	⊕	Failure to meet product quality or safety standards Insufficient efforts to address health and safety issues throughout the life cycle of a product or service, resulting in consumer prejudice or violations of regulations and voluntary codes.	⊖
Corporate ethics and integrity Failure to adopt policies to promote conducts inspired by the highest principles of ethics and transparency. Insufficient procedures and preventive measures to prevent corruption, money laundering, unfair business practices and other forms of conduct not in line with the Group's values.	⊖	Misleading communication and greenwashing practices Misleading communication about the social and environmental performance of a product, service or brand. Greenwashing practices.	⊖

GRI MATERIAL ASPECTS: REPORTING PERIMETER AND RESTRICTIONS



BENETTON GROUP STAKEHOLDERS

Benetton Group mapped its stakeholders based on its areas of activity, dividing them as follows:

- › internal: individuals who are part of the Company;
- › external: individuals who operate along the Group's value creation chain or who are indirectly influenced by/interested in the Company's activities.

During the period, around 30 relevant categories of stakeholders were identified, which, through dedicated interviews and workshops with the main Company functions, were subsequently prioritized on the basis of:

- › their dependence on Benetton;
- › their influence on Benetton.

Benetton Group aims to identify current and potential impacts on key stakeholder categories

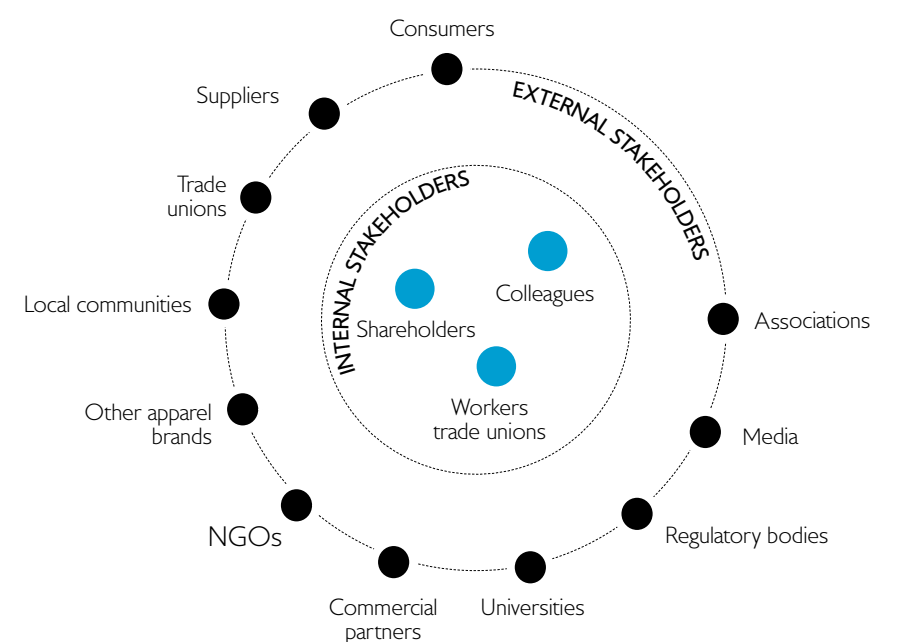
and define in a shared way the most appropriate mitigation and management tools. In 2022, Benetton Group continued activities aimed at involving its internal and external stakeholders, maintaining active communication also through digital channels to respond to requests for transparency made by consumers or associations while fueling dialog on important current issues.

The persistence of the general instability in the international context requires constant dialog with suppliers to strengthen relationships and systematically promote improved social and environmental performance.

Benetton Group's commitment to transformational resilience and sustainable recovery is also expressed through collaboration with Sustainable Apparel Coalition (SAC) and Zero Discharge of Hazardous

Chemicals (ZDHC), the aim being to adopt the most appropriate practices for effective mitigation of social and environmental risks. In addition, during the year, Benetton Group monitored the evolution in the industry and the

macro trends in order to identify issues subject to potential regulation, the drivers of change and the interests of the various stakeholders with particular attention to due diligence, transparency and consumer communication.



Agenda 2030

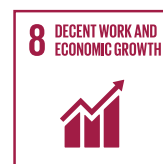
In September 2015, the United Nations approved the 2030 Global Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The implementation of this agenda requires nations, industries, businesses, financial institutions, NGOs and civil society to redirect their programs and plans toward these goals.



Benetton Group has decided to do its part to achieve these goals. In setting out its charter of commitments for the coming years, the Company chose to associate its actions with the SDGs closest to its core business and strategic action areas.



SDG 5 GENDER EQUALITY
Gender equality is a necessary step for creating a peaceful, prosperous and more sustainable world for everyone. For this reason, Benetton Group has launched projects and initiatives designed to support the emancipation and legitimization of women around the world.



SDG 8 DECENT WORK AND ECONOMIC GROWTH
Benetton Group aims to reach higher economic productivity standards through diversification and technological progress, relying on development policies that support production activities, creativity and innovation by promoting a healthy and safe working environment for all workers.



SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Benetton Group leads the way in the global commitment to the elimination of the use of dangerous chemicals throughout the textile sector by 2020. The Company also implements policies for the sustainable management and the efficient use of resources and energy, as well as for the reduction of waste, also through recycling and reuse, where possible.



SDG 13 CLIMATE ACTION
The Group's contribution to combating climate change involves the implementation of initiatives to reduce energy consumption and climate-altering gas emissions, as well as reducing the environmental impact connected with its logistics activities and the distribution of its products.



SDG 17 PARTNERSHIPS FOR THE GOALS
A successful Sustainable Development Agenda requires partnerships – built upon principles and values, a shared vision, and shared goals – that put people and the planet first. Benetton Group also works toward this goal, developing partnerships that can contribute to the achievement of the Sustainable Development Goals.

Projects and initiatives



FOR THE RESPECT, GROWTH, AND SAFETY OF THE PEOPLE pages

5 GENDER EQUALITY	• Whistleblowing	28
	• Supplier assessment program	88; 89; 91
	• Benetton per Te	148
	• Welcome Back Mom	149
	• Ponzano Children	150
	• Remote working	148
8 DECENT WORK AND ECONOMIC GROWTH	• Remote working	148
	• Training programs and people development	141; 144-147
	• Talent Acquisition	140
	• BYG	141
	• Warm Up	142
	• Due diligence on social impacts	22-24; 88-90
	• Modern Slavery Act	-
	• Supplier assessment program	88-89; 91
	• Guarantee to the right to disconnection	-
	• Assessing risks in the workplace	151
	• Training and dissemination of the culture of prevention	151
	• "Near misses" analysis	151
	• Assessing adequacy in the workplace	88-89
	• International Accord for Health and Safety	90

FOR THE RESPECT OF THE ENVIRONMENT pages

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Better Cotton and supplier involvement	79
	• Use of organic and recycled cotton	79
	• GREEN B collection	78-81
	• Detox Guidelines	91
	• RSL adoption	91
	• Use of "preferred" raw materials	78-81
	• Verde Campus	66
	• Use of metal boxes	93
	• Use of recyclable packaging	93
	• CFP Bangladesh	90
	• Sustainability section in the e-commerce website	103
	• B-Care Program	72
13 CLIMATE ACTION	• Due diligence on environmental impacts	22-24; 91-92
	• Participation in the SBT initiative	31

FOR A SUSTAINABLE GROWTH OF BUSINESS

17 PARTNERSHIPS FOR THE GOALS	• Sustainable Apparel Coalition	89
	• Textile Exchange	78; 82
	• Better Cotton	79
	• Zero Discharge of Hazardous Chemicals	91
	• UN Global Compact	26
	• Circular Fashion Partnership	90
	• International Accord for Health and Safety	90



SDG strategic development



Goal	Capitals	Benetton commitment	Actions	Investments	2022 impact
5.1 Ending all forms of discrimination against all women, girls and young women everywhere in the world - GRI Disclosure: 401-1, 404-1, 401-3, 405-1, 405-2, 406-1	Human	Promoting gender equality and reducing all forms of discrimination	<ul style="list-style-type: none"> Whistleblowing system for reporting 	NA	2 reports positively solved
5.2 Eliminating all forms of violence against all women, girls and young women in the public and private spheres, including trafficking for prostitution, sexual exploitation and other types of exploitation - GRI Disclosure: 408-1, 409-1, 414-1, 414-2	Social and Relational, Intellectual	Compliance with the Code of Ethics and Code of Conduct	<ul style="list-style-type: none"> Whistleblowing system for reporting Supplier assessment program 	75 000 € >> Investment in supplier assessment	2 reports positively solved 263 suppliers assessed
5.4 Recognizing and valuing unpaid care work and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household, according to national characteristics - GRI Disclosure: 401-2, 401-3	Human	Developing innovative welfare policies to balance work and family life	<ul style="list-style-type: none"> Benetton per Te Welcome Back Mom Ponzano Children Remote working 	310 000 € >> Investments in Benetton for You 124 000 € >> Investments in Ponzano Children	13 moms involved in Welcome Back Mom 29 children of employees attending kindergarten 300 000 hours of remote working
5.5 Ensuring full and effective participation and equal leadership opportunities for women at all levels of decision-making in political, economic, and public life - GRI Disclosure: 405-1	Intellectual	Dissemination of the culture of gender equality and integration in the corporate strategy	<ul style="list-style-type: none"> Active promotion of women's job stability and women's leadership 	NA	85% women on a permanent employment contract 57% women are head of organization units



Goal	Capitals	Benetton commitment	Actions	Investments	2022 impact
8.5 By 2030, achieving full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value - GRI Disclosure: 401-1, 401-2, 401-3, 404-1, 404-2, 405-1, 405-2	Human and Intellectual	Investing in worker development and growth: work-life balance	<ul style="list-style-type: none"> Remote working Training programs and people development 	559 000 € >> Investments in training	300 000 hours of remote working 1 647 colleagues involved 86% retention after 12 months of people who have participated in people development programs
8.6 By 2020, substantially reducing the percentage of unemployed youth who are not in education or training - GRI Disclosure: 401-1	Human and Intellectual	Encourage generational turnover, better accommodate new recruits, and provide more opportunities for internal growth	<ul style="list-style-type: none"> Talent Acquisition Benetton for Young Generations Warm Up 	49 000 € >> BYG 128 000 € >> Warm Up	28 colleagues involved in BYG 62 active internships
8.7 Taking immediate and effective measures to eliminate forced labor, end modern slavery and human trafficking, and ensuring the prohibition and elimination of the worst forms of child labor, including the recruitment and use of child soldiers, and, by 2025, ending child labor in all its forms - GRI Disclosure: 408-1, 409-1	Intellectual	Countering forced labor, child labor and modern slavery	<ul style="list-style-type: none"> Due diligence on social impacts Modern Slavery Act Supplier assessment program 	100 hours (= 10 days/ 5 000 €) >> dedicated to due diligence and monitoring activities 75 000 € >> Investments in supplier assessment	Identification of risks and impacts and corresponding forms of mitigation 263 suppliers assessed
8.8 Protecting labor rights and promoting a safe and secure work environment for all workers, including migrant workers, particularly migrant women, and those in precarious employment - GRI Disclosure: 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7	Human and Intellectual	Ensuring employee health and safety in the workplace	<ul style="list-style-type: none"> Assessing risks in the workplace Training and dissemination of the culture of prevention "Near misses" analysis 	961 910 € >> Investments in employee health and safety	2 683 hours of training in employee prevention and protection 208 people involved
8.8 Protecting labor rights and promoting a safe and secure work environment for all workers, including migrant workers, particularly migrant women, and those in precarious employment - GRI Disclosure: 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7	Human and Intellectual	Ensuring employee health and safety throughout the supply chain	<ul style="list-style-type: none"> Verifying the adequacy of workplaces and compliance with health and safety principles throughout the supply chain International Accord for Health and Safety in the Textile and Garment Industry 	75 000 € >> Investments in supplier assessment 33 000 € >> Fee Accord	245 suppliers identified as having health and safety non-conformities, which are implementing corrective measures 24 active suppliers participating in Accord





Goal	Capitals	Benetton commitment	Actions	Investments	2022 impact
12.2 By 2030, achieving sustainable management and efficient use of natural resources - GRI Disclosure: 302-1		100% sustainable cotton by 2025 70% "preferred" raw materials by 2023 90% GREEN B products on the total of the collection by 2030	<ul style="list-style-type: none"> Participation in the Better Cotton program and supplier involvement Use of organic and recycled cotton GREEN B collection 	55 000 € >> Better Cotton	56% sustainable cotton 43% "preferred" raw materials 14.5% GREEN B products on the total of the collection
12.4 By 2020, achieving environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks and significantly reducing their release to air, water, and soil, in order to minimize their adverse effects on human health and the environment - GRI Disclosure: 303-1, 305-1, 305-2, 305-3		Reducing environmental impact along the supply chain, limiting the use of hazardous chemicals in manufacturing processes; verifying wastewater; compliance with ZDHC MRSL guidance by 2030 for all wet-process suppliers	<ul style="list-style-type: none"> Application of the Detox Guidelines (water analysis + Higg FEM) RSL adoption Use of "preferred" raw materials 	36 000 € >> Fee SAC 27 000 € >> Fee ZDHC	90% FEM coverage (item volumes) 80% water test coverage (item volumes) 16% artificial fibers with a reduced environmental impact
12.5 By 2030, substantially reducing waste generation through prevention, reduction, recycling, and reuse - GRI Disclosure: 301-2		Maximizing campus recovery process and promoting segregated waste collection	<ul style="list-style-type: none"> Verde Campus Use of metal boxes Use of recyclable packaging CFP Bangladesh 	76 000 € >> Cost for waste disposal	91% of waste recovered in the campus 29.96 t of materials recovered and resold (11 000 € collected) 1 300 t of cardboard saved using re-usable metal boxes 50% of raw materials saved for e-commerce packaging 8 859 kg of production waste collected with the CFP program by Benetton suppliers
12.8 By 2030, ensuring that people around the world have the relevant information and awareness about sustainable development and lifestyles in harmony with nature - GRI Disclosure: 417-1		Providing consumers with information regarding our efforts to reduce the impact of our products and make them aware regarding the most sustainable use of the products they purchase	<ul style="list-style-type: none"> GREEN B collection Sustainability section in the e-commerce website B-Care Program 	29 000 € >> Investments in digital communication to promote sustainability	664 GREEN B products SS22 422 GREEN B products FW22



Goal	Capitals	Benetton commitment	Actions	Investments	2022 impact
13.1 Strengthening resilience and adaptive capacity to climate-related risks and natural disasters in all countries - GRI Disclosure: 302-1, 305-1, 305-2, 305-3, 305-4		Reducing GHG emissions (Scope 1-2-3) in line with the increase in global temperature by 1.5 °C	<ul style="list-style-type: none"> Due diligence on environmental impacts Participation in the SBT initiative 	100 hours (= 10 days/ 5 000 €) >> dedicated to due diligence and monitoring activities 85 000 € >> Investment in the SBTi project	Approval of the SBT goals



Goal	Capitals	Benetton commitment	Actions	Investments	2022 impact
17.16 Enhancing the global partnership for sustainable development		Developing partnerships that contribute to sustainable development	<ul style="list-style-type: none"> Sustainable Apparel Coalition Textile Exchange 	123 000 € >> Annual investment in membership activities	100% Tier-1 suppliers 80% Tier-2 suppliers involved in Higg FSLM/FEM
17.17 Encouraging and promoting effective partnerships among public, public-private, and civil society stakeholders			<ul style="list-style-type: none"> Better Cotton Zero Discharge of Hazardous Chemicals UN Global Compact Circular Fashion Partnership International Accord 		Certifications (OCS, RDS GRS, GOTS) 39 initiatives/projects related to the SDGs



Risk management

Benetton Group focuses the utmost attention on risk control and believes it is fundamental to assess, both beforehand and on an ongoing basis, the level of risk associated with strategic objectives for the creation of sustainable value. In 2022, risk analysis was adjusted to the changed international scenario.

STRATEGIC RISKS

These are risks that could threaten the Company's current competitive position and the pursuit of its strategic objectives.

BRAND STRATEGY

Risks connected with the United Colors of Benetton brand repositioning strategy. Incorrect timing and development could result in losing current consumers prior to acquiring new customers.

DISTRIBUTION CHANNELS

Risks deriving from the failure to meet new store opening goals as well as the uncontrolled growth of the online market (e-tailers in particular), which may create conflicts with the Company's other strategic objectives, with potential negative effects also on brand positioning.

SUPPLY CHAIN AND AVAILABILITY OF FINISHED PRODUCTS

Meeting expected delivery times for finished goods along with an increasing difficulty in finding transportation solutions in line with the deadlines defined by the commercial calendar can impact global margins.

COUNTRY STRATEGY AND MARKET PRESENCE IN INDIA AND KOREA

The entry of international brands in the Indian and Korean markets, which are very important to

Benetton, requires the delicate transition of the content of the United Colors of Benetton brand collection toward more global styles compared with the current ones, which have a strong local influence.

EXECUTION RISKS

The risks of losses inherent in the Company's operations, deriving from human error, the incorrect functioning of the organization, internal processes and the use of systems, unlawful behavior connected with fraudulent conduct, legal risks, inappropriate conduct with customers and suppliers that could compromise the ability to meet strategic objectives.

BUSINESS ORGANIZATION

The staff's resistance to change could limit or slow down the business transformation process taking place in the Company. Other risks include the development of inadequate organizational structures and the inability to attract and retain key talented people.

PRODUCT AND PRODUCT QUALITY

The Group's inability to identify the tastes of consumers and offer them products that satisfy their needs in terms of quality (considering the characteristics of the fabrics and the materials used, as well as the fit).

BUSINESS INTERRUPTION OF THE LOGISTIC PLATFORM

Natural disasters may result in business interruption of the logistic platform of Castrette, the hub handling most of the distribution flows.

CYBER THREATS

Risks in this group include risks related to technology infrastructure, robotic IT networks, and communications. The risk of cyber attacks on IT systems could compromise the availability of systems as well as the confidentiality and integrity of key information.

DIGITALIZATION

The adoption of digital technologies requires new skills or significant training efforts to improve the knowledge of the personnel.

SUSTAINABILITY

Benetton's values have always been rooted in sustainability concepts, and in the future sustainability will continue to be one of the main business drivers of the Group's business strategy generating both opportunities and risks. Among the risks is the inadequate management of sustainability issues resulting in failing to meet customer expectations with inevitable repercussions on the business.

FINANCIAL RISKS

This is the risk category most immediately perceived by businesses, also thanks to the implementation of the International Accounting Standard (IAS) and the requests for additional disclosures in financial reports deriving from national civil law. Financial risks include risks connected with exchange rates, interest rates, counterparty and liquidity. The most keenly felt risk is that relative to foreign exchange transactions as the Group presents significant sales volumes denominated in euro and considerable purchase volumes denominated in US dollars.

INFLATION AND INTEREST RATE

The upswing in inflation that began during 2021 and remained at high levels during 2022 is creating the conditions for a general rise in the cost of raw materials, services and interest rates resulting in a possible decline in total profitability.

LEGAL AND COMPLIANCE RISKS

Compliance risk is the risk deriving from the failure to comply with laws, regulations and internal rules. This can result in negative effects including fines, penalties, economic losses and, in more serious cases, damage

to the Company's reputation with subsequent losses, requests for compensation, damage to the Company's image, etc.

COMPANY PROCEDURES

The possible inadequacy of Company procedures designed to guarantee respect for the main Italian and international regulations to which the Group is subject. Also of particular relevance are problems connected with security, antitrust and privacy regulations.

FISCAL COMPLIANCE

The Group's international reach exposes it to various tax obligations. The evolution of related regulations may expose the Group to the risk of default.

INTERNAL CONTROL SYSTEM

Changes or misalignments in the development and roll-out of the internal control system in the Group's subsidiaries could result in the inconsistency and/or unavailability of data to support decision-making processes.

EXTERNAL RISKS

These risks concern the effects of external events that may impact negatively on the Group's activities.

INCREASE IN PRICES OF RAW MATERIALS, TRANSPORTATION AND ENERGY

Shortages of raw materials, increased costs of raw materials, energy and transportation may not be passed on, if not only partially, in the price lists, resulting in loss of profitability.

REPUTATION

Reputational risks have a direct impact on the way the Group is perceived by its stakeholders (customers, employees, shareholders and suppliers) and society at large. These risks originate from the potentially inappropriate management of issues relating to corporate social responsibility and environmental sustainability, product safety responsibility, the Group's corporate image, including on social media, and any other potential regulatory non-compliance that could have an impact on the reputation of the organization.

SOCIAL AND POLITICAL INSTABILITY OF SOME NATIONS

Delays in the regular delivery of finished goods due to political instability in some of the countries where the Company's suppliers are located.

CLIMATE VARIATIONS

The Group's business is to some extent sensitive to the weather. For example, an excessively mild winter may lead to lower sales of higher-margin products, with a negative effect on the Company's economic results and financial position.

NATURAL EVENTS

Important natural events affecting an area populated by significant suppliers could result in delays in product deliveries.



Benetton Group companies in the world

○ Benetton Group S.r.l.
Ponzano Veneto
(Treviso - Italy)

IT 100%
RETAIL ITALIA NETWORK S.r.l.
Milan (Italy)

CH 100%
BEN-MODE A.G.
Zurich (Switzerland)

GR 100%
BENETTON HELLAS AGENCY
OF CLOTHING E.P.E.
Tavros (Greece)

IT 100%
FABRICA S.r.l.
Ponzano Veneto (Italy)

DK 100%
BENETTON DENMARK A.p.S.
Copenhagen (Denmark)

CY 100%
SABBIA Ltd.
Nicosia (Cyprus)

IT 100%
PONZANO CHILDREN S.r.l.
Ponzano Veneto (Italy)

IE 100%
BENETTON AGENCY IRELAND Ltd.
Dublin (Ireland)

RU 100%
BENETTON RUSSIA O.O.O.
Moscow (Russia)

IT 100%
VILLA MINELLI -
SOCIETÀ AGRICOLA a r.l.
Ponzano Veneto (Italy)

PL 100%
BENETTON RETAIL
POLAND Sp. z o.o.
Krakow (Poland)

RU 100%
KAZAN REAL ESTATE O.O.O.
Moscow (Russia)

IR 100%
BENETTON PARS P.J.S.C.
Tehran (Iran)

IN 100%
BENETTON INDIA Pvt. Ltd.
Gurugram (India)

JP 100%
BENETTON JAPAN Co. Ltd.
Tokyo (Japan)

TR 100%
BENETTON GIYIM SANAYI
VE TICARET A.S.
Istanbul (Turkey)

CN 100%
BENETTON ASIA PACIFIC Ltd.
Hong Kong (China)

KR 100%
BENETTON KOREA Inc. *
Seoul (South Korea)

EG 100%
BENETTON CAIRO
FOR CONSULTING LLC
Giza (Egypt)

CN 100%
BENETTON (SHANGHAI)
TRADING Co. Ltd.
Shanghai (China)

US 100%
BENETTON TRADING USA Inc.
Miami (USA)

TN 100%
BENETTON DE COMMERCE
INTERNATIONAL TUNISIE S.à r.l.
Sahline (Tunisia)

SG 100%
BENETTON SINGAPORE Pte. Ltd.
Singapore (Republic of Singapore)

MX 100%
BENETTON MEXICANA S.A. de C.V.
Mexico City (Mexico)

TN 100%
BENETTON COMMERCIALE
TUNISIE S.à r.l.
Sousse (Tunisia)

TW 100%
BENETTON TRADING TAIWAN Ltd.
Taipei (Region of Taiwan)

● Italy
● Rest of Europe
● Rest of the world

(* Benetton Japan Co. Ltd. holds directly
50% of the share capital)

SUBSIDIARIES

FI Benetton Group S.r.l.
FINNISH BRANCH
Azets (Finland)

UK BENETTON RETAIL UK
London
(UK)

HU BENETTON GROUP S.r.l.
HUNGARIAN BRANCH -
MAGYARORSZÁGI FIOKTELEPE
Budapest (Hungary)

DE BENETTON GROUP S.r.l.
GERMAN BRANCH
Frankfurt am Main (Germany)

SA BENETTON GROUP S.r.l. ITALY
SWEDISH FILIAL
Malmö (Sweden)

IE BENETTON GROUP S.r.l.
IRISH BRANCH
Dublin (Ireland)

BE BENETTON GROUP S.r.l.
BELGIUM BRANCH
Londerzeel (Belgium)

CZ BENETTON GROUP S.r.l.
CZECH BRANCH - ODŠTĚPNÝ ZÁVOD
Prague (Czech Republic)

ES BENETTON RETAIL
SUCURSAL EN ESPAÑA
Barcelona (Spain)

NL BENETTON GROUP S.r.l.
DUTCH BRANCH
Breda (Netherlands)

FR BENETTON GROUP S.r.l.
SUCCURSALE EN FRANCE
Paris (France)

IR BENETTON GROUP S.r.l.
FOREIGN BRANCH OFFICE
Tehran (Iran)

PT BENETTON GROUP S.r.l.
SUCURSAL EM PORTUGAL
Porto (Portugal)

AT BENETTON GROUP S.r.l.
ZWEIGNIEDERLASSUNG ÖSTERREICH
Vienna (Austria)

HR BENETTON GROUP S.r.l.
PODRUZNICA U RIJEKI GLAVNA
PODRUZNICA - Rijeka (Croatia)



UNITED COLORS
OF BENETTON.



STYLE

Return to essence

In 2022, Benetton Group's brands went through a phase of style simplification and calibration aimed at further strengthening their identity in a competitive environment in which standing out is key to gaining new market share.

For United Colors of Benetton, 2022 was the year of cleaning up – collections, designs, lines – with the idea of creating an even more coherent and recognizable brand, based on a few strong concepts and a solid base of items that will remain evergreen over the seasons.

Sisley continued on a relaunch path begun in the previous year and based on the recovery of its heritage. In particular, special attention was paid to product, distribution and communication, to fortify and expand the brand pillars and potential.

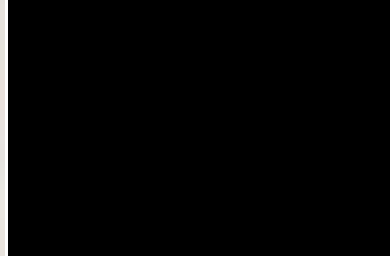
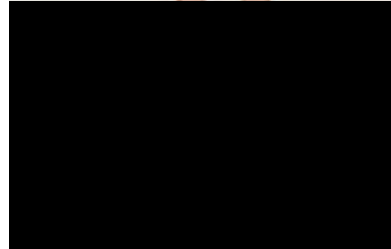
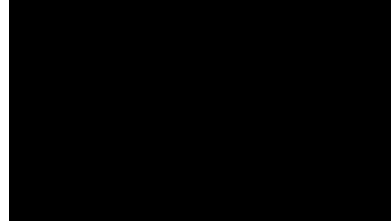
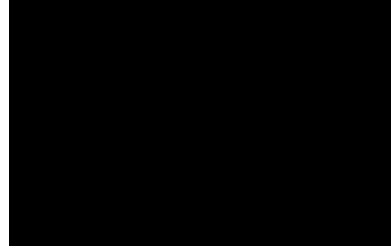




UNITED COLORS OF BENETTON

*United Colors
of Benetton
is the positive
and contemporary
family brand
based on a unique
mix of colors, knits
and inclusiveness.*





BRAND

United Colors of Benetton is a leader in Italian-style knitwear and casual wear. Using a cross-sectional language – covering product, communication and stores – United Colors of Benetton conveys a unique brand experience that puts the consumer at the center. The brand has always addressed the whole family, understood in a broad and inclusive sense, with special attention dedicated to the new generations. Founded on the solid values of positivity, tolerance and celebration of diversity, Benetton promotes conscious and responsible consumption through a contemporary style that is designed to last.

COLLECTIONS

The collections of United Colors of Benetton showcase colorful, comfortable, informal, quality items to wear every day. The product strategy envisions the creation of an ideal wardrobe, suitable for men, women and children in different moments of their daily lives, presenting ever more complete, commercial, contemporary and genderless collections. Starting in 2022, approximately one third of the collections will consist of NOS (Never Out of Stock) items, consolidated and always available products that remain unaltered over the seasons. United Colors of Benetton flagship products are sweaters, polo shirts, t-shirts and fleeces, but the collections also include shirts, skirts, pants, jackets and blazers, as well as accessories like handbags, shoes, eyewear, watches, fragrances and luggage. In 2022, the focus was on knitwear, denim and accessories, outerwear and the concept of tailoring.

GOAL

Replace stylistic themes with creative boxes, i.e. projects developed over the course of the season that reintroduce certain strong concepts in terms of shapes, prints, and color chart throughout the collections.

895
(euro mln)
UCB's net sales



CREATIVE DIRECTION

In July, Benetton Group announced the appointment of Andrea Incontri as Creative Director of the Menswear, Womenswear and Children's lines. "I am very honored to join Benetton. A company, a brand, a creative and product philosophy whose history means a lot both for my personal and professional background and for the history of Italy, and not only that of industry and fashion," said Incontri. Andrea Incontri studied Architecture and has expressed his creativity both through his own brand, highlighting a multifaceted vision of fashion creativity, and Tod's creative direction, where he demonstrated his ability to combine creativity with marketability. Andrea Incontri is part fashion designer and part draftsman. Stemming from formal subtraction, his style is the best fit to accompany United Colors of Benetton through the narrative of the complex contemporaneity of our time.



60%
total sales adult

40%
total sales children



SS22 COLLECTION

United Colors of Benetton Spring/Summer 2022 collection is dedicated to happiness and color. Essential cuts, quality materials and chic Italian style. Respect for the planet is expressed through the Love Nature project, which uses only organic cottons, recycled fabrics and polyester, tinted with mineral dyes. Childrenswear plays with references to space travel, jungle adventures, video games and amusement parks, with bold, colorful looks.

FW22 COLLECTION

A new apparel concept that looks to Instagram and TikTok trends, inspired by street style trends but also including more classical pieces. Easy, cosmopolitan, inclusive and ageless, the Fall/Winter 2022-23 wardrobe features shapes and materials with a casual, sporty allure and a strong easy, eco and urban connotation inspired by the many facets of contemporary fashion. Childrenswear plays with preppy-inspired looks and color blocking with fine materials and eco-friendly yarns.

BENETTON HOME

Casa Benetton is the United Colors of Benetton home line, the result of an exclusive agreement on a global scale with Bergner, Europe's largest distributor of household products. The entire line leverages sustainability. The products are manufactured with utmost attention to the environment, selecting raw materials and improving process efficiency all along the supply chain. In 2023, a portion of Benetton home products will be designed in-house by the Company's designers.

BENETTON UNIFORM

In September, new Creative Director Andrea Incontri presented his first capsule collection. "The New Benetton Uniform" includes unisex faux leather bags and sneakers, as well as caps and sweaters. The shoulder bags, available in three sizes, ten colors and two bright textures, bear the Be Bags name.



BENETTON MEETS PANTONE
What happens when two global color institutions meet?

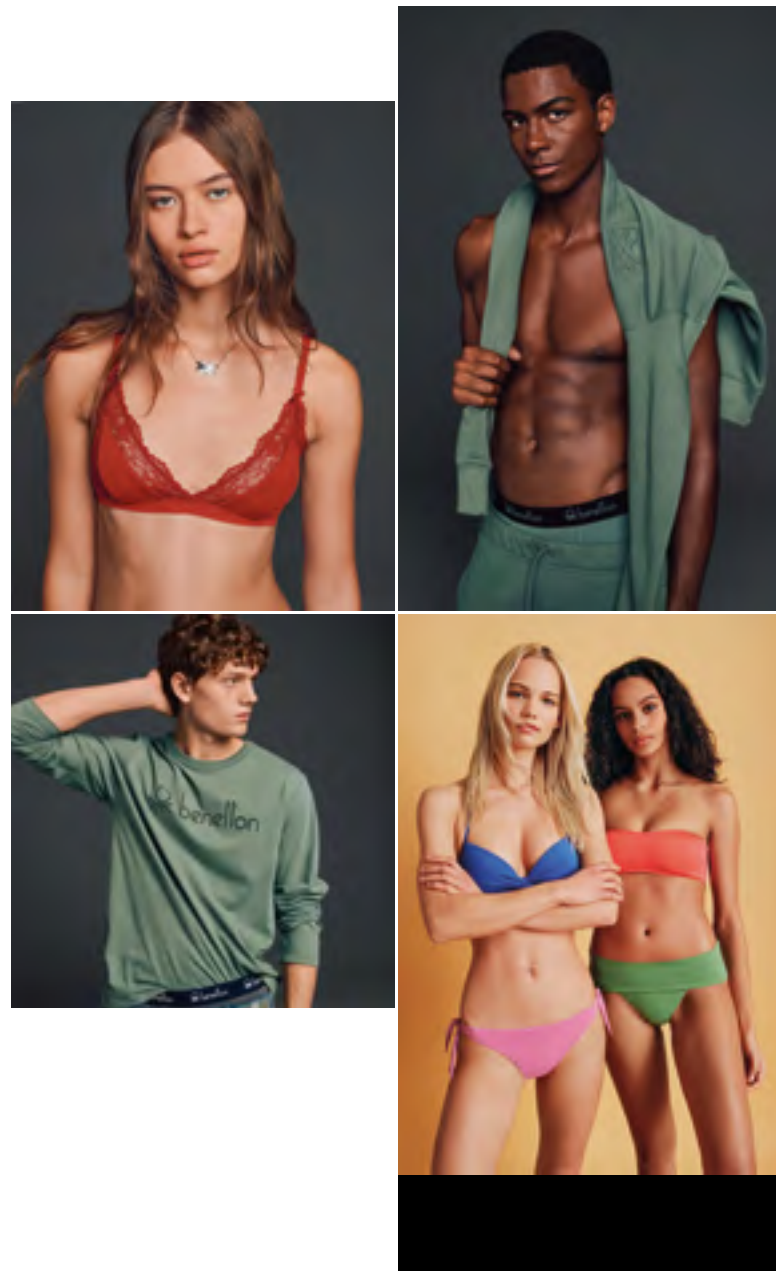
In September, United Colors of Benetton launched a collection designed in collaboration with Pantone, the international standard in color grading, both in brick-and-mortar stores and online. The collection includes a complete wardrobe for the whole family inspired by the American company's legendary palette. The Pantone shades, with their evocative names and distinctive number codes, have been used on fleeces, joggers, polo shirts, t-shirts, sweaters, socks and accessories, adding a touch of coolness to UCB's signature quality and design. Among the most iconic pieces are an oversize jacquard crewneck sweater for her in Fiery Red, a Mango Mojito-colored children's fleece with a graphic of a little lion on the chest and a 100% color block cotton polo shirt for him, featuring both the Benetton and Pantone brand logos.





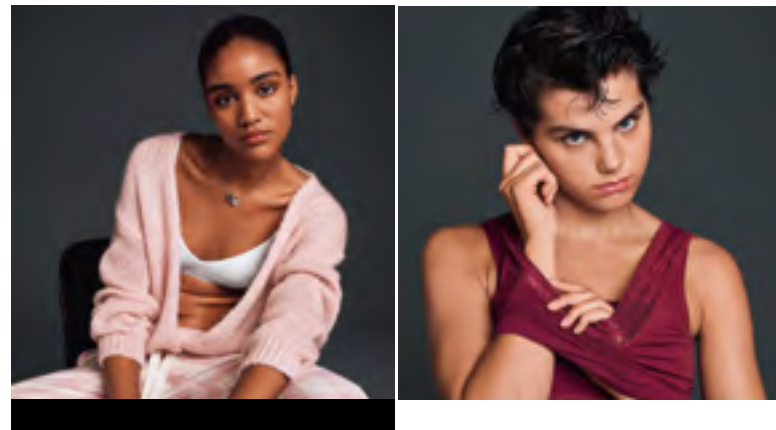
UNDERCOLORS

Undercolors of Benetton is the Benetton Group brand that reflects the colorful, positive and casual personality of United Colors of Benetton in the categories of underwear, sleepwear, beachwear and coordinated accessories. Founded in 1995, Undercolors offers a range of products characterized by style, comfort and functionality, with a special emphasis on research dedicated to sustainable and innovative raw materials. Today, natural and recycled materials represent the core of the collections: superstretch organic cotton and recycled stretch lace for underwear, sustainable viscose for knitwear and recycled or regenerated nylon for beachwear. 60% of Undercolors total sales come from over 300 specialist monobrand stores, with the remaining 40% from corners in the main United Colors of Benetton shops in Italy and in Europe.



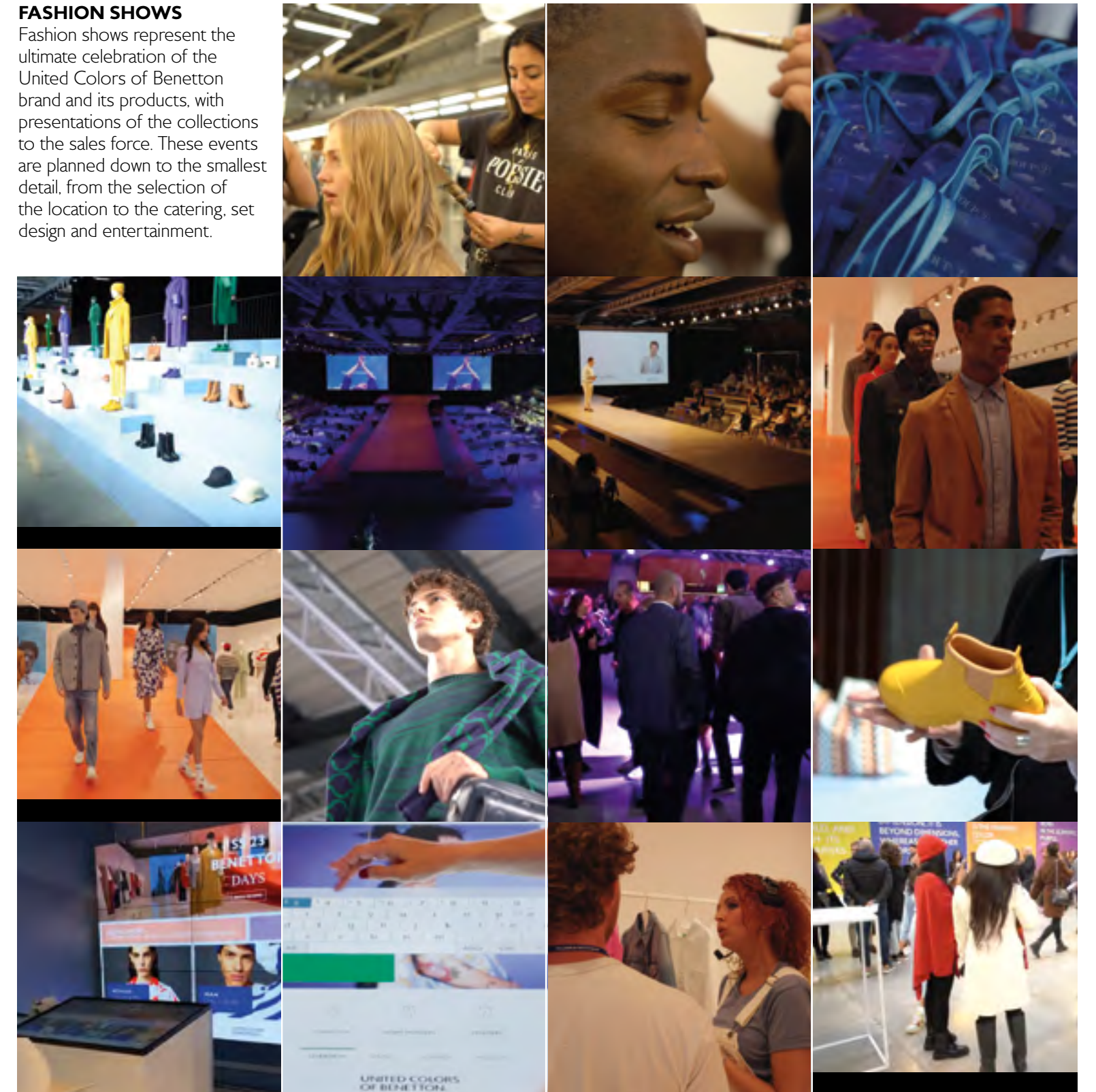
GOAL

Strengthening the basic package of Undercolors, increasing the offerings by functions and colors and focusing more on the quality of the materials and brand visibility.



FASHION SHOWS

Fashion shows represent the ultimate celebration of the United Colors of Benetton brand and its products, with presentations of the collections to the sales force. These events are planned down to the smallest detail, from the selection of the location to the catering, set design and entertainment.



BE EVERYTHING

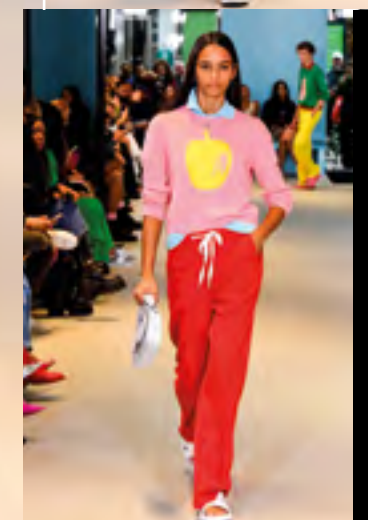
Benetton fashion show at the Milan Fashion Week

On the occasion of the September Fashion Week, United Colors of Benetton presented BE EVERYTHING, the Spring/Summer 2023 collection designed by new Creative Director Andrea Incontri.

The collection respects the brand's democratic soul, focusing on genderless lines and a few style pillars: colorful knits combined with bouclé fabrics, Vichy cottons and recycled nylon, color blocking and stripes, revisited in an elegant and contemporary key, and multicolored prints inspired by fruits and summer.

The venue for the fashion show was the Corso Buenos Aires flagship store, completely restyled for the occasion. The location emphasizes the iconic value of the store for the Company, creating a contemporary bond with its roots, and summarizes the global lifestyle project that Incontri intends to pursue for the brand.

BE EVERYTHING evokes the freedom of expression that the brand has always advocated, opening a new chapter for United Colors of Benetton. The exclusive event was a great media success, with about 600 guests attending, including national and international journalists, celebrities, talents and buyers.





SISLEY

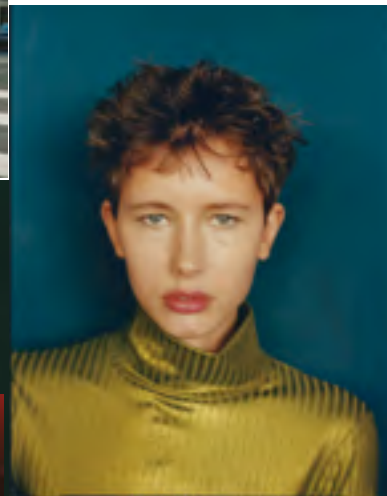
*Sisley
is the Italian
metropolitan brand
characterized
by an excellent
balance between
quality, fashion
content and
affordable price.*

BRAND

In 2022, Sisley continued the process of relaunch initiated in the previous year by leveraging its brand identity and its heritage. The goal is to reintroduce the values that have always characterized it in a contemporary key – boldness, sensuality, authenticity and the pursuit of happiness in all of its forms – to be even more recognizable within the bridge segment of the market. By implementing a cross-sectional strategy spanning from product to marketing and stores, Sisley reaches out to current customers while attracting younger demographic target groups (30-40 years old). Sisley customers work and live an urban, hybrid life, divided between home, office and social events, and interpret fashion with an awareness-oriented and relaxed approach.

COLLECTIONS

Characterized by day-to-night adaptability, Sisley's collections allow consumers to always feel comfortable, at different times and in different contexts, from the office to aperitifs. Sisley's collections feature essentials along with more fashionable items, expressing the edgy and cool, gritty and nonconformist personality of the brand with updated shapes, fabrics and details. The flagship products are denim items and pants, knits and outerwear for both women and men.

**SS22 COLLECTION**

Summer lovin' and leisure wear, urban items and romantic allure. For the Spring/Summer 2022 collection, Sisley presented a wardrobe made of flowing, trapezoidal-shaped dresses with geometric patterns inspired by the decorations designed by the great masters of Italian design of the 1950s, Gio Ponti above all, where the sheen of satin reflects the glossy effect of ceramics. With a mindful nod to sustainability and natural yarns.

FW22 COLLECTION

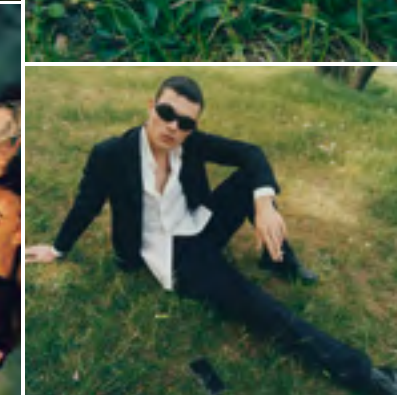
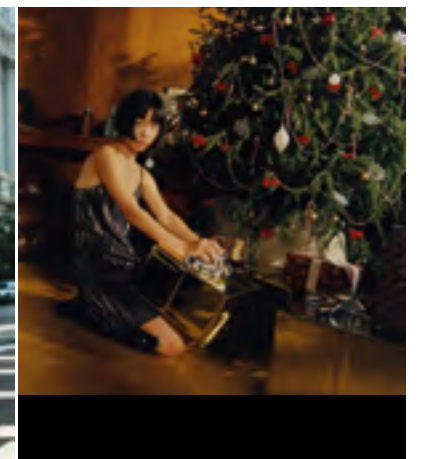
Bold and edgy: Sisley's Fall/Winter 2022 collection references the brand's coolest and most sophisticated heritage, reproposing the bold and distinctive silhouettes of the 1990s. Relaxed understatement and poetic minimalism for him. Shiny surfaces and fitted yarns for her. A bold and authentic style that reflects the contemporary hybrid spirit, suitable for both the hustle and bustle of our metropolitan cities and the wilderness of Iceland.

DENIM

The 2022 collections feature denim inspired by the brand's heritage and archives, with the most iconic looks and shapes restyled in a modern key. The core of the SS22 collection was Undyed, a 100% organic cotton denim with strong sustainability components. The FW22-23 collection presented a few items from the archives entirely revisited in their fits.

CHRISTMAS

On the occasion of the Christmas holidays, Sisley presented a collection dedicated to the gift-giving season. Dresses, pants, blazers and jersey sweaters, illuminated by night glow effects thanks to glitter and silver foil, and a wide variety of accessories including bags and wallets, scarves, gloves, and belts, both for him and for her.



109
(euro mln)
Sisley's net sales





Interview with Francesca Svab, Global Managing Director, Sisley

You joined Benetton Group almost two years ago. What did you think the first day you entered the Company?

From day one, working in the archives or walking in the offices, I have been breathing in the strength of Benetton Group's brands. UCB and Sisley have a solid and well-known history, especially in Italy, and also a contemporary potential, both in terms of aesthetics and brand values.

What was your previous job before joining Benetton Group?

I was an executive manager at Clarks, the footwear group, and I participated in the global market re-launch phase. I was a member of the Group's Executive Committee and concurrently I was at the head of the Clarks Original business unit, targeting the younger generation, and I followed the Clarks brand repositioning internationally.

Have you always worked in fashion? What do you like and what would you like to change in this industry?

At first, after graduating I worked in banking, but that sector was a little bit too stiff for me. So I moved to fashion, where numbers combine with creativity, and gradually I accrued experience that brought me to where I am now. A child's dream that has come true. The thing I like most about fashion is the cultural and creative approach to business. To be successful you must understand and listen to the consumers but also follow the flow of the market, with ever changing balances.

In the future, sustainability will become increasingly relevant to minimize impacts and work according to circular economy standards.

Today you are Sisley Global Managing Director. Can you expand more on what you do?

I am end-to-end responsible for the Sisley business unit, including merchandising, collection design, sales and marketing. My job is defining the brand strategy and implementing it in the various departments, with the ultimate goal of generating annual qualitative and quantitative results in line with the Company's five-year business plan for relaunching the brand in the global market.

What was your opinion about Sisley before joining the Company? And how did your opinion change afterwards?

I have always thought that the key to regaining market leadership, especially in Italy, is to refocus on the brand's strong points in a contemporary way. Immediately after the first implementation phase of our heritage-centered relaunch strategy, we started seeing results in terms of renewed consumer interest in the brand and growing sales in the stores.

What are the main strategies implemented for relaunching the brand?

The strategy rests on five pillars: product, marketing, stores, sales and team.

On the product side, the aesthetics revisit the 1980s and 1990s, a cult period for the brand, reinterpreted in a contemporary key and with a continuous update of the product in the stores. Marketing-wise, we re-focused on the brand's mission, which is to accompany the consumer in the pleasant moments of the day: from work to the aperitif and from lunch with friends to international travel. As for the stores, we are trying to increase our visibility and align the customer experience across markets, also leveraging the new Loft store

concept. As for sales, in addition to working on existing positions in key markets such as Italy, Europe and South Korea, we are currently engaging in a strong expansion, especially in Asia and the Middle East. From the team's perspective, the goal is to promote the growth of in-house talents and find new ones where we have vacancies, trying to give continuity to the project in a phase of strong change.

Who are Sisley team members and how does the team work?

The Sisley Crew, as we call it internally, is a very lean international team composed of talents who can respond very quickly to the market with effective strategies. At all levels, brand, team and individual goals are clear and defined at the beginning of the year and also subject to ongoing updates. Professionalism, but also concurrently ambition and the energy that you feel circulating in our offices is key for our daily work, because when the brand grows, so do the talents on the team.

What are the main difficulties you encountered along the way and how did you overcome them?

A brand relaunch process is never easy. It is more a marathon than a sprint. That's why it is necessary to leverage both small and big victories, day after day, month after month, and if you make mistakes, fix them and re-start quickly. So far, I have overcome difficulties thanks to a very clear strategy shared with the whole Sisley Crew. Their expertise, alignment, energy and passion for the project are critical to overcoming any kind of difficulty.

Describe a Sisley total look that you would like to wear.

I always wear Sisley, both at work and in my free time. I particularly like denim, tops and outerwear, which I find absolutely in line with a fast-paced lifestyle integrating home, office, gym and aperitif/dinner, where the fashion component must always be balanced with the need to feel comfortable in any situation.

What are your goals and desires for the future?

As a team we have the ambitious goal of relaunching the brand on the international stage, doubling our turnover and increasing the business unit profitability. Sisley deserves it, and we won't stop until we bring it home.





SPACES

The experience of space

In recent years, Benetton Group has undertaken a review of its distribution strategy. The Group intends to create an increasing and differentiated number of touchpoints where consumers can experience its brands.

In this spectrum of spaces and moments – physical and digital – the store still plays a central role, becoming increasingly smart, immersive and attractive, enabling United Colors of Benetton and Sisley to connect with people.

Like the stores, in 2022 the Treviso campus also underwent a process of re-design and re-implementation to increase the efficiency and degree of sustainability of the work spaces for employees and collaborators.

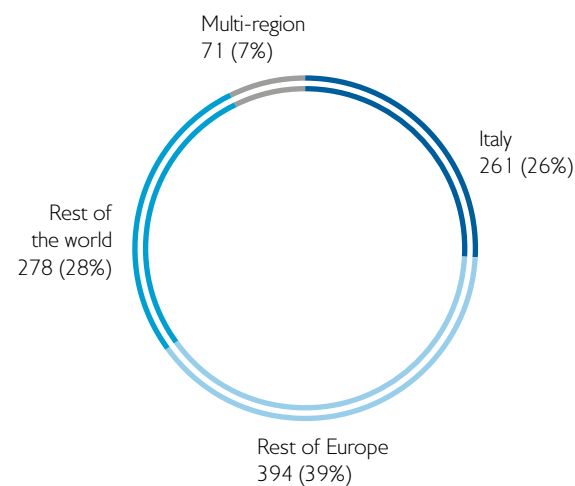


STORE

A new idea for retail

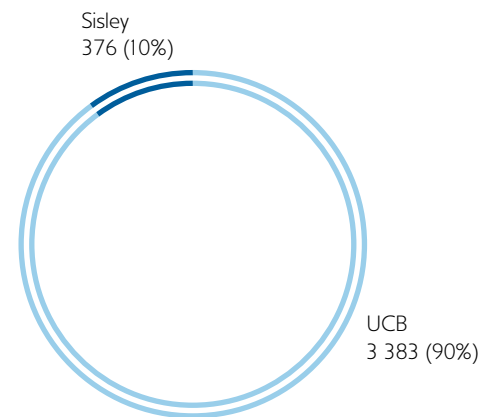
Benetton Group's distribution network is changing: it is expanding to encompass new markets while hybridizing digital touchpoints. An increasingly stronger, more consistent and consumer-oriented brand experience is the Group's North star.

NET SALES BY GEOGRAPHICAL AREA IN 2022
(EURO MILLIONS)



* The Multi-region area includes sales generated by the Group in the different geographical areas through e-commerce managed directly by the Headquarters through the benetton.com and sisley.com websites.

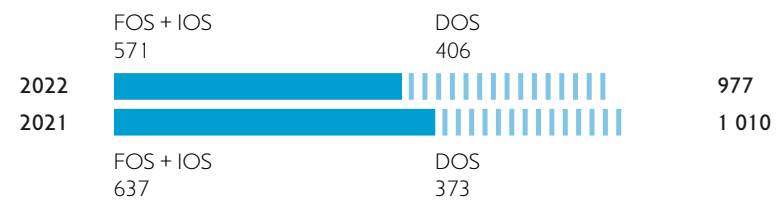
DISTRIBUTION NETWORK 2022
(NUMBER OF STORES)



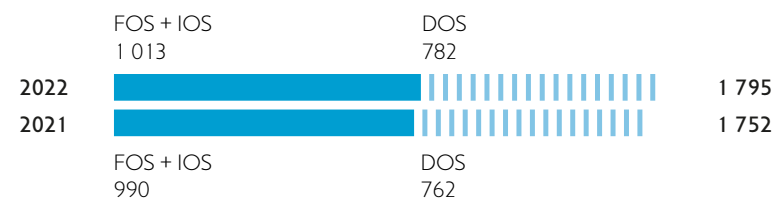
ITALY



REST OF EUROPE



REST OF THE WORLD



UNITED COLORS OF BENETTON

United Colors of Benetton relies on a distribution network of more than 3,300 stores. In 2022, the Group opened several new stores, including Vienna, Perugia, and Aosta. The Group's

strategy aims at opening stores that are smaller in size and with a more targeted and clean product showcase than in the past, in order to enhance product visibility and increase brand perception.

CORSO BUENOS AIRES, MILAN
On the occasion of the September Fashion Week, Benetton inaugurated its new store in Corso Buenos Aires, Milan, which celebrates the values of the brand's DNA and puts the product at the center in an enveloping and contemporary environment. Made in part with recovered furniture, the Corso Buenos Aires store is a forerunner for the new approach to store design, with the brand experience as the core around which the architectural concept develops in a more streamlined, customized and sustainable way, optimizing pre-existing spaces and locations.

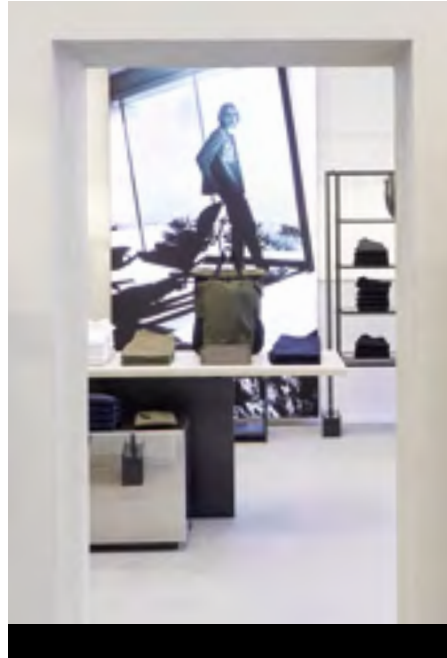


GOAL
Developing United Colors of Benetton's distribution strategy in the Asia-Pacific region through a mix of digital marketplaces and physical stores.



SISLEY

Sisley has about 400 stores distributed in major markets around the world, with a strong presence in Italy and South Korea. In 2022, the new Loft store concept was rolled out in 40 locations in Italy. Essential, sustainable and contemporary, the Loft concept interprets the brand's new course with an essential, hi-tech, genderless, bright and dynamic environment where the product plays a central role and the consumer can enjoy an immersive brand experience. Made using low environmental impact materials, some of which are recycled and recyclable, combined with modular technological elements, the layout is free of superstructures and can be easily adapted to the location and the season, according to collection needs. The same concept has been extended to corners set up in monobrand stores.



GOAL

Implementing a plan of new openings abroad for Sisley, especially in Europe, the Middle East and Asia-Pacific.



HAGIA SOPHIA, THESSALONIKI

In May, Sisley opened a new store within walking distance of Hagia Sophia Square in Thessaloniki. The store, with a surface area of approximately 121 sq m on two floors, offers consumers a warm, refined atmosphere and an elegant, contemporary style. The floors are in gray and black wood, while the entrance features marble trapezoidal sculptures. Tables and mirrors are oval-shaped. The opening of the store represented an important step in the expansion and consolidation plan of the brand in major Italian and European cities, with stores characterized by a strong identity and placed in prestigious locations.



FURNITURE

In line with the principle of adopting increasingly responsible conducts, the design and restyling of Benetton Group stores pay special attention to the reuse of furnishings recovered from shutdowns while limiting the use of plasterboard.



ENERGY EFFICIENCY

In 2022, in relation to the increased number of directly operated stores, the Group continued the energy transition of the stores located in Italy, powered 100% by energy from certified freshwater and marine renewable sources. And in line with the relamping project launched a few years ago, the Group continued the installation of LED lighting in all directly operated stores.

GOAL

Achieving LEED® certification for Interior Design and Construction that will ensure environmental well-being and quality of life inside Benetton Group stores.

CERTIFIED PAPER

All Benetton Group stores use eco-friendly shopping bags made with water-based inks and paper sourced from mills certified by the Forest Stewardship Council (FSC). Catalogs and leaflets are also certified by FSC, the global brand that identifies products from controlled forests managed according to social and environmental sustainability criteria.



GREEN B

United Colors of Benetton's GREEN B store concept, characterized by the use of sustainable materials and cutting-edge energy saving technologies, won the 2022 EuroShop RetailDesign Award in the "Sustainability" category among 87 candidates from 28 different countries.



PINK BOX

An all-pink pop-up store for United Colors of Benetton

During Milan Fashion Week in February, the United Colors of Benetton store in Corso Vittorio Emanuele was revolutionized to offer consumers and visitors an even more immersive experience. All the spaces in the store were pink: floors, walls, counters and shelves, creating a fresh and engaging color experience. Pink is a strong yet neutral color, suitable for emphasizing the hues of Benetton's products and creating a contemporary environment in line with current trends.

The layout inspired the look of #playchange, Benetton's virtual store in the metaverse, and was replicated in other United Colors of Benetton stores, including the Place de l'Opéra flagship store in Paris, on the occasion of its reopening.



Innova Retail Awards 2022

The Pink Box concept store presented during Milan Fashion Week in February received a special mention at the Innova Retail Awards for its ability to create a circular connection between the store in Corso Vittorio Emanuele, Milan, and the virtual store on the metaverse.





Interview with Juan José García Salicio, Head of Shopping Experience, Benetton Group

You've just joined the Company. Why did you choose Benetton?

I worked in Diesel for a few years, and I was living in the North of Italy at that time. I fell in love with Italy and this specific region. I love its landscapes, the culture, the amazing food. Art and history everywhere you look. And I feel at home in Italy.

You have also worked for some of the world's leading fashion groups. How do they operate?

Apparel companies that have been successful in the last decade have a very strong infrastructure that allows them to deliver new products and collections rapidly. These companies are very responsive to new developments in market trends and consumer demands and they constantly focus on delivering the right products at the right time. Teams are customer-centric and speed up all activities to reduce time-to-market. Retail is very fast-paced and these companies are perfectly equipped to keep up with that pace in terms of drive and infrastructure.

What are your current responsibilities in the Company?

I am Head of Shopping Experience. This means that I am in charge of visual merchandising, window displays and graphic design. My job is to develop the perfect shopping experience for Benetton stores so that customers can connect with the brand. We design what they see, experience, smell, and hear when they enter a Benetton store, from window displays to visual merchandising and in-store communication.

What are the main obstacles you have faced so far and how have you overcome them?

Overall it has been a very good journey and I didn't have too many problems. The most difficult part is changing people's mindset from "this is the way we always do things" to "this could be the future of Benetton stores."

How has retail changed in recent years?

As a result of the massive use of digital tools, customer expectations have completely changed. Customers want a good product at a good price, and great services. Quality collections are no longer enough; people expect a perfect experience and great service at the point of sale.

What is your creative vision for United Colors of Benetton stores?

The Benetton store should be an entertaining, engaging, colorful and positive place, where consumers feel connected to the brand's DNA.

Tell us more about the Pink Box project. How did it come to life? How did you develop it? What will its future be?

I had just started working at Benetton. Martino Boselli, the Chief Commercial Officer, asked me to work on the showroom layout, creating something that would communicate a change of pace in the way the collections were presented. Thinking of concepts like immersive experience, surprise and color, I came up with the idea of designing an installation presenting the store space colored entirely in pink. Color will remain an important element for the future of Benetton stores: we are working to create more immersive and colorful environments, although we are planning to modify the color palette to adapt to existing market trends and in line with our collections.

Let's play with our imagination. How do you see the Benetton store 50 years from now?

A place where physical and digital coexist, where collections and products can be experienced in an immersive way and the experience element is key.

What do you think the Company should do to attract more foreign talents like yourself?

Use English as the corporate language, give space to young creative talents and be more open to other cultures and mentalities from around the world.

Tell us about a project or dream – personal or professional – that you have in your pipeline.

I would like to build a house, with my own hands, from start to finish, following the whole process, from the foundations to the decor. My dream is to find the time. A perfect home built by me.



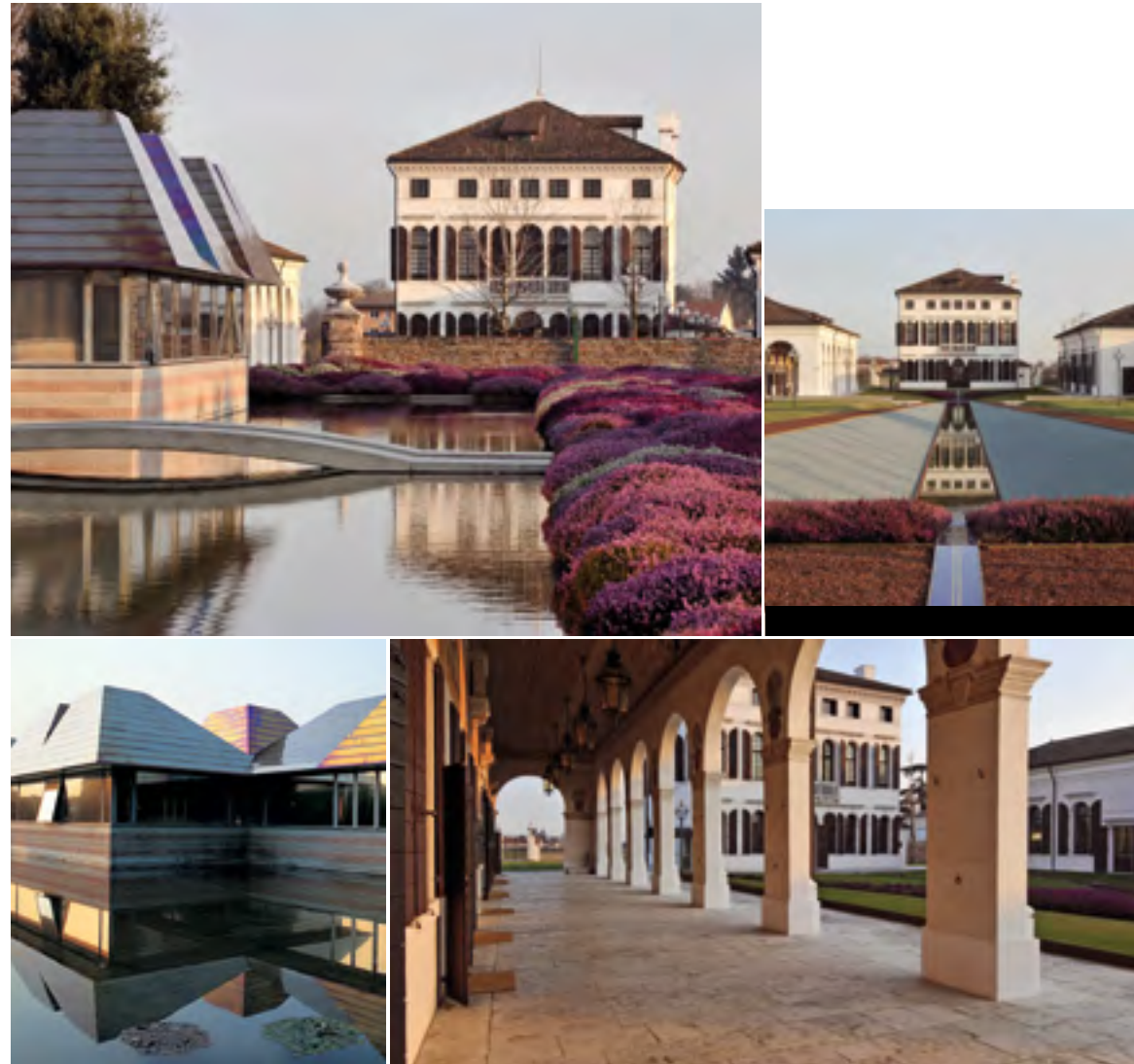
CAMPUS

Beauty meets sustainability

The Benetton campus comprises three locations within a 10-km range in the province of Treviso. Designed and restored by a group of masters of contemporary architecture, the workplaces feature extraordinary beauty and are increasingly sustainable thanks to ongoing work to make them more efficient and environmentally friendly.

VILLA MINELLI

Benetton Group's headquarters is Villa Minelli, a 16th-century building of historic and cultural value located in Ponzano Veneto. Purchased in 1969, the building was refurbished and renovated in a process lasting more than 15 years under the guidance of the architects Afra and Tobia Scarpa. Since the mid-1980s, Villa Minelli has become the headquarters of the Company and the vital center of all its strategic functions.



CASTRETTE

The Castrette logistics hub, designed by Afra and Tobia Scarpa, was officially opened in 1984 and then expanded over the years. It houses a logistics hub of about 30 000 sq m, office space, a canteen and the Benetton Studios. In 2022 the Castrette logistics hub was equipped with a new automated warehouse, designed with the aim of enhancing the e-commerce channel, optimizing storage capacity and order completion.

BENETTON STUDIOS

The Benetton Studios are a multifunctional area within the Castrette headquarters. Home to – among others – the Benetton Archive and the photo and video studios, they occupy an area of 1 300 sq m. Here the Company autonomously manages nearly 70 000 images and 1 200 videos that are produced every year for United Colors of Benetton and Sisley.

VILLA PASTEGA

Fabrica, Benetton Group's research center, is housed within Villa Pastega, a Venetian villa built in the 17th century and restored and greatly expanded by Japanese architect Tadao Andō in the 1990s. The complex, which covers an area of 51 000 sq m, thrives on the contrast between the existing building and the new intervention, which is almost entirely developed in depth to highlight the beauty of the surrounding landscape.

LIBRARY

Fabrica's library contains more than 7 000 volumes on photography, industrial design, art, graphic design, subjects related to visual communication, a collection of reference texts and a wide range of international periodicals, as well as 400 CDs of music from around the world and more than 600 videotapes and DVDs. It opens to public by appointment and the catalog is available online.



ENERGY EFFICIENCY

In 2015, Benetton Group carried out energy tests on the head offices of Ponzano and Castrette. These analyses gave a snapshot of the energy profiles of the areas considered, allowing the identification of the most critical energy-related issues, which led to the development of an energy efficiency plan. Thanks to the redistribution of workspaces and new systems, also in 2022 Benetton Group optimized and reduced energy consumption in the headquarters.

NON-COMMERCIAL INVESTMENTS

Approximately half of the 2022 non-commercial investments involved facility safety. In addition, during the year, Benetton Group continued to replace light bulbs with energy-efficient, longlasting LED lamps in some areas of the Ponzano and Castrette offices.

RENEWABLE ENERGY

Since 2017, the electricity that powers the entire Benetton campus comes from certified water and ocean renewable sources. After a preliminary feasibility analysis, a detailed project for the development of an energy self-generation plant is currently underway specifically concerning photovoltaic technology.

WASTE MANAGEMENT

Benetton Group operates in compliance with the industry standards and accountability in relation to waste management and its ethical and environmental consequences.

VERDE CAMPUS

Launched in 2019, Verde Campus is the project focusing on making Benetton Group's headquarters more efficient and sustainable, and includes a series of employee-targeted initiatives aimed at promoting good practices in the environmental field, such as segregated waste collection and saving of water, gas and energy.

GOAL

Rolling out the transition of the Company car fleet available to employees to 100% electric or plug-in hybrid vehicles.

GURGAON SITE – BENETTON INDIA

In 2022, Benetton India confirmed a series of initiatives aimed at making its Gurgaon facilities and processes increasingly sustainable. The main initiatives include the replacement of standard lighting with LED energy-efficient bulbs, the promotion of electric and sustainable mobility and the official announcement of the partnership with FM Logistic, the logistics and distribution Company operating with a LEED Gold certification in India.

Hazardous waste includes discarded equipment, lead batteries, other batteries and accumulators, water-based detergents, ink waste containing hazardous substances, and sludge produced from industrial wastewater treatment.

GRI 306-3	u.m.	2020		2021		2022	
Total waste production - Campus		Total	%	Total	%	Total	%
Total	t	1 488	100	1 581	100	1 947	100
Non-hazardous waste	t	-	-	1 566	99	1 932	99
Hazardous waste	t	-	-	15	1	15	1
Recurring waste	t	1 465	98	1 567	99	1 931	99
Occasional waste	t	23	2	14	1	16	1
Recovered waste	t	1 324	89	1 241	78	1 764	91
Disposed of waste	t	164	11	340	22	183	9

GRI 306-3	u.m.	2020		2021		2022	
Total waste production - Foreign offices and stores		Total	%	Total	%	Total	%
Total	t	1 587	100	1 559	100	1 514	100
Non-hazardous waste	t	1 583	100	1 559	100	1 514	100
Hazardous waste	t	4	-	-	-	-	-
Recurring waste	t	1 584	100	1 559	100	1 514	100
Occasional waste	t	3	-	-	-	-	-
Recovered waste	t	1 460	92	1 467	94	1 366	90
Disposed of waste	t	127	8	92	6	148	10

GRI 302-1 Energy consumption	u.m.	2020	2021	2022
Total electric energy consumption in the headquarters	kWh	15 073 252	15 942 598	15 068 750
	GJ	54 264	57 394	54 248
Total electric energy consumption in the stores	kWh	40 298 829	42 881 727	48 063 090
	GJ	145 076	154 374	173 027
Total electric energy consumption	kWh	55 372 081	58 824 325	63 131 840
	GJ	199 340	211 768	227 275
Total natural gas consumption in the headquarters and stores*	m ³	-	-	-
	GJ	-	-	-
Total natural gas	m³	1 218 893	1 393 164	1 213 151
	GJ	43 004	49 152	43 534
Diesel oil	l	273 970	348 085	342 953
	GJ	9 821	12 510	12 321
Gasoline	l	20 440	30 457	47 372
	GJ	660	993	1 539
District heating	kWh	1 263 861	1 259 222	1 163 296
	GJ	4 550	4 533	4 188
Total energy consumption	GJ	257 375	278 956	288 857

GRI 305-1 / 305-2 / 305-3 Emissions	u.m.	2020	2021	2022
Scope 1 emissions (GRI 305-1)				
Consumption of natural gas in the headquarters and in the directly operated stores*	t CO ₂	2 418	2 763	2 446
Diesel oil	t CO ₂	723	925	877
Gasoline	t CO ₂	48	72	102
F-gas	t CO ₂	62	41	293
Total	t CO₂	3 251	3 801	3 718
Scope 2 emissions (GRI 305-2) – Location-Based				
District heating	t CO ₂	218	215	198
Electric energy consumption in the headquarters	t CO ₂	5 535	5 551	5 138
Electric energy consumption in the directly operated stores	t CO ₂	16 260	16 259	19 573
Total	t CO₂	22 013	22 025	24 909
Scope 2 emissions (GRI 305-2) – Market-Based				
District heating	t CO ₂	218	215	198
Electric energy consumption in the headquarters	t CO ₂	1 088	1 157	958
Electric energy consumption in the directly operated stores	t CO ₂	14 890	14 157	17 441
Total	t CO₂	16 196	15 529	18 597
Scope 3 emissions (GRI 305-3)				
Purchased goods and services	t CO ₂	395 019	386 915	465 757
Capital goods	t CO ₂	6 190	7 494	9 341
Fuel and energy related activities	t CO ₂	2 842	4 539	5 175
Upstream transportation and distribution	t CO ₂	11 632	17 463	19 663
Waste generated in operations	t CO ₂	2 130	2 310	2 687
Business travel	t CO ₂	1 831	1 527	3 692
Employee commuting	t CO ₂	3 967	6 626	7 216
Downstream transportation and distribution	t CO ₂	31 509	24 968	27 340
Use of sold products	t CO ₂	49 258	61 416	68 231
End-of-life treatment of sold products	t CO ₂	14 446	15 866	16 581
Franchises	t CO ₂	11 979	9 432	9 660
Total	t CO₂	530 803	538 556	635 343

* The breakdown for natural gas consumption between head offices and the stores is not available.

The limited increase in energy consumption and the resulting greater emissions are attributable to the recovery of activities along with a more balanced management of energy resources.





PRODUCT

More with less

For some years now, Benetton Group has been rationalizing its production strategies, an issue that affects the supply chain and product, across the board.

One of the main changes in 2022 was the introduction of a significant number of NOS (Never Out of Stock) items, which minimize waste and make production more efficient. The main challenges for the future will be the management of extra consumption, the dialog with raw material suppliers and the development of a life cycle management strategy that includes production planning covering the entire product life cycle.

Meanwhile, in 2022 research on raw materials continued with a progressive increase in the use of recycled fibers within the collections, and on product quality, to make them increasingly safe, sustainable and certified, to reassure consumers who choose Benetton Group's brands.



DESIGN

Think before producing

New frontiers in production management to decrease waste of time and material.

13 000
km of textiles used

-7%
waste reduction, equal
to 700 km of textiles

about 2 million
economic value generated in euro
from textile saving

Data refers to Benetton Manufacturing Tunisian plants

MANAGEMENT OF COLLECTIONS

A company like Benetton Group has at least four collections at different stages of development at any given time of the year. In 2022 the Group introduced a new system to manage collections, aimed at streamlining and better coordinating such complex work. The system establishes, controls and determines the timing of the entire process, from kick-off to design, from manufacturing to in-store delivery and from the collection commercial strategy to its performance, measured against forecasts.

EXTRA CONSUMPTION

Extra consumption is a new concept of sustainable fashion: what was previously considered "waste" now becomes a resource, according to a zero-waste philosophy. In 2022, Benetton Group reduced waste in the Tunisian factories of Benetton Manufacturing by 7%. In addition to having a significant economic value, this figure also has a major impact on product sustainability.

GOAL

Defining the product's life cycle management, meaning how to manage the product throughout its entire life cycle, including after its use.

GOAL

Operating in ever more strategic ways during the apparel design stage, in order to reduce cutting scraps to a minimum.



UNITED COLORS
OF BENETTON.



LIFE CYCLE

Increasingly safer and more durable quality

Benetton Group is committed to ensuring maximum safety, durability and compliance with industry requirements.

B-LONG

In 2022, the B-Long strategic project was continued, aimed at ensuring compliance with Benetton's quality standards and the durability of the materials that make up the garments produced. In particular, B-Long allows the Company to monitor the fabrics and colors used to produce approximately 70% of United Colors of Benetton products. The tests, carried out by third-party certified laboratories, also proved fundamental as a form of cross-checking between different production facilities, optimization of the project approval and material procurement processes. The tests have been positive and confirmed compliance with the Company's quality standards.

TIMELESS EDITION

In a number of stores, United Colors of Benetton sells products from past collections that are still relevant today as they feature excellent quality and style, overcoming seasonal

fashion trends. This is a way to reduce waste and promote a more responsible and planet-friendly fashion.

B-CARE

B-Care is an online consumer guide on garment maintenance dedicated to United Colors of Benetton customers. The guide includes a series of written instructions and video tutorials that explain in simple terms how to take care of one's garments at home in order to make them last longer, like sewing a button or mending an item or doing the laundry without the garments shrinking or getting ruined.

CLOTHES FOR A CAUSE IN INDIA

In 2022, Benetton India collected more than 170 000 quality items from those returned by customers donating them to the needy in the Delhi and Gurgaon region relying on the local NGOs, including Goonj, Ashish Foundation, and Samarpan.

DRESS SAFELY

Dress Safely is Benetton Group's project dedicated to garment quality and safety, especially with regard to kidswear. The Dress Safely tag – always present on the United Colors of Benetton kidswear collection and on the Sisley Young and Undercolors of Benetton lines – certifies compliance with the strictest textile safety parameters and ensures that the details and components of our products do not present any danger of suffocation or entrapment.

GOAL

Verifying the quality not only of the finished product but of the entire process, monitoring the suppliers to certify the quality of their raw materials and supply chain.

**REMIX**

Is it possible to prevent sample shoes from ending up as pulp? This question was the inspiration of the REMIX project, in which the licensee, United Brand company, engaged the students of the Footwear Polytechnic. The goal of the project was the design and development of new shoes, starting from the shoes and accessories of the SS22 and FW22 collections which were provided to the students. The only rule: maintaining and increasing the Benetton spirit. The shoe collection was presented at the Benetton booth during the recent edition of MICAM, the leading international footwear trade show.



A NEW LIFE FOR DENIM

Past and future. Heritage and trend. The denim line in Sisley's SS22 collection features items made from old denim pants, which are shredded and processed to produce new yarns. Other denim products are made from organic cotton and treated with water- and energy-efficient finishes. Pants are bottom wide, to be worn flared or rolled up, or straight, leaving the ankle uncovered. Shirts and chemisier dresses are fitted on the hips. Knits come in color block, overlapping and emphasizing different shades of indigo, from the most intense hues to bleached tones. "Past Future" is the name of the line. If the denim weft represents Sisley's glorious past, the warp evokes the sustainable future of global fashion.



S I S L E Y

NEVER OUT OF STOCK

Carry-over items for more responsible production

Never Out of Stock is United Colors of Benetton's carry-over line, consisting of about 160 best-sellers and basics that will remain unchanged for four years and made available to stores as made-to-stock in 1-3 weeks.

For customers, this means they can be sure they will always find the basics they're looking for, be it the white T-shirt, polo shirt or cotton chino pants. For Benetton Group, this means better management of production, with no waste and better control over supply costs.

The Never Out of Stock collection will be launched with the SS23 collection and will account for about 20% of sales.



RAW MATERIALS

Fibers that respect the environment

Half of Benetton Group's products are made of monofiber material, which is easier to recycle, and 80% of the fibers used are of natural origin.

Benetton Group is committed to ensuring that the sourcing of raw materials used in its collections is done responsibly, minimizing negative social and environmental impacts at all stages and processes. Sourcing must be in line with local laws and international standards and not cause the degradation or destruction of the ecosystem and biodiversity. In 2019, Benetton Group approved its strategy regarding the use of "preferred" materials. In defining the "preferred" materials, Benetton Group relies on third-party certification schemes (if available) in order to ensure the integrity of sourcing practices. The standards used in the certification processes are: Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Recycled Claim Standard (RCS), Responsible Wool Standard (RWS), Responsible Down Standard (RDS) and the Forest Stewardship Council (FSC). In order to measure progress, Benetton Group contributes to Textile Exchange's Corporate Fiber and Materials Benchmark.

NATURAL FIBERS

Cotton, three times sustainable

Cotton accounts for approximately 70% of Benetton Group's production volumes. Conventional cotton has very high social and environmental impacts, due to water consumption, use of pesticides, carbon dioxide emissions and respect for human rights. For this reason, in recent years Benetton Group has started a transition phase that will lead to using only sustainable cotton, i.e. organic, recycled or Better Cotton.

**ORGANIC COTTON**

In 2022, organic cotton – derived from non-genetically modified plants and raised according to organic farming principles, without GMOs or fertilizers and chemical pesticides, and therefore generating a lower environmental impact – represented 12% of cotton utilized by Benetton.

Benetton sources organic cotton from certified supply chains. These are independent certification systems that trace organic cotton from its source.

RECYCLED COTTON

Since 2019, Benetton Group has increased its use of recycled cotton, a sustainable fiber derived from pre-consumption (production surplus) and post-consumption (fabrics and end-of-life garments) textile scraps. These are collected and sorted by color, then cut into small parts, frayed and

reused for new production of pre-colored yarns. A studied mix of virgin fibers and recycled raw material (at least 20%) from certified supply chains allows the Company to produce items characterized by quality and durability, with a lower environmental impact.

BETTER COTTON

In 2017, Benetton Group joined Better Cotton, the world's largest program dedicated to cotton sustainability. According to the prescriptions of the program, the Group sources cotton processed and grown by farmers trained to minimize the use of fertilizers and pesticides, use water and soil sustainably and comply with the principles of equity in labor relationships. In 2022, the percentage of Better Cotton totaled 43% (calculated on the total annual cotton requirement).



All the properties of wool

Benetton Group has an extensive tradition in Made-in-Italy knitwear and fully appreciates the excellence of wool, a naturally sustainable material. Wool is biodegradable, durable and requires less washing at lower temperatures. Benetton Group's collections feature an increasing share of recycled wool, which allows for reduced use of raw materials, in line with the circular economy principles.

WOOLMARK

In 2022, Benetton Group renewed its partnership with The Woolmark company, an Australian brand that is committed to developing and promoting a more responsible use of wool while reassuring brands and consumers that wool is a sustainable choice for the fashion industry. The collaboration resulted in the certification of the quality and sustainability of over one million Extra Fine Merino garments of the FW 2022 UCB collection.

INTERNATIONAL WOOL TEXTILE ORGANIZATION

In 2017, Benetton Group became the first European company in the fashion industry to join IWTO (International Wool Textile Organization), a position that allows it to contribute to making the wool supply chain increasingly sustainable and transparent, influencing topical issues such as recycling, yarn quality, traceability and animal protection.

RECYCLED WOOL

Starting with the FW 2021 collection, some items in the Children's collections have been produced in recycled wool. Like other textile fibers, wool is recyclable and retains all the properties of traditional wool. Italy is the world capital of wool recycling. Recycling is a conscious choice that makes it possible to avoid potentially polluting production phases, save raw materials and reduce waste. Benetton Group's recycled wool garments use a blend of virgin and recycled fibers (at least 20%) from certified supply chains to guarantee the level of quality that consumers take for granted in a Benetton product, combined with a lower environmental impact.



The ancient goodness of linen

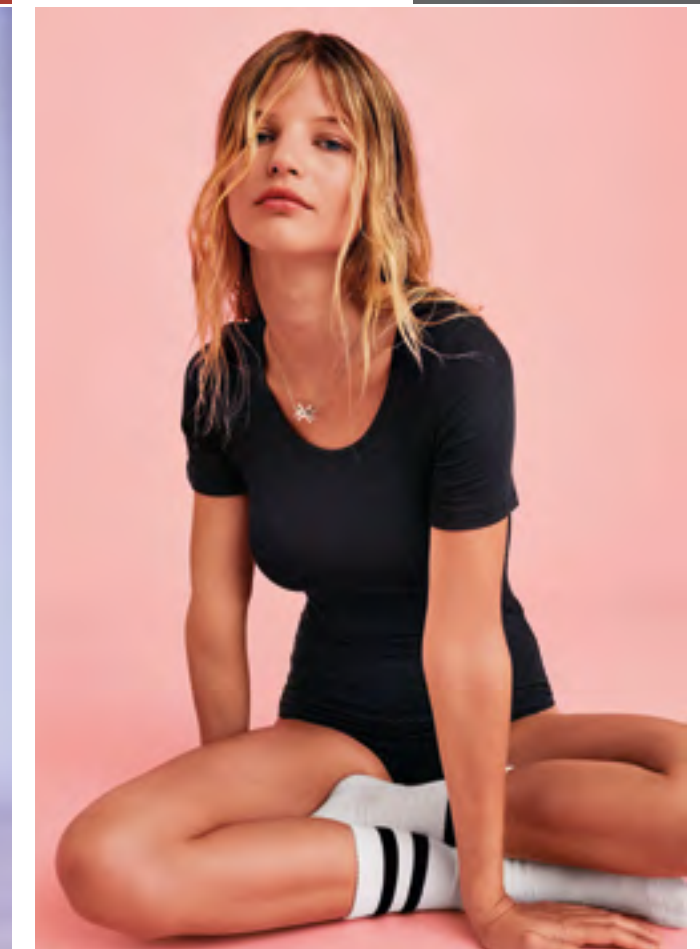
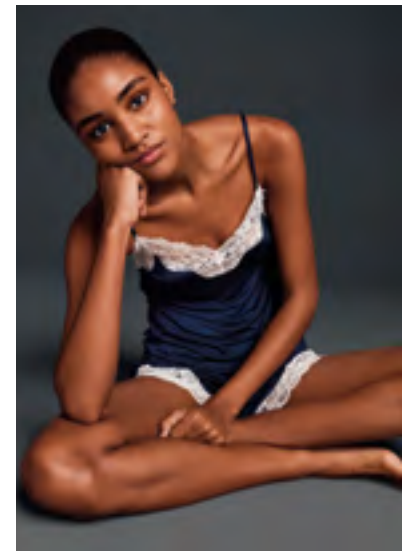
Benetton Group's collections include garments made from linen, an ancient vegetable fiber that is sustainable by nature. In addition to being cool and hypoallergenic, linen can be grown with far less water than other fibers, and almost no chemicals. Linen is also an extremely durable fiber that is completely recyclable, as is the waste from its processing.



ARTIFICIAL FIBERS

Certified viscose

Viscose is an artificial fiber of natural origin. Since it is derived from wood pulp, it is biodegradable. It accounts for a small portion (6%) of Benetton Group production. To preserve forests and biodiversity and reduce the environmental impact from chemical processing, the Company is committed to sourcing sustainable viscose – including the modal and lyocell variants – from certified supply chains.



SYNTHETIC FIBERS

Focus on recycling

Synthetic fibers are derived from fossil materials, non-renewable resources whose global demand has steadily increased in recent decades. In 2022, Benetton Group further implemented the use of synthetic fibers from pre- or post-consumption recycling. In order to ensure maximum traceability for consumers, the Company decided to purchase recycled materials certified according to the Textile Exchange standards, one of the most important international non-profit organizations promoting the sourcing of “preferred” materials.

RECYCLED NYLON

A lab-produced polymer, nylon is much appreciated in the apparel industry for its strength, light weight and stretchability, even if it is difficult to dispose of. When recycled, a new fiber can be produced with the same properties as the original fiber, with less CO₂ emissions and environmental impact. A selection of United Colors of Benetton products, particularly the beachwear collection, is made from ECONYL®, a nylon fiber that is 100% regenerated from waste and production waste. ECONYL® maintains the same characteristics and performance as nylon, reducing the use of additional raw material.

RECYCLED POLYESTER

Polyester is one of the most widely used synthetic fibers in the textile industry. Benetton Group made a decision to promote fabrics that contain at least 20% recycled polyester from certified supply chains that verify the origin and reuse of production scraps and end-of-life materials that would otherwise end up in landfills.

RECYCLED POLYESTER WADDING

Some of Benetton Group's down jackets are made with recycled polyester wadding exclusively derived from certified supply chains. Specifically, it is made by recycling common plastic bottles (PET): it takes about 26 33 cl. bottles to stuff a man's jacket. In addition to reducing consumption of non-renewable resources such as petroleum and reducing the amount of plastic that would have to be disposed of in landfills, recycling polyester requires far less water and energy than it would take to produce virgin polyester.

100% RECYCLED FIBERS

In 2022, products were developed using a mix of more recycled fibers, particularly cotton/polyester, and different fibers with wool used as the main element, to provide the desired look and softness. In this case, the final color of the garment does not come from new dyeing, but from the nuance of the skillfully blended recycled materials.



FEATHERS

New life to feathers

Since 2017, Benetton Group has been certified by the Responsible Down Standard (RDS), a protocol guaranteeing that down feathers come from geese and ducks raised for food purposes in compliance with animal welfare principles and criteria. In addition, a percentage of regenerated feathers was included in the brands' collections in 2022.

RDS

RDS independently verifies, through the assessment of neutral and specialized bodies, all aspects of animal breeding and care, including the traceability of feathers and downs, from the origin to the final product. The aim is to reassure consumers that their purchase helps to protect and improve the living conditions of the geese and ducks involved in the production process.

REGENERATED FEATHERS

Some of the duck and goose feathers in United Colors of Benetton's collections are regenerated. After being recovered from previous products, they are washed, sterilized, sorted and mixed to achieve the right balance between lightness and warming capacity. This process is strictly controlled and certified and can be repeated endlessly, feeding the virtuous circle of recovery and reuse.

**MINERAL AND VEGETABLE DYES**

In 2022, Benetton continued the “Love Nature” project committing to an increased use of mineral dyes. The United Colors of Benetton SS22 collection included a series of items in certified organic cotton dyed through natural dyeing, using earth and minerals.

GRI 301-1 Raw materials	u.m.	2020	2021	2022
Total	t	16 883	16 953	22 544
Renewable				
Cotton	t	11 065	11 086	15 069
Wool	t	1 205	1 123	1 404
Linen	t	509	374	866
Mixed (natural fibers)	t	20	18	22
Non-renewable				
Artificial fibers	t	1 037	1 175	1 373
Synthetic fibers	t	2 828	2 970	3 810
Mixed (natural/artificial/synthetic fibers)	t	219	207	-

Data refer to Benetton Group S.r.l., Benetton India Private Ltd. and Benetton Korea Inc.

For the three-year period, consumption in Korea is limited to direct sourcing.



**Interview with Andrea Virgilio,
Head of Global Quality & Lean Manufacturing System,
Benetton Group**

You joined Benetton in July 2022. How were these first few months?

They have definitely been challenging months. I found a very dynamic work environment moving ahead fast and targeting improvement. The goals are certainly very challenging, but I am very happy to be part of the Group today. Disrupting old habits to introduce new methodologies will be key.

Before Benetton, you worked for Fiat, Luxottica and Lavazza. In your opinion, what do these major Italian companies have in common, and what are instead the differences?

The points of contact with my past experiences are definitely the size of the companies and the international scope of all the stakeholders. Certainly, the automotive industry is the most highly structured, but I think one of the challenges here is to improve and create organized flows without adding complexity, but instead streamlining and expediting processes.

What exactly do you do at Benetton?

I am in charge of Quality and Lean Manufacturing as a whole. This means introducing a comprehensive concept of quality that is not just limited to passive control of products but works toward improving processes on a daily basis. Quality means first of all understanding what customers expect from us and then meeting their expectations.

This is your first time in a fashion company. What are the main challenges this industry faces in terms of production?

Fashion is definitely an industry with a high level of complexity of items to be produced in large numbers and variants. In this industry, time-to-market is an extremely important factor in order to get to the store on time to reach out to the end customer. I believe that the main challenge is combining these two aspects while guaranteeing the level of quality expected of our brand.

Pick up a Benetton product. By what do you recognize it?

Color. A saturated color, which takes shape and becomes tangible matter.

What are the obstacles and opportunities you found at Benetton?

The biggest risk in periods like the one we are experiencing is being reluctant to change: sometimes you are reluctant to adapt to new ways of doing things. However, I believe that the top management has indicated a clear direction.

Therefore, I think that the greatest opportunity today is simply being part of this Company at a time in its history when everyone can at the same time contribute their experience and enrich their background.

What aspects are you and your team focusing on right now?

As for quality, we need a radical shift. As mentioned before, we are expanding the scope of intervention by moving into areas where, until yesterday, quality was not considered. I see many green fields with a common denominator: the development of a new system, organized and sustainable over time. We need to work on the involvement

and empowerment of people in their own area. First and foremost, my team is called upon to show entrepreneurial spirit and work responsibly in order to achieve the goals or, if you prefer, add value to the Company.

Tell us more about a current project that you think has great potential.

We are setting up Advanced Product Quality Planning (APQP) with respect to product development, and we are starting from the materials to then come to the official quality confirmation and certification of items in the various seasons. This is the project that has the greatest potential to date: standardizing the production of items in which the quality of the fabrics is certain, the supply chain is certified and the method of manufacturing has been tested and standardized. This will make mass production management exponentially easier. I am certain that this area, which has never been addressed before, will prove to be an important building block to guarantee quality while respecting time-to-market.

Tell us about a dream or project of yours for the future.

My next project is on customer quality. The goal in this area is understanding customer expectations, tracking them with objective KPIs that will guide us in the future in managing quality 360°. Quality does not exist in absolute terms, but only in relation to customer expectations.

What advice would you give a young person who is about to enter the world of work in a large company?

Don't think about the size of the company. The way a company approaches its customers is what makes it big, along with the speed with which a company puts theory into practice. Try to understand how you can add value and always live and work every day with the will to do something new.



SUPPLY CHAIN

So far and yet so close

Benetton Group's supply chain comprises suppliers, manufacturers and transportation systems that make it possible for its brands to reach out to the people who choose them every day.

At the supply chain level, Benetton Group is moving in two directions: on the one hand, it is shifting part of its production closer to the Mediterranean area; and on the other, it is opening new production lines in Asia to serve the local markets included in the Company's expansion program. Therefore, the key word is "near-shoring," with the ultimate objective of reducing the distance to the market.

Meanwhile, efforts continue to make the supply chain increasingly sustainable and logistics more efficient, leveraging the new automated warehouse connecting the Castrette facility to the rest of the world.



SUPPLY CHAIN

Together for human rights

For Benetton Group, suppliers are essential partners when it comes to respecting human rights. This is why they are selected, trained, tested and assessed periodically, with the aim of ensuring that all the people involved in the supply chain are treated fairly and correctly.

In 2022, procurement was up significantly (+48%) over the previous year, accompanied by an increase in the total volume of products produced, equal to 67 million, confirming the recovering trend for the Group. The value also includes local productions from India and Korea targeting the style and demands of local consumers. In line with its two-pronged objective, Benetton Group balanced its production evenly between the EMEA region (50%) and Asia (50%). This approach gave the Group greater control over the supply chain, reducing the time needed for product development and manufacturing, making it possible to respond rapidly to market demands and, last but not least, making logistics more efficient.

GRI 204-1 Procurement (euro)						
	2020		2021		2022	
Asia	180 059 655	52%	176 709 971	53%	247 010 732	50%
EMEA	165 061 357	48%	156 787 106	47%	246 404 777	50%
Rest of the world	-	-	-	-	-	-
Total	345 121 012		333 497 078		493 415 509	

SUPPLIER SELECTION

Benetton Group selects its suppliers not only based on criteria of quality and competitiveness of the products offered, but also on compliance with social, ethical and environmental principles. In 2022, a process was launched to bring production activities closer to Italy, a more environmentally sustainable choice that will make it possible to integrate and optimize the platforms already existing in Europe while meeting the wishes of increasingly demanding consumers. A list of current suppliers located all around the world is available for consultation on the Benetton Group website: www.benettongroup.com/sustainability/supply-chain/

OLIMPIAS BECOMES BENETTON MANUFACTURING

On October 1, Olimpias, Benetton Group's historic strategic supplier, with offices in Tunisia, Serbia and Croatia, became an integral part of Benetton S.r.l. Having moved beyond the customer-supplier relationship, the partnership has developed into an equitable collaboration between same-group companies. The transaction, which is part of the near-shoring plan, aims to concentrate in-house and rationalize the activities of the workshops while verticalizing production. Established in 1982 as an exclusive supplier of United Colors of Benetton, Olimpias has successfully adapted to changes in the economic environment and the general scenario, growing into a leader in the European textile market.



CODE OF CONDUCT

Based on respect for human rights and protection of the environment, the Group's Code of Conduct implements the most relevant international standards, with particular reference to the UN Guidelines on Business and Human Rights of June 2011 and the Communication from the European Commission on the renewed strategy on Corporate Social Responsibility of October 2011. Any individual or company that establishes a business relationship with Benetton Group must comply with the Group's Code of Conduct. To make the Code of Conduct more understandable and support suppliers in the operational implementation of its requirements, the Code of Conduct is available on the Group's website in several languages along with the Guidelines for Benetton Group's Code of Conduct for Manufacturers, which specify Benetton's expectations regarding safety in the workplace, respect for workers' rights and environmental protection, and provide operating solutions and practical examples.

HIGG FSLM

As an active member of the Sustainable Apparel Coalition (SAC) – the largest international alliance among fashion brands and textile producers that promotes sustainable production – in 2021 Benetton Group adopted the Higg Facility Social and Labor Module (FSLM), a tool that measures the social performance of its suppliers. The module focuses on the verification and promotion of

fair and safe working conditions along the supply chain and the assessment of the effectiveness and efficacy of the social management systems, in line with the Group's Code of Conduct and the most relevant industry standards. Benetton is committed not only to guaranteeing and giving evidence of respect for human rights for its direct and indirect workers, but also to actively collaborating with other brands, suppliers, worker representatives and associations in order to define a common standard to assess social impacts and monitor progress in ensuring safe and dignified working conditions. Confirmation of the Higg FSLM module in replacement of the previous CSR program based on a proprietary tool, was motivated by the opportunity to reduce the effort associated with audit activities while focusing resources on improvement actions and ensuring data comparison. To this end, the Higg FSLM contents reflect the Social & Labour Convergence Program (SLCP) framework, a multi-stakeholder initiative designed to develop a systemic solution to the proliferation of social audits by creating a common assessment tool (Converged Assessment Framework – CAF). The Higg FSLM module is required of all manufacturers of finished products (tier 1) with particular attention to those located in areas where respect for human and workers' rights is considered more at risk.

The first step requires suppliers to compile a self-assessment module, which is then subject to on-site verification by an internationally recognized auditing

firm qualified as a Verification Body. The audit verifies the accuracy of the information submitted and fills in the correct answers in the case of omissions or incorrect data. The tool focuses not only on the identification of non-conformities, but also on the monitoring of the management system for social issues and working conditions, with audits carried out in announced or semi-announced mode. Finally, the supplier has the opportunity to share the module on the platform with the different stakeholders (brand, retailer, other producers). Benetton Group is very sensitive to the protection of human rights and periodically updates its analyses to measure potential risks associated with issues such as child and forced labor. All suppliers, including those located in other regions of the European Union, where no significant risks have been identified because the legislation adequately protects workers' rights and the compliance controls of the various supervisory bodies are considered effective, have been subjected to third-party audit on site, wherever possible. Benetton Group requires the annual submission of the Higg FSLM module from all manufacturers of finished products, expecting their performance to improve year after year. To this end, Benetton Group supports its suppliers in the remediation process through a monitoring activity that involves the periodic forwarding of updated corrective plans and evidence of the resolution of the identified non-conformities. In addition, Benetton Group is

committed to providing capacity building programs to its suppliers with a view to continuous improvement. Benetton Group is committed to and working toward a gradual expansion of the scope of the FSLM activities along its supply chain: in 2022, the Higg FSLM module was also requested, on a voluntary basis, from second tier wet process suppliers. Benetton Group assessed the social performance of a total of 263 producers of finished products. Of these, approximately 57% implemented corrective measures to remedy the identified non-conformities while 9 business relationships were terminated. 39 wet process suppliers shared the FSLM module with Benetton.

NON-DISCRIMINATION AND FREEDOM OF ASSOCIATION

Benetton Group believes that every company must be committed to rejecting any form of discrimination, ensuring fair and respectful treatment of its people in all circumstances. In 2022, two employee reports of discrimination were received through the whistleblower mechanism which were positively solved. In 2022, 7 cases of lack of worker representation were identified. Other non-conformities were related to procedural issues and unfamiliarity of workers with representative bodies.



ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

In September 2021, Benetton Group adhered to the International Accord for Health and Safety in the Textile and Garment Industry, confirming its commitment made with the signing of the previous agreement in May 2013 following the event that is universally remembered as “the Rana Plaza tragedy.” The Accord, of which Benetton was one of the first signatories, is an independent initiative involving approximately 200 fashion companies worldwide and also involving international trade unions, the International Labor Organization (ILO) and various non-governmental organizations. Developed to make all apparel manufacturing workplaces in Bangladesh safe, the Accord also provides for independent inspections and transparency of the local textile supply chain. The main points of the agreement include:

- › an independent inspection program supported by the signatory companies, involving employees and trade union associations;
- › transparent communication of the list of production facilities, inspection reports and corrective action plans;
- › the commitment of the signatory companies to ensure the effective implementation of the corrective action plans and to maintain ongoing business relations;
- › the establishment of democratically elected health and safety committees in all factories to identify the main risks related to workers’ health and safety;
- › the enhancement of workers’ skills through a broad-based training program;
- › the implementation of complaint mechanisms and the right to refuse to work in unsafe conditions.

	2020	2021	2022
GRI 414-1 New suppliers that were screened using social criteria			
Total number of suppliers	57	55	98
of which:			
Suppliers screened for their social impact	31	22	59
% of new suppliers screened for their social impact	54%	40%	60%
GRI 414-2 Negative social impacts in the supply chain and actions taken			
Total number of suppliers	576	547	536
of which:			
Suppliers screened for their social impact	187	235	263
Suppliers identified as having significant negative social impacts, real and potential in relation to the company	35	38	21
Suppliers identified as having significant negative social impacts, real and potential in relation to the company with whom improvement actions have been agreed to mitigate social impacts	23	26	12
% of suppliers identified as having significant negative social impacts, real and potential in relation to the company with whom improvement actions have been agreed to mitigate social impacts	66%	68%	57%
Suppliers identified as having significant negative social impacts, real and potential in relation to the company with whom relations have been terminated after the assessment	12	12	9
% of suppliers identified as having significant negative social impacts, real and potential in relation to the company with whom relations have been terminated after the assessment	34%	32%	43%

CIRCULAR FASHION PARTNERSHIP
Benetton Group adheres to the Circular Fashion Partnership, an initiative in support of the development of textile recycling in Bangladesh, using waste from production processes to make new products. The partnership facilitates commercial and circular collaborations between textile industries, fashion brands and recycling experts in Bangladesh, with a view to generating economic value in the country by boosting the market for recycled fibers. In 2022, some of Benetton Group’s suppliers joined the initiative and, after training, began collecting cotton production waste for subsequent re-sale and recycling.

ENVIRONMENTAL IMPACTS

For a cleaner supply chain

An increasingly sustainable supply chain targets improving working conditions and respect for the environment. Benetton Group’s initiatives in this area proved to be successful in reducing the environmental impact of its supply chain.

ZDHC WASTEWATER GUIDELINES

As part of the wet process wastewater testing program – carried out by requesting suppliers to perform tests according to the ZDHC Wastewater Guidelines – Benetton Group monitored more than 80% of its production involved in wet processes. Similarly to the previous year, this year’s result demonstrates the efficacy of the protocol developed and shared by the ZDHC (Zero Discharge of Hazardous Chemicals), of which Benetton Group is a founding member. In fact, the common objective of the ZDHC member brands – to rely on a sustainable supply chain and maintain clear and standardized communication with the suppliers involved – is increasingly gaining visibility across the sector, also as a result of the fact that many suppliers work with multiple brands. Numerically, the wet processes belonging to the Benetton supply chain that have provided results of the analyses performed on wastewater have more than quadrupled since 2013, the year in which the program was launched.

SAC AND HIGG INDEX

The Higg Index, i.e. the set of tools developed and made available by the Sustainable Apparel Coalition (SAC), includes the Higg FEM (Facility Environmental Module), that Benetton uses to assess suppliers involved in wet process production. Through approximately 80 questions, the Higg FEM allows Benetton Group to monitor several activities, including the adoption of environmental management systems, the use of water and energy, waste management, emissions into the atmosphere and the use of chemicals, and it is organized as a supplier self-assessment module that can also be validated by a third-party entity approved by SAC. There are no follow-up visits or audits by the brand, but the supplier is engaged in an ongoing improvement and transparency process subject to assessment on a year-on-year basis. In other words, the Higg FEM overcomes the traditional “pass or fail” logic and provides benchmarks that allow companies to identify weaknesses and possible actions to undertake. Every year, thanks to its use, Benetton Group can assess an important percentage (around 90% by volume) of suppliers involved in wet processes. This demonstrates the suppliers’ commitment to measuring and reducing their environmental impacts.

DETOX COMMITMENT

By signing the Detox Commitment launched by Greenpeace in 2013, Benetton Group embraced the goal that it pursued in 2022 as well: despite the various difficulties faced by the textile industry due to recent global events, Benetton Group confirmed the work accomplished in previous years, by increasingly reducing the remaining gap to achieve the final goal. The total elimination of 11 groups of hazardous chemicals, the adoption of a Restricted Substances List (RSL) and the publication of at least 80% of the wastewater test outcomes relating to suppliers involved in the wet processes (i.e. dry cleaners and laundries) are the commitments defined in the Detox Commitment. In the last assessment made by Greenpeace, “Self regulation: a fashion fairytale, november 2021”, Benetton Group was praised as a leader in transparency and for its ability to monitor the supply chain and its continuing commitment to eliminating harmful chemicals.

	2022
GRI 308-1 New suppliers that were screened using environmental criteria	
Total number of suppliers of which:	32
New suppliers screened for their environmental impact	8
% of new suppliers screened for their environmental impact	25%
GRI 308-2 Negative environmental impacts in the supply chain and actions taken	
Total number of suppliers	223
of which:	
Suppliers screened for their environmental impact	118
Suppliers identified as having significant negative environmental impacts, real and potential in relation to the company	28
Suppliers identified as having significant negative environmental impacts, real and potential in relation to the company with whom improvement actions have been agreed to mitigate environmental impacts	28
% of suppliers identified as having significant negative environmental impacts, real and potential in relation to the company with whom improvement actions have been agreed	100%
Suppliers identified as having significant negative environmental impacts, real and potential in relation to the company with whom relations have been terminated after the assessment	-
% of suppliers identified as having significant negative environmental impacts, real and potential in relation to the company with whom relations have been terminated after the assessment	-

Data limited to suppliers with wet processes managed by Benetton Group S.r.l.



NATURAL RESOURCES

Water management and biodiversity

Water and biodiversity are essential to the survival and well-being of people and the planet. 2022 was a dramatic year for water shortages and Benetton Group has committed to managing water as a key resource by analyzing the geographical distribution of suppliers involved in wet processing and quantifying water consumption in water-stressed areas. As to biodiversity, the goal for the coming years will be integrating projects and initiatives geared toward protecting the ecosystems into the sustainability strategy.

WASATEX

Built between 2014 and 2016 with European Union funding, the Wasatex project allowed Benetton Manufacturing's textile factory (formerly Olimpias) in Osijek, Croatia, to reuse purified wastewater in the industrial production cycle. In 2022, the factory was able to reuse over 60% of its processing water.

RECYCLING OF WATER DERIVED FROM INDUSTRIAL PROCESSING

33% of Benetton Group knitwear is processed by Olimpias, the Croatian strategic partner. The factory recycles and reuses over 60% of purified industrial wastewater.

Benetton Group considers water a key resource for people and the planet; consequently, it analyzes the geographical distribution of suppliers involved in wet processes in order to verify the Company's impact in water-stressed areas. Nearly 6% of suppliers are located in high-risk areas. For most of these, Benetton Group quantifies water consumption to verify the impact on the resources in high-stressed areas using Higg FEM data, amounting to approximately 578 000 m³ attributable to Benetton production.

BIODIVERSITY

No Benetton Group operation is located in protected areas or areas with a high biodiversity

value. Although aware that the impact of the offices and stores can be considered minimal, Benetton Group has mapped the geographical distribution of directly operated stores to measure the physical and reputational risk in terms of biodiversity, using the Biodiversity Risk Filter.

GRI 304-1		
Level of physical risk	No. of sites	% of sites
Low	292	23%
Medium	951	77%
Level of reputational risk	No. of sites	% of sites
Low	523	42%
Medium	720	58%

The most significant impacts on biodiversity refer to the upstream stages of the supply chain, particularly raw material sourcing and garment processing. This is why Benetton Group has committed in the upcoming years to conducting a comprehensive analysis of its impacts along the entire value chain, quantifying the most significant hot spots related to land use, water resource exploitation and pollution of the terrestrial and marine environment, which together contribute to biodiversity loss.

Basin risk level	No. of suppliers	% of suppliers
1	-	-
2	88	40%
3	107	49%
4	10	5%
5	14	6%

1 Low water-stressed area, 5 high water-stressed area. Analysis carried out using the Water Risk Filter

LOGISTICS

Consumer centricity

Logistics is the last link in the supply chain but is of strategic importance. Leveraging its consumer-centric strategy, Benetton Group is committed to customizing services according to the needs of stores and reducing environmental impacts while achieving a higher level of product traceability.

TRANSPORTATION

With a view to reducing CO₂ emissions linked to logistics and distribution activities, in 2022 the Group confirmed its commitment to intermodal transportation and, in general, to the use of the least environmentally impacting means of transportation. As to imports of goods from China, air transportation was replaced, where possible, with alternative solutions, such as rail. The use of the train service from Shanghai/Dalian to Małaszewicz (Poland), continuing on with road transportation to reach the Castrette factories, was consolidated, resulting in approximately 90% reduction in CO₂.

SATURATION OF TRANSPORTATION

Shipping at Benetton includes loading vehicles with loose packages and no use of pallets. This method optimizes the loading space, eliminating one truck in five from the road.

PACKAGING

Thanks to the use of reusable metal baskets, Benetton Group saves over 1 300 tons of cardboard every year, corresponding to approximately 20 000 trees. In addition, for

GRI 305-4 GHG emissions intensity	u.m.	2020	2021	2022
Logistics	t CO ₂	10 997	16 566	18 557
Intensity of emissions	g CO ₂ /item per km	0032	0049	0053

2021-2022 data includes also the emissions generated by e-commerce and FCA shipments.

The increase in total emissions and logistics-related emissions intensity is due to the broader perimeter considered for the reporting, which makes the 2021-2022 data not comparable with previous years.

GRI 301-1 Packaging	u.m.	2020	2021	2022
Total	t	2 795	2 439	3 470
Renewable				
Paper and cardboard	t	2 241	1 942	2 809
Non-renewable				
Polyethylene (PE)	t	553	496	660
Iron	t	1	1	1

Data refer to Benetton Group S.r.l., Benetton India Private Ltd. and Benetton Korea Inc.

the purpose of fully exploiting batch size and avoiding air transportation, the Group uses different types of cardboard boxes in different heights. Both the packaging material (produced with partly recycled material) and the envelopes used for e-commerce shipments are FSC certified. E-commerce shipments are delivered in paper envelopes instead of cardboard packages, leading to a saving in terms of raw material used of approximately 50%, decreasing the volume transported and

also resulting in a consequent reduction in CO₂ emissions.

DELIVERIES

At the moment of the online purchase, consumers can choose between home delivery or store pickup. Soon users will also be able to choose shipment time, selecting from urgent delivery by courier or standard delivery in 3-4 days, taking advantage of the Company's logistics. The Group is also studying the possibility of delivering e-commerce orders to

the final consumer by alternative, eco-friendly means – such as bicycles – in large cities like Milan and Rome. As of the end of 2020, CSR issues and specific questions about the type of fleet have also been integrated as drivers for supplier selection, taking into account their environmental and social impact.



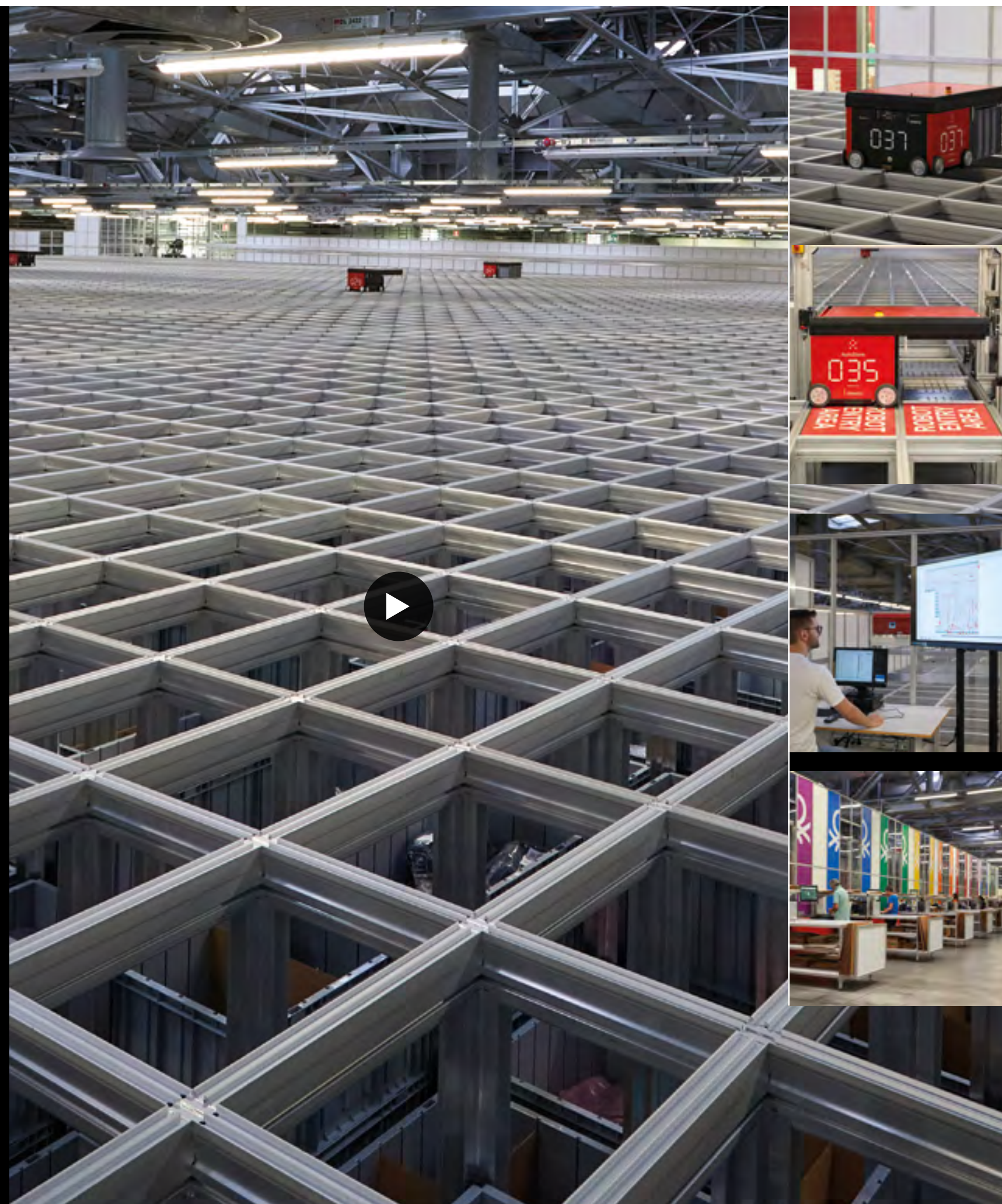
AUTOSTORE® INNOVATION

The new Castrette automated warehouse

At the Castrette logistics hub, Benetton Group has built a new automated warehouse, with a view to enhancing e-commerce while optimizing storage capacity and order completion. Autostore® is the name of the innovative, state-of-the-art facility designed to address an increasingly challenging market and support future business developments.

The new platform, which meets the needs of both B2B and e-commerce, makes pickup operations more efficient, flexible and agile: it reduces the space required and the pickup times and extends the useful life of logistics facilities. This is a high-performance, very compact, easily expandable and energy-efficient facility with a high degree of safety.

The system provides storage for more than 60 000 containers over an area of 6 000 sq m. A total of 53 robot cranes move from the roof of the facility, lifting the containers and taking them to the 12 picking and packing stations located at the front of the facility, where workers can now work more comfortably without moving for long distances.





**Interview with Fabiana Morandi,
Operation Sustainability Coordinator, Benetton Group**

What do you do at Benetton Group?

I am responsible for the Supply Chain Sustainability team within the Product Development & Operations division. My role is to ensure the proper implementation of the Company's sustainability strategy along the supply chain.

Tell us more about your background.

My first task at Benetton was to monitor and evaluate process environmental sustainability performance to ensure compliance with the Company's commitment to Greenpeace. Since 2018 I have also been dealing with our compliance with the ZDHC (Zero Discharge of Hazardous Chemicals) guidelines and the SAC (Sustainable Apparel Coalition) guidelines. Starting in 2021, the horizon expanded further, including activities related to the GREEN B collection and the Textile Exchange association.

At some point in your career you made the big leap from university to the business world. What was the transition like?

It was like going from theory to practice: the university environment represents the theory, which, though it is not at all easy, moves ahead faster than practice. It was a complex yet not traumatic moment: at university I was dealing not only with the theoretical aspects of sustainability but also with assessments of real cases such as spatial systems, logistics and production processes. Moreover, my commitment to research, although in another form and with other goals, remains firm.

You joined Benetton Group in 2016. How was the Company doing from a sustainability perspective at that time?

I immediately had the perception of a company that fully embraced the three aspects of sustainability: environmental, social and economic. Even in the first few months, my first impression was confirmed, not only at the Company level, but throughout the entire supply chain.

What are the main obstacles you have faced so far and how have you overcome them?

The main obstacle has been the dialect people talk in this region! No, seriously, there are no obstacles, only opportunities to fly higher and higher. Certainly everything was new to me, because it was my first experience in a private company and in a BIG company. All my past experiences led me to work for universities and government agencies, completely different organizations, where I learned how important it is to continuously broaden your knowledge and consider new ways of doing things.

Tell us about a project you have followed that you are proud of.

There are two projects that I am particularly fond of from a professional point of view. The first was the contribution I made early on to the development of globally shared guidelines in the textile/apparel sector through Benetton's membership in the ZDHC and SAC initiatives. The second refers to the top rankings maintained in the ratings issued by Greenpeace, ZDHC and SAC, despite the increased level of activities required of both the brand and the entire supply chain. Seeing the name of the company you work for on the list of

the organizations that are striving to "meet the needs of the present generation without compromising those of the future generation" is a great source of pride.

How has the Company's approach to sustainability evolved in recent years?

Today, sustainability is a shared culture company-wide, both in terms of people's conduct and collection development. Benetton is one of the few brands that have committed to circular economy, extending the life of garments and managing product end-of-life. Recently, Benetton Group also committed to reducing CO₂ emissions throughout its supply chain, which is very important given that the textile industry is responsible for about 10% of global emissions.

Benetton is investing in making its supply chain increasingly transparent. What does this mean? Why is it important?

Transparency is a very important aspect because more and more consumers, when they buy any product, want to know where it comes from and the conditions under which it was produced. Thanks to the work done to build a long-term business relationship based on mutual trust and transparency, today Benetton can publish a list of suppliers that comprises 95% of its annual production. When we consider that global logistics networks are increasingly vulnerable to natural disasters, regulatory changes and political instability, knowing where and how our products are made is critical to identifying vulnerabilities and resisting future disruptions. Moreover, soon, moving to transparent and sustainable supply chains will no longer be a choice but a legal requirement.

Today, sustainability has become a marketing tool for companies. In your opinion, is this a risk or an opportunity? And why?

The word "sustainability" comes from the English musical term "sustain," which is the piano pedal that sustains the note over time. Therefore, sustainability is the ability to sustain development (of any kind) for future generations as well. In this light, sustainability is certainly an opportunity for companies, but it is all too easy to abuse this concept, falling into greenwashing, with consequent penalties and reputational damage. However, I prefer to look at the opportunities: according to one of the most recent reports by Nielsen, the leading market research agency, today at least 50% of consumers say they are "willing to spend more if the brand adopts sustainability policies."

Tell us about a dream or project of yours for the future.

I would like to see the Benetton "green" get brighter and brighter, because it would mean that we have left behind the negative aspects of the past few years (including the consequences of Covid) and can finally look to tomorrow with energy and confidence. The future is now!



**DIGITAL**

Explorers of the metaverse

Benetton Group is always at the forefront when it comes to exploring new channels and possibilities, anticipating times and trends.

Today, the goal of the digital technology division is to get closer to consumer habits and vision that younger generations have of the fashion and retail worlds. Following this mission, in 2022 Benetton Group landed on the metaverse with a gaming project connecting the physical store and the virtual store.

Meanwhile, the digital technology division continued its expansion to omnichanneling and new international markets, particularly Asia and the Pacific region.



E-COMMERCE AND OMNICHANNEL

A market as big as the world

The last two years have boosted online sales, anticipating the expected numbers by a few years, but omnichannel presence is still at the top of Benetton Group's agenda, going hand in hand with the international expansion and digital transition.

NATIONAL PLATFORMS

Since January 2022, Benetton e-commerce in India has been uploaded onto the same platform as that of the headquarters. The Benetton e-commerce platform in Russia has instead been suspended as a result of the difficult international situation, while expansion continues in the Asia-Pacific regions. In particular, the digital scouting strategy that has already proven successful in other countries will also be implemented in China and Singapore.



GOAL

Expanding e-commerce to China and Singapore with the opening of a store in the T-Mall and a WeChat channel for sales and communication with the Chinese market.

GOAL

Stipulating a partnership with major Asian marketplaces, such as Zalora and Lazada.

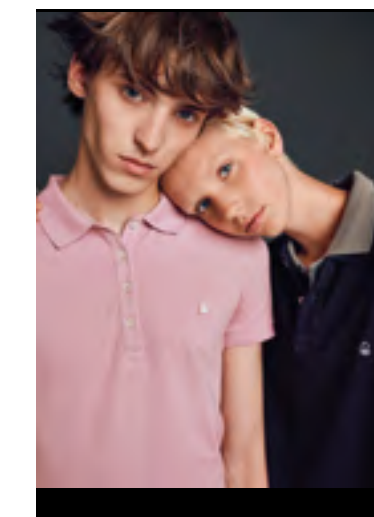
UCB OMNICHANNEL

The omnichannel strategy aims to integrate the brick-and-mortar stores with the digital world, for the purpose of boosting sales and reducing inventory while offering an increasingly broad array of services to end consumers. In 2022, the project was extended to Spain and Portugal. The product locator service remains fully enabled to let consumers find which stores have the product they are looking for in stock; the click&collect service enables shoppers to order a product online and pick it up at the store; the click-from-store service allows customers to purchase a product momentarily not available in the store and pick it up when it comes in; the return-in-store service allows online purchases to be returned and/or exchanged in-shop; the reserve-in-store service lets customers book their purchases and then go and try them on in the store.



LOYALTY

Today, United Colors of Benetton is working on an innovative, more detailed and complex loyalty program that will enable the most loyal customers to obtain products and benefit from the services offered by partner brands.



GOAL

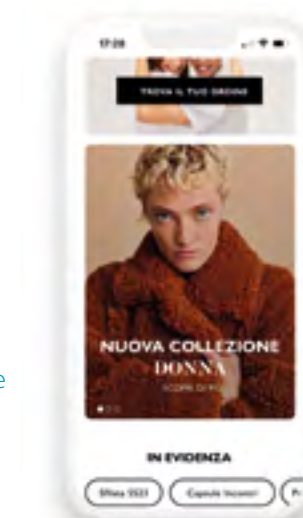
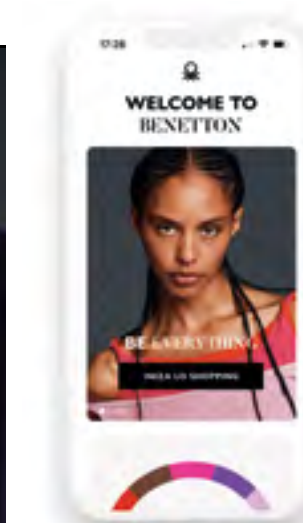
Simplifying the order of a product that is momentarily not available in the store in the size or color desired. Reading the barcode will be sufficient to land on the e-commerce product page, from where it will be possible to place the order.

GOAL

Developing a direct e-commerce channel for Sisley in Italy.

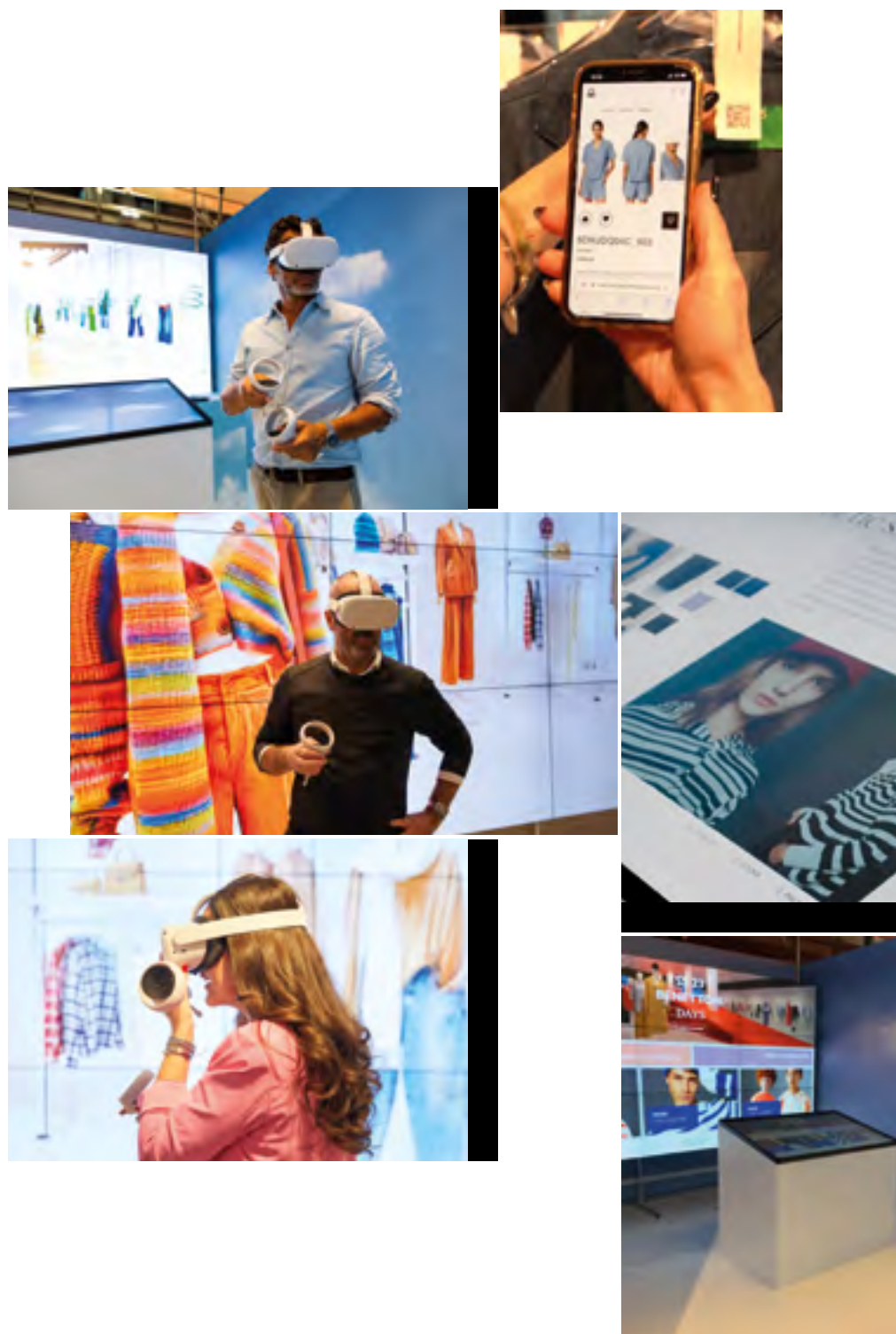
APP

United Colors of Benetton has launched its new app, available for download in all stores. The app with the recognizable black icon allows customers to track their order and shop online.



RAINBOW ROOMS

In June, United Colors of Benetton presented its Spring/Summer 23 collection with a *phygital* event. In addition to seeing the items tried on inside the Castrette showroom, customers could retrieve more product details and features inside the Rainbow Rooms, which are digital rooms set up with high-impact video walls and touch tables. Dedicated photo and video content was uploaded to the Rainbow App web app along with all data of interest for the consumer (price, composition, delivery date, description, etc.). Customers could participate in an immersive experience in a virtual space set up with the products of the collection using the Oculus virtual reality glasses, which enabled them to move around the different creative boxes and see the product on display at its best. By framing the QR code of any product on display in the showroom, consumers could also create a wishlist that they can supplement, edit or export for future use, even remotely via the Rainbow App. In the future, the Rainbow Rooms project will add new features and be extended to foreign countries, with an impact on process efficiency and economic and environmental sustainability, given that the progressive dematerialization of collection presentations brings with it fewer sample products to be produced.



WEBSITES

Websites for the new generations

In 2022, visits and purchases on benetton.com and sisley.com continued to grow, albeit at a more moderate pace than in previous years. The good news is that users have a much lower average age and a much higher propensity to buy online than customers in physical stores.

+2.3%
revenue from benetton.com

+21%
revenue from sisley.com

9 in 10
customers buy only online

BENETTON.COM

Despite the difficult year, in which external factors determined shrinking consumption and propensity to buy, Benetton's e-commerce recorded steady growth on a year-on-year basis and the return rate showed more than positive rates, confirming that Benetton customers are satisfied and willing to buy again. The main age bracket is the 18-43 age group, buying mainly online without going to physical stores. A series of actions targeting the optimization of the shopping experience have been implemented together with new dedicated features to improve the user experience.

SUSTAINABILITY SECTION

The section dedicated to sustainability in the benetton.com website has become increasingly integrated. The product pages highlight the products' sustainable features. In addition, a landing page entirely dedicated to packaging disposal has been created, not only to comply with legal requirements but also to meet the needs of consumers who are increasingly aware of and demanding about sustainability issues.



SISLEY.COM

2022 confirmed the positive trend of Sisley's website with all the main indicators growing double digits and steady conversion rate optimization. Content is increasingly in line with SEO logic targeting organic traffic optimization with a consistent tone of voice across all channels.



Interview with Federica Carrafiello, E-business Marketing Manager, Benetton Group

Hi Federica. You are Benetton E-business Marketing Manager. What does that mean exactly?

The E-business Manager is in charge of the strategy, implementation and monitoring of all digital marketing activities. This is a very cross-sectional profile, responsible for the management of activities spanning different areas: from e-commerce to website content management and user experience optimization, and from media planning to online database and social profiling and influencer management.

How and when did you develop an interest in the online and digital world?

I have always been passionate about technology. My interest in the online world began as a teenager with the opening of the first Internet cafés. I was struck by the potential of the web, and since then I've never stopped searching and studying it.

Benetton is your first experience in the fashion industry. What are the aspects you like the most about this sector?

Fashion is an ever-evolving industry, constantly calling for new and innovative designs to stand out from competitors. This is why Benetton is a forerunner in the industry, leading the way in seizing the opportunities offered by digital technology. Being able to work in fashion marketing is a very exciting opportunity for all those involved in digital technology, because it allows you to participate in innovative projects that aim at redefining the shopping experience.

What aspects do you instead find rather tiring?

Rather than "tiring," I'd think of them as new challenges. There is still a lot to do, especially with regard to the omnichannel strategy, before we can offer the user a shopping experience that truly integrates the physical and digital dimensions, in line with the demands of the new generations.

When you joined the Company in 2021, how far had Benetton already gotten with e-business?

The website had been launched just a few months earlier, featuring a modern and user-friendly user experience, a data-driven approach to digital marketing, and e-commerce in a phase of international growth and expansion with online sales above the market average. Much has been accomplished, but at the same time there is still much to do to stand out against increasingly fierce competition, respond to a much more demanding consumer and be ready for change in a scenario that has become unpredictable.

What are the main initiatives you have undertaken since then?

We have been working on multiple fronts. We've been optimizing the consumer shopping experience with the dual objective of attracting new qualified consumers to the brand and keeping existing customers engaged by increasing the conversion rate. We also concentrated on making resources more efficient by using cross-channel and cross-country strategies with a test & learn approach. We worked on expansion into new international markets, from Australia to India to the opening of the T-Mall channel in China. We focused on reaching out to a younger age group using follower acquisition activities on our social media profiles specifically targeted for Gen Z. Last but not least, innovation. The synergy created from among all these

activities, despite the difficult situation caused by the outbreak of the war and the energy crisis, resulting in reduced consumption, enabled Benetton.com to record growth both in terms of visits and sales.

In 2022, United Colors of Benetton was one of the first fashion brands to enter the metaverse. How important is this initiative?

The opening of PlayChange, our first store in the metaverse, has allowed us to explore the possibilities of engagement offered by this new technology, narrowing the distance with younger target groups. Moreover, our omnichannel strategy enabled us to explore, as forerunners in the competitive scenario, the combination between the virtual and physical shopping experience in the metaverse, creating a circular *phygital* perspective connecting the physical world, the metaverse and the physical world again.

Do you have your own avatar in the metaverse? If yes, what's her name, what does she wear and what traits does she have?

My avatar in the metaverse is a character very close to reality: a woman, dressed in Benetton, named Federica.

Let's play a game. You teleport yourself in front of a Benetton store in year 2073. What do you see in front of you?

More than a store, in 2073 I imagine myself in an experiential place where physical and digital are fully integrated, a completely personalized place that recognizes the user as soon as s/he enters it, transforming everything immediately to adjust to one's needs and buying habits.

What are your dreams and plans for the future?

I'd like to go around the world with my daughter.



DIGITAL COMMUNICATION

From social media to virtual reality

In 2022, Benetton Group took important steps in the digitalization of its communication, activating online projects and collaborating with nationally and internationally renowned testimonials and influencers.

UNITED COLORS OF BENETTON

United Colors of Benetton's Instagram channel was restyled after the appointment of the new Creative Director Andrea Incontri and rolled out with the Spring/Summer 2023 fashion show and over 126 contents posted (including posts, talent and guest reposts, videos, reels and stories), more than 1.3 million users reached and nearly 4 000 new followers in the days of the event alone.

SISLEY

In 2022, Sisley digital content was adjusted to the look&feel of the brand relaunching program. The brand social media profiles were integrated with the rest of the channels, including retail and e-commerce, to create a consistent 360° digital environment for consumers. A new digital PR strategy was also launched to get the word out about the brand and its products through a pool of Italian and international influencers and talents.

UNITED COLORS OF BENETTON

Instagram

814 k

followers

+8.54%

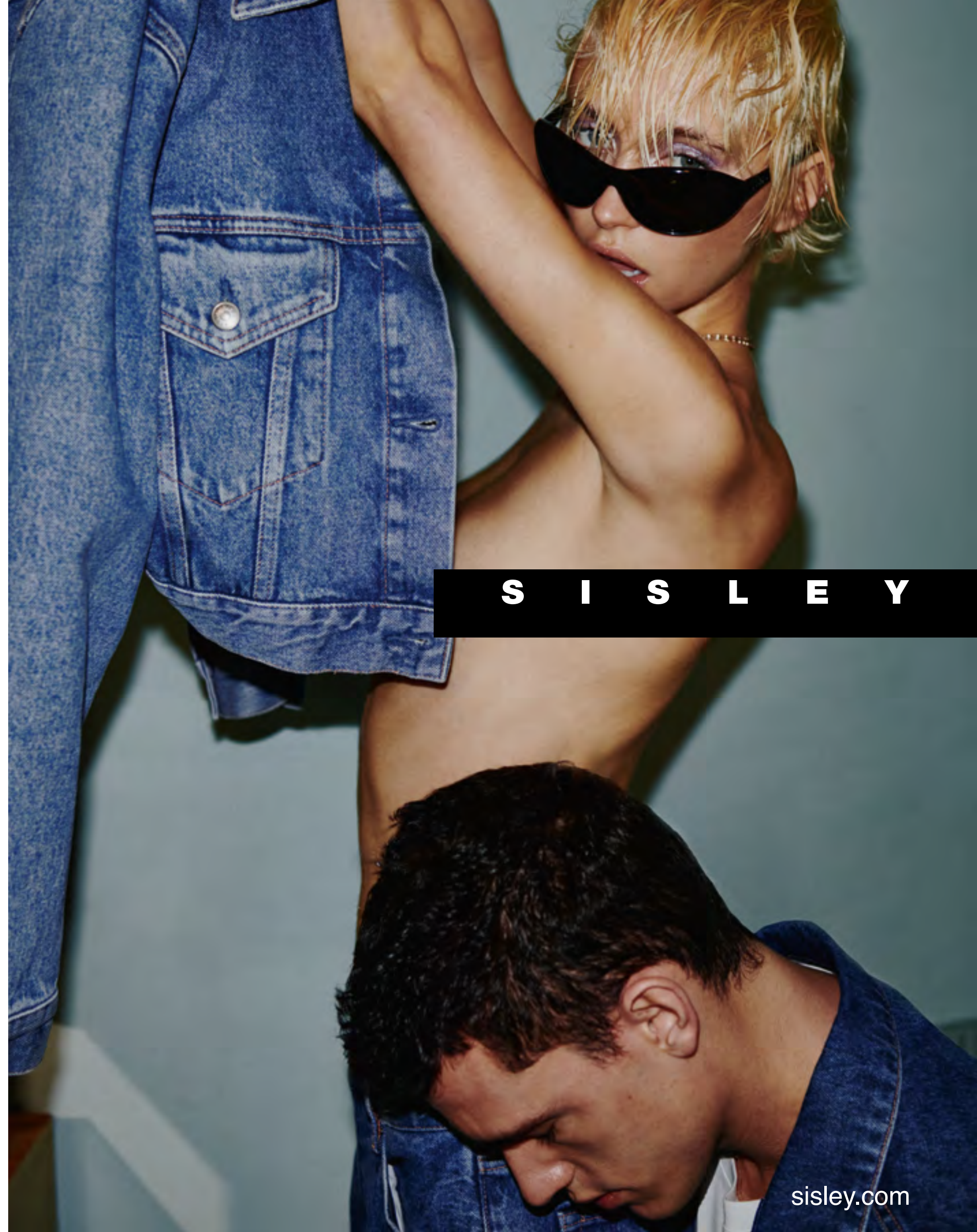
fanbase

231 mln

impressions

174 mln

single users



S I S L E Y

PLAYCHANGE

From the physical world to metaverse and back

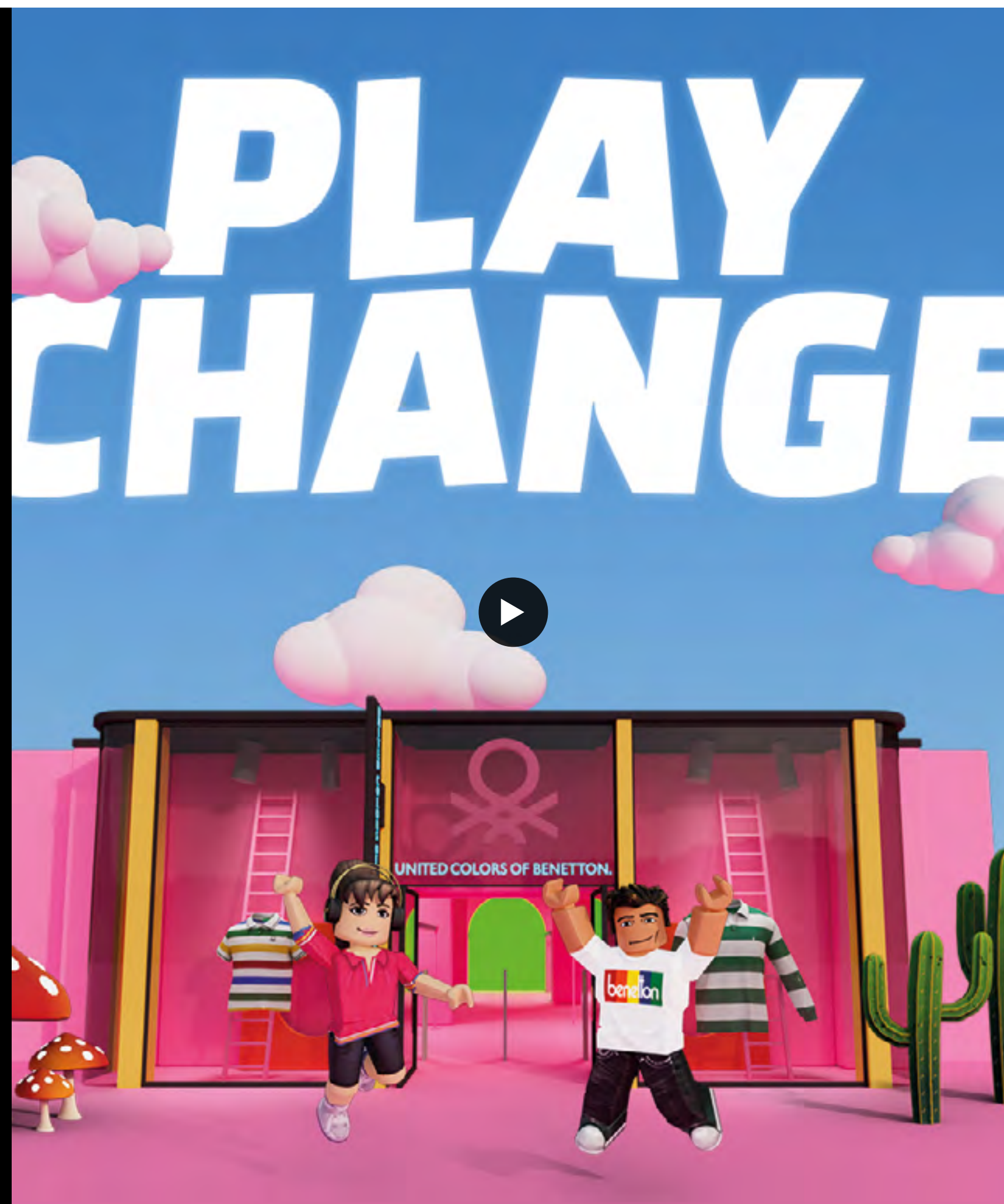
Combining the physical and the digital world through an engaging and interactive initiative that allows the Company to reach out to the younger age groups. This is the rationale behind the launch of the PlayChange virtual store with which United Colors of Benetton has officially entered the metaverse.

The initiative was launched in February 2022 during Milan Fashion Week at the flagship store located in Corso Vittorio Emanuele in Milan, which was transformed to evoke the Roblox-hosted virtual environment of PlayChange.

Users accessing PlayChange with their avatars can discover iconic products from the United Colors of Benetton collections, explore the environment surrounding the virtual store and access three games: Green Adventure, The Color Race and Pink It!

At the end of the game, each user receives a virtual card with a discount to be used at any of the United Colors of Benetton participating physical stores. In this way, the user experience becomes perfectly circular, starting from the real world, going through metaverse and then back to the real world again.

To give a boost to the initiative, 13 gamers and influencers from different countries were involved to participate in live sessions on the Twitch platform to illustrate how the games worked. In the roll-out weeks, the initiative reached 10 million users, who spent an average of three minutes on the dedicated landing page, a clear sign of interest in the project.





COMMUNICATION

A communication ecosystem

One of the fundamental elements of the transformation of Benetton Group is communication, whose purpose is to promote and tell the story of the Company, its brands and its core values.

While the advertising campaigns still mark the key moments of the Company's narrative, in the past few years a communication ecosystem has formed, covering various channels and offering diverse content, some of which concern United Colors of Benetton and Sisley and others touch on topics like sustainability, innovation and Fabrica and Benetton Archive projects and initiatives.

The result is a continuous flow of communication across Benetton's channels, intended to capture the attention and interest of an increasingly diverse and informed public, thirsty for novelty and information.



ADV

Changing image

This year, the advertising campaigns again helped calibrate and consolidate the Benetton Group brand image, reaching out to millions of people around the world through traditional and digital channels.

UCB – BE BENETTON

The work of new Creative Director Andrea Incontri began with the art direction of the BE BENETTON for the Fall/Winter 2022-23 collection. The national and international BE BENETTON advertising campaign was launched in August as billboards, on online and offline media, and on the brand's digital channels to raise the fashion quotient, celebrating diversity with an intimate approach and renewed aesthetic codes. The "You Can Be Everything" message inaugurated a new phase, in which the celebration of diversity that has always characterized the Ponzano-based brand takes on a more intimate, contemporary nuance, linked to the multiple facets of each individual. Incontri relied on an exceptional team to interpret the new collection: photographer Giampaolo Sgura, the Dutch top model Rianne Van Rompaey and the Danish stylist Jakob K.



UCB – WORLD PLANET DAY

On the occasion of World Environment Day, on June 5, 2022, United Colors of Benetton designed a campaign dedicated to its commitment to sustainability and published it in the major national media.



SISLEY – CITY GARDEN

City Garden is the campaign with which Sisley presented its Spring/Summer 22 collection. Shot in Los Angeles, the campaign revisited the themes that are part of Sisley's heritage in a contemporary key: youth as an existential state, the city as a natural setting, and fun and authenticity as pillars of identity. City Garden was also translated into an installation that animated the Piazza San Babila store during Milan Fashion Week.



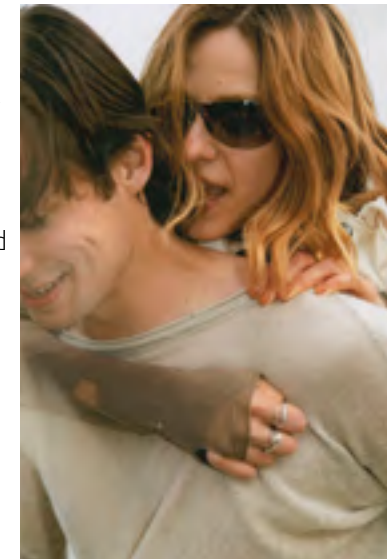
SISLEY – PLEASURE FIRST

Sisley's Fall/Winter 22 campaign follows the adventures of a group of people in search of pleasure on a Berlin night. Pleasure First inaugurated a new direction for the brand, revising the themes that have made it famous: hedonism, sensuality, and freedom. Shot by Guilherme da Silva with styling by Tanya Jones, the campaign was launched during last fall's Milan Fashion Week.



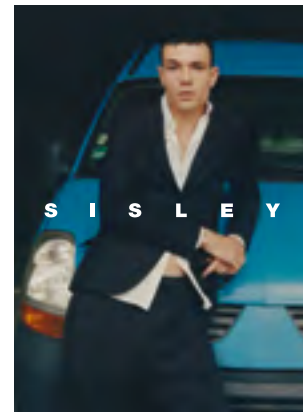
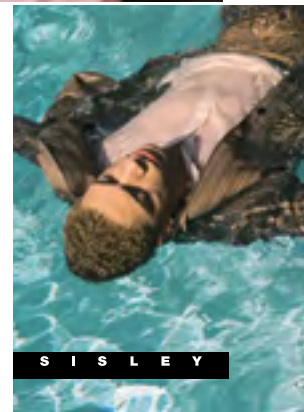
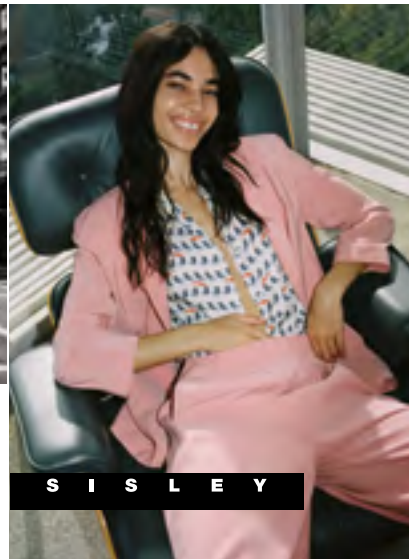
SISLEY – UNDYED

The Fabrica young residents designed the campaign for the launch of Undyed, a selection of Sisley items completely undyed and made from natural fibers. A trip out of town is the pretext for the narrative revolving around the concept of escapism and fun, highlighting values such as sustainability, authenticity and inclusiveness, rooted in the brand's DNA and at the core of all Fabrica projects.



SISLEY – IT'S ALL ABOUT GIVING

The It's All About Giving campaign, shot by Guilherme da Silva, tells the story of Sisley's take on Christmas: giving is all that matters. With shots that clearly refer to classic Christmas imagery but with details in full Sisley spirit, the campaign aimed to attract the attention of consumers during a commercially important time like the Christmas holiday season.





Interview with Stefania Spinicelli, Advertising Manager, Benetton Group

You joined the Company in 2001. How have you seen Benetton Group change since then?

I joined a dynamic company that has always been ahead of its time, using a unique and unprecedented style of communication. Change has been a natural evolution, keeping pace with an increasingly fast-paced external environment, but we have always maintained our creative and unconventional approach. I am thinking for example of It's My Time, an innovative project that in 2010 used the web as a place of active participation for our first global online casting, integrating different media, tools, platforms and technologies – print, new web realities, hi-tech, video and the social media.

How has your role changed in recent years and what are your current responsibilities?

I have always understood communication as a project to be developed and conveyed in the most effective way possible on the appropriate media. In the beginning, my role was mainly focused on media planning, particularly print and billboards, with very interesting projects. In addition to media planning, over the years I ended up managing and developing communication projects that increasingly integrate the media with e-commerce and mortar-and-brick stores, coordinating all the functions involved, both internal and external.

Advertising has always been one of Benetton's strengths. Is that still true? If yes, why?

Yes, definitely. Benetton continues to be an observer of its time while remaining true to its core values.

Please describe your day at work.

There is no typical day. Every day is a creative day in its own way.

Tell us about a project you have recently developed that you are proud of.

I am particularly proud of the Freedom project, a series of virtual appointments dedicated to freedom and the encounter between generations, which spans various themes with internationally renowned talents. It was carried out during the period of the pandemic in Italy and then extended in a similar format to Spain and Portugal. It was a reaction to the lockdown imposed by Covid-19, involving the online transposition of content that we initially intended to use in stores.

In your opinion, which media offer the most opportunities for the future?

Digital technology expedited media integration. Digital technology and video technology will certainly play a central role in the future. Billboards, especially in the revamped installations of some locations and in its Digital Out Of Home version, will be fundamental in amplifying and showcasing messages. The radio, including web radios and podcasts, will also continue to offer interesting solutions. The press will remain an elitist space and maintain its institutional role. In any case, regardless of the medium or platform, the media with most opportunities will be those that manage to maintain and gain credibility and authority within an incredibly dynamic context.

What does Fabrica represent in the Benetton universe?

Fabrica is a parallel dimension, an ongoing experiment that can always generate curiosity and wonder.

Describe a United Colors of Benetton advertisement or communication project you are proud of.

I really liked the visibility that we managed to enhance with United Colors of Benetton's advertising campaigns curated by Andrea Incontri. Maxi billboards and prestigious planning on all the most important international media represent a way to further amplify the brand's fashion codes.

What about Sisley?

The launch event for the Fall/Winter 2022 campaign, *Pleasure First*. The storytelling and relaunch of the brand's heritage was reflected in the setting of an exclusive evening in an underground club converted in Sisley style, including a live performance. An adventure involving all five senses, combining hedonism and sensuality. A challenging project that brought results beyond expectations.

What are your dreams and plans for the future?

I plan to keep my enthusiasm high at all times, with an ever confident and optimistic outlook.

EVENTS

Activate the physical spaces

Also in 2022, United Colors of Benetton and Sisley launched a series of events to promote their collections and increase the visibility of their stores by privileging direct contact with their fans.

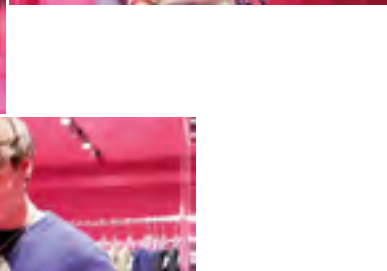
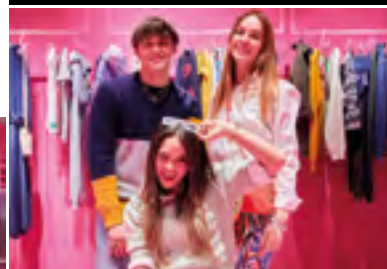
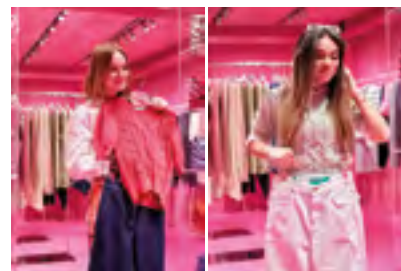
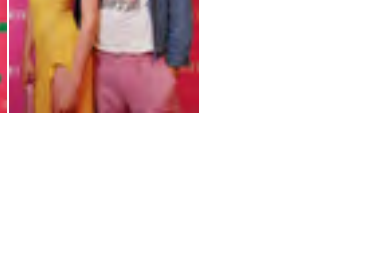
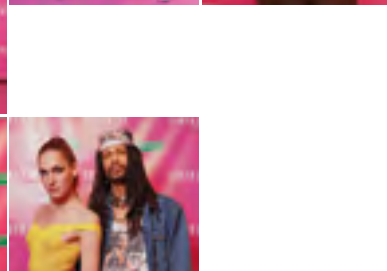
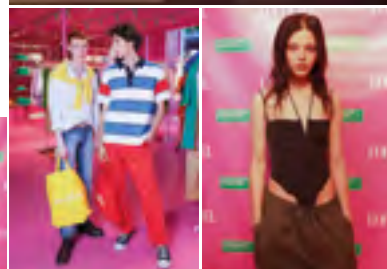
PINK BOX – MILAN

Concurrently with the opening of the Pink Box at the Milan store located in Corso Vittorio Emanuele, United Colors of Benetton launched the #playchange project. From February 21 to 23, five talents (including radio host Andrea Delogu and TV host Stefano De Martino) used their social media and Benetton profiles to tell their personal stories of change. On the last day, tiktokers Giulia Paglianiti, Davide Vavalà and Anna Ciati welcomed visitors to the store and helped them change their look with dedicated styling sessions.



PINK BOX – PARIS

In May 2022, United Colors of Benetton celebrated the reopening of its flagship store in Place de l'Opéra. A variegated flock of fashion icons and next-generation French creative talents filled the store, paying tribute to the new Pink Box concept. Among them were Jean-Charles de Castelbajac, Camille Janssen, Pierre Painchaud and Ludovic Fontanel "The Tryers", Taika, Baby Suki, Abigaëlle, The Diann, Alice Moitié, Nix, Zoé Lenthal, Émile Pony, Lily Taïeb, Goldie Williams, Benjamin Eymere, and the Twin Sisters.



IN LOVE WE TRUST – LONDON

The United Colors of Benetton store in London staged an exceptional event in collaboration with *Dazed* magazine to celebrate the launch of the new "In Love We Trust" capsule collection, designed by Jean-Charles de Castelbajac. Hundreds of London-based creative talents, including fashion icon Vivienne Westwood, Andreas Kronthaler, Jefferson Hack, La Roux, and Josephine Jones, participated enthusiastically to celebrate and personally interpret the new capsule.

GOAL

Creating more fashion shows in exclusive locations to increase the attractiveness and fashion appeal of United Colors of Benetton.



METAPHYSICAL COLOR – LISBON

In March, United Colors of Benetton presented its Spring/Summer 2022 collection at the 58th edition of Lisboa Fashion Week, the most significant fashion event in Portugal. Color was the main theme of the Metaphysical Color opening event, showcasing a selection of items and looks in the iconic Chiado boutique, while the Benetton Pink Selfie Room at the Hub Criativo do Beato provided visitors with the possibility of an immersive experience in a completely pink environment. During Lisboa Fashion Week, Benetton also presented the United Colors of Benetton Award to Maria Clara, a young Portuguese fashion designer, as part of the Sangué Novo – Young Designers Competition.



PLEASURE FIRST PARTY – MILAN

Sisley's Fall/Winter 22 campaign was launched during Milan Fashion Week with an unbridled pleasure party. Held at Distretto Industriale 4 in collaboration with *i-D Magazine*, the party featured performances by Myss Keta, Populous DJ and Milangeles DJ.



GOAL
Organizing a Sisley event in Milan connected to the launch of the Spring/Summer 22 campaign, with an exceptional model.

SOLIDARITY FASHION – MILAN

On Wednesday, April 6, 2022 Benetton Group was one of the key sponsors of the Charity Dinner GOOD MORNING MILANO!, in support of the Fondazione IEO-Monzino of Milan, which supports cancer research. Benetton was also one of the supporting brands of Convivio, one of the most important charity fashion events in Italy, which in its 30-year history has become an internationally recognized symbol for fundraising in favor of ANLAIDS. The market-exhibition featuring products from the brands that had joined the initiative peaked with the traditional Charity Dinner Gala held on November 8.

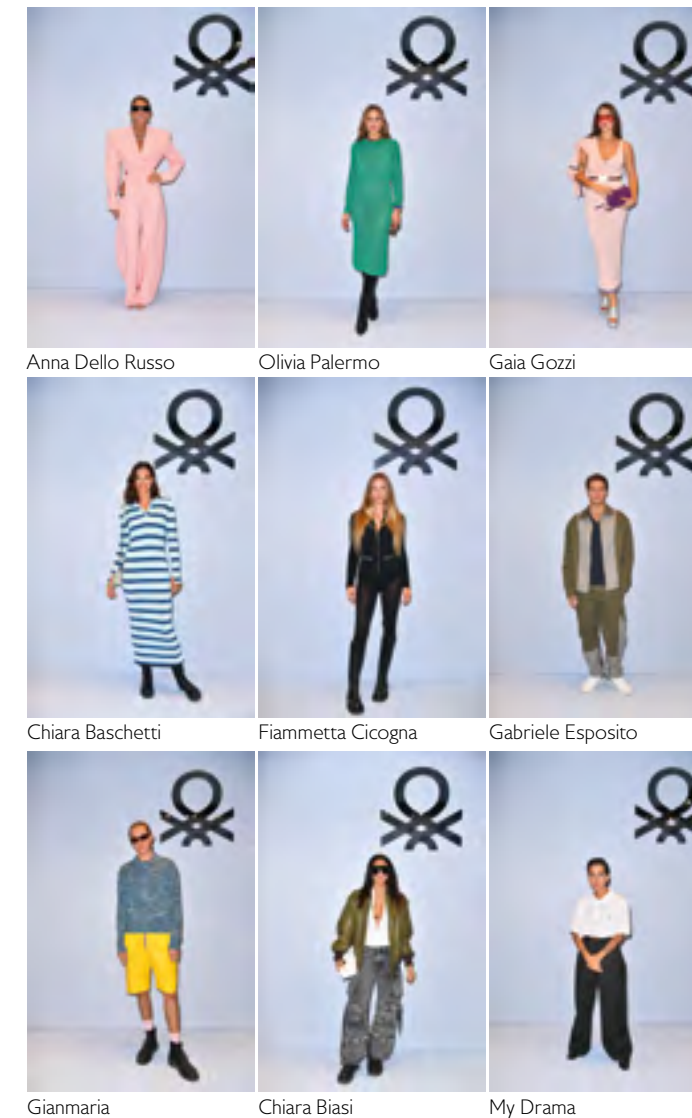


INFLUENCER MARKETING

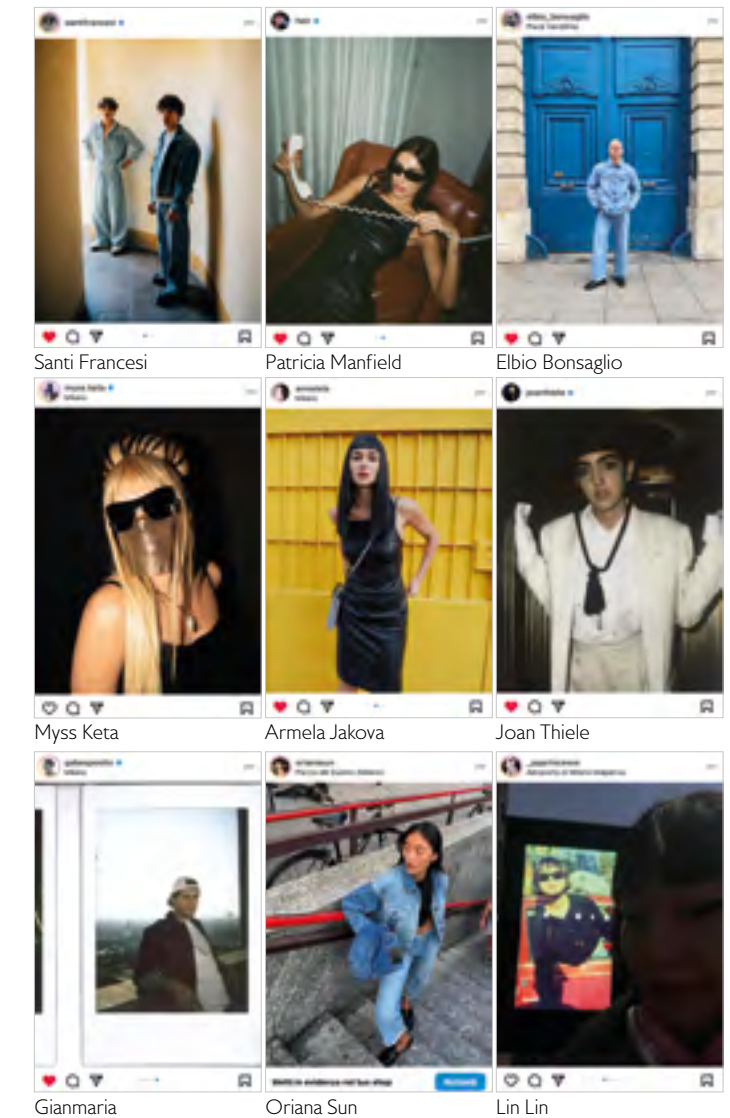
The new faces of communication

Our brands' collections have been received with enthusiasm nationally and internationally, both in the press and on social channels, thanks – in part – to the collaborations established with the influencers, talents and celebrities who have created content and performances that contributed to enhancing the visibility of our collections on their social profiles and beyond.

UNITED COLORS OF BENETTON



SISLEY



SISLEY WEARS XFACTOR

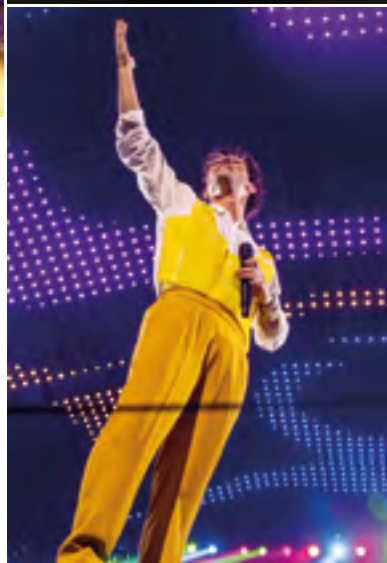
In November and December 2022, Sisley had a strong presence during the live performances of the Sky Uno TV program *XFactor Italia*. The collaboration stems from the brand's signature musical soul, always close to the rising talents on the Italian and international scene. Contestants were wearing the items from the Fall/Winter 22 collection during their live performances, including the final held at the Forum di Assago on December 8. In support of this initiative, the Christmas holiday campaign video *It's All About Giving* was aired as a TV commercial on Sky during the live broadcasts of *XFactor*, an important and powerful visibility boost for the brand.



Santi Francesi



Linda



Disco Club Paradiso

PRESS

TV, online dailies and industry magazines

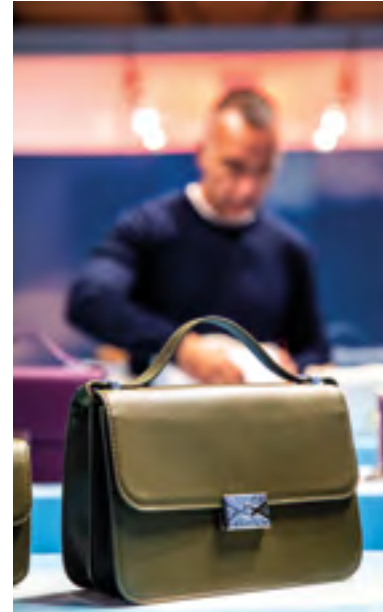
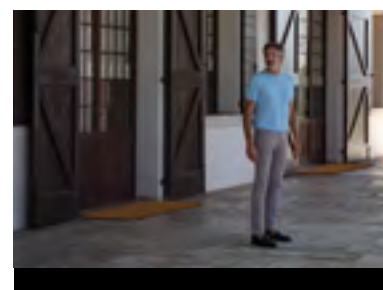
In 2022, Benetton brands received the usual attention from Italian and international newspapers, magazines and television programs, thanks to the prompt and accurate work of the press office and the resumption of the press days, suspended during the period of the pandemic.

DIGITAL MARATHON

The Company participated in the big digital marathon for the World Environment Day contributing with a speech by Marco Zeggio (Chief Operations Officer) streamed on *corriere.it* from the headquarters of the Corriere della Sera Foundation in Milan.

BENETTON STORIES

Benetton Stories is a storytelling project created in collaboration with *Corriere della Sera* daily and LA7 television channel editorial staff to inform the different audiences about the history, culture, processes and production peculiarities that characterize Benetton Group. The project recounts the close relationship between the creative process and the production system, and goes on to cover product innovation, research for new materials, consumption optimization and attention to production chains, while also touching on future-oriented, people-centered and social issues, such as sustainability, transparency and globalization. The leitmotif underlying the storytelling is provided by the faces and voices of the people involved in the creative, production and management processes. The video stories were broadcast within an episode of the television program *Like*, a format on lifestyle and new trends aired on LA7, and posted on a landing page of *corriere.it* for four weeks.



PRESS DAY

The press days represent an important working tool to present the new collection to the trade press. The press days for the Spring/Summer 23 collection took place in November for the Italian press and in December for the foreign press. Meetings were also held with the editors and journalists of the main fashion publications and with the editorial offices of the various newspapers. Stylists also had an opportunity to select the items and looks to be included in upcoming fashion shoots and to be worn by talents and influencers. The collection was presented in Milan in Italy, in a prestigious location on Madrid's famous Gran Via, in Spain, and at the renowned contemporary art Zoumboulakis Gallery in Athens. The layout of the press days followed the new concept store designed by Andrea Incontri to emphasize the iconic value of the store for the company.



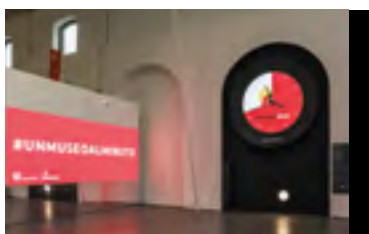
ARCHIVE

Studying the past to understand the present

In recent years, the Benetton Archive has not limited its activities to the preservation and study of corporate culture, but has also acted as a promoter of events and initiatives that contributed to the consolidation of the brand values while expanding the reputation of the Company.

UN MUSEO AL MINUTO

Unmuseoalminuto (One museum per minute) is a permanent installation in the spaces of the Milan Design Museum and consists of a large digital clock that progressively reveals the more than 110 museums and business archives associated with Museimpresa, one each minute. The Benetton Archive installation also contains the historical United Colors of Benetton logo, represented with a knitting stitch.



STORIE D'IMPRESA, ENERGIE DI FUTURO

"Storie d'impresa, energie di futuro" (Stories of enterprises, energy for the future) is the title of the Museimpresa in-residence workshop held on October 13 and 14 at the Museo Correr and other venues

of the Civic Museums of Venice, in which the Benetton Archive participated as an associated institution. The workshop provided an opportunity to focus on the characteristics and new developments of corporate culture and museums while comparing examples of best practices and implemented projects.

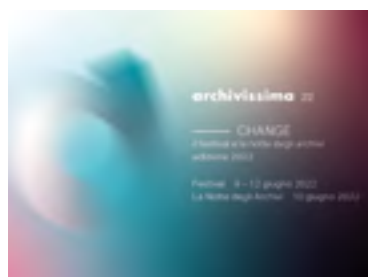
LEARNING BUSINESS

On the occasion of the Corporate Culture Week dedicated to "Learning business" this year, Benetton Group decided to open the doors of the Benetton Archive, Fabbrica and the Fondazione Benetton Studi Ricerche, the places whose mission is research and education, reaching out – in particular – to the younger generation. Each of the three entities organized a guided tour of their spaces on November 10 and 11, with a total participation of 120 guests.



NIGHT OF THE ARCHIVES

This year too, the Benetton Archive joined the Night of the Archives (sponsored by ANAI - Italian National Association of Archives), which is part of the Archivissima program, the Italian festival for the promotion and enhancement of historical archives. The 2022 edition was dedicated to the #change theme. Different options were offered for participation and the Benetton Archive opted for the "Benetton and the changing store" initiative, a video that narrates how the Company successfully translated social changes and new consumer styles into different and innovative store formats over time while remaining true to its identity.



CORPORATE VALUES

For the second year in a row, the Benetton Archive participated in the Valori d'Impresa Award, which was created on the initiative of Confindustria Veneto Est with the aim of enhancing and giving visibility to Business and Labor History and Culture as tools of communication and corporate reputation. The Benetton Archive

participated in the "Visioni d'Impresa" section dedicated to the companies based in the Veneto region and addressing corporate communication with an edited bilingual version of the "Benetton and the changing store" video.



MUSEIMPRESA AND ICA

The Benetton Archive confirmed its membership in Museimpresa (the Italian association of business museums and archives, promoted by Assolombarda and Confindustria) and ICA (the International Council on Archives) for the purpose of maintaining its network of contacts with other industry businesses.



UNITED COLORS OF BENETTON.

BENETTON RESEARCH LIBRARIES

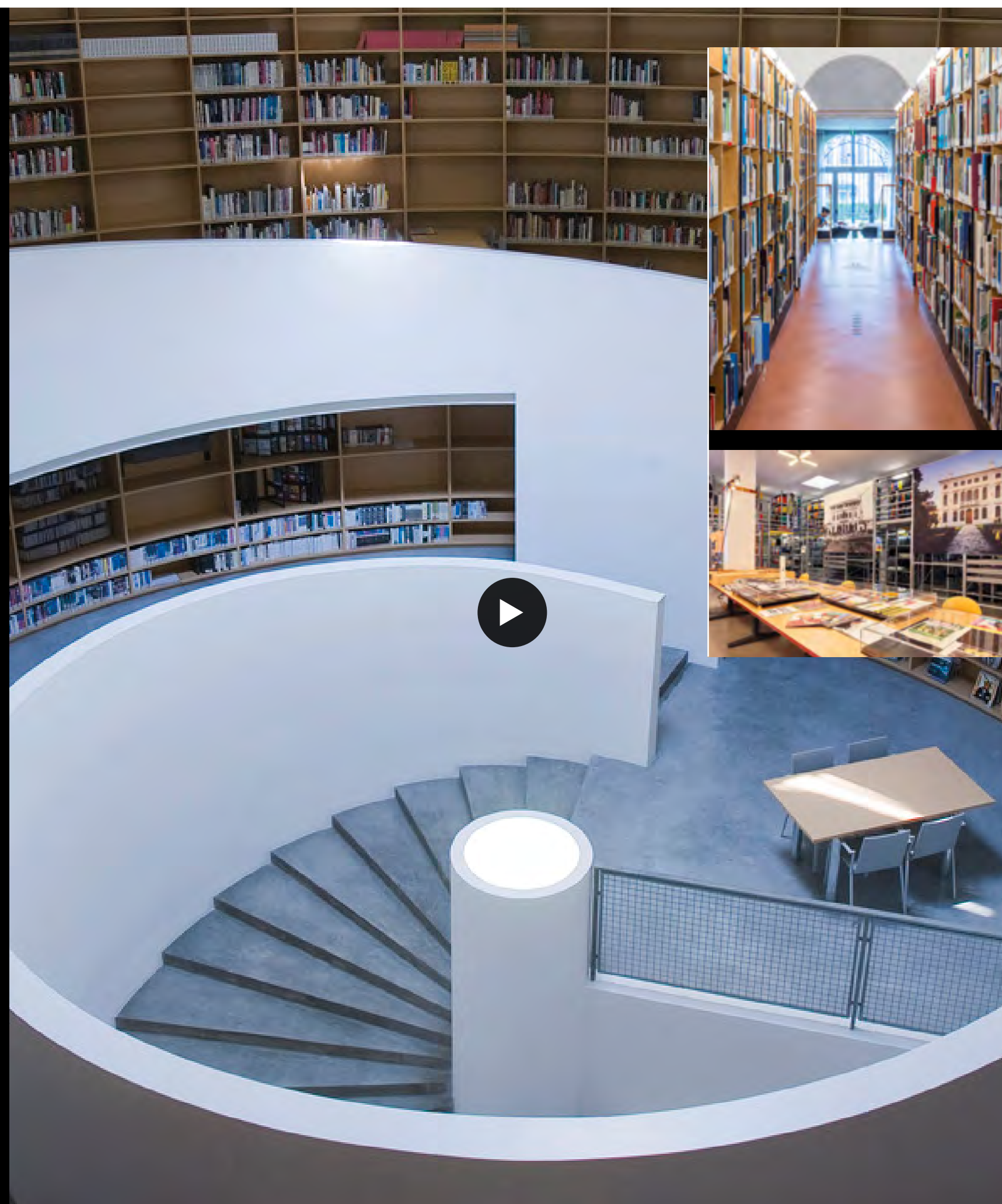
The Benetton Group libraries become international

In April, Benetton Research Libraries, a new cultural network that includes the libraries of Fabrica, Fondazione Benetton Studi Ricerche and the Historical Archive of Benetton Group, debuted online.

The three entities, which have always been close and integrated, have joined Worldcat, the world's largest network of libraries, which every day provides web access to more than 351 million records and 3.3 billion books/documents/holdings in 483 different languages.

The goal is to enhance and make available to the public the services and wealth of knowledge collected over decades of activity by libraries linked to the Benetton world, creating a single point of access to more than 100 000 volumes, periodicals, multimedia materials, maps and documents.

Thanks to the new platform, it will be possible to gain immediate access to the wealth of knowledge held by Fondazione Benetton Studi Ricerche (more than 80 000 volumes, periodic magazines and multimedia materials and 12 500 cartographies on landscaping, history and customs of gaming, and cultural heritage), Fabrica (more than 10 000 books and magazines on photography, design, art and architecture), and Benetton Archive (publications on color, graphic design, fashion, textiles and periodicals related to the world of fashion) from anywhere on the planet.



FABRICA

A unique research center

Fabrica is the outpost of corporate culture for Benetton Group. Through a residency program established in 1994, the center selects the best creative talents of the new generation and asks them to analyze the present in order to imagine the future, based on a learning-by-doing and cross-pollination methodology.



1ST SEMESTER

The theme of the March-July 2022 semester was "Extinction" and opened with an online lecture by Timothy Morton, a renowned British philosopher and writer. Other personalities involved included Studio d-o-t-s, editorial and curatorial production (France); Filipa Ramos, writer and curator (Portugal); David Carson, graphic designer (USA); John Gerrard, artist (Ireland); Philippe Rahm, architect (France); Rafal Milach, photographer, artist and activist (Poland); Barbara Soalheiro, journalist and writer (Brazil); Studio Ossidiana, architects (Italy/Holland); and Sean Raspet, artist (USA). 18 young creative talents from 12 countries were selected for this session: France, South Korea, Italy, Ireland, UK, Morocco, Argentina, Brazil, Kazakhstan, South Africa, USA and India. The semester ended on July 21 2022 with *Just Passing Through*, an exhibition-event open to the public that featured 18 works including sound installations, photographs, videos, sculptures and performances created by the residents. Special guest of the evening was Andrea Lissoni, artistic director of Haus der Kunst in Munich and former curator of the Department of Art and International Film at Tate Modern in London and Hangar Bicocca in Milan. More than 500 people attended the event.

RESIDENCY

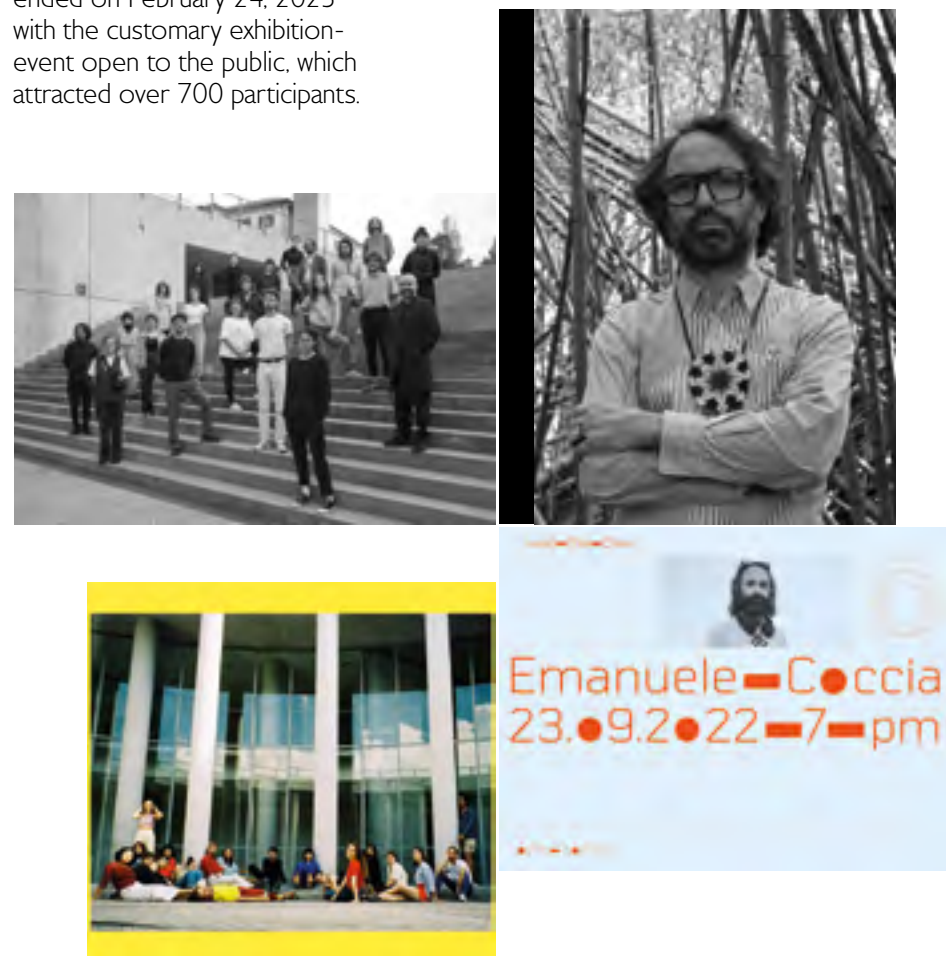
Fabrica's residency model for young creative talents under 25 includes two classes a year with approximately 20 participants each (September-February and March-July). Curated by Spanish artist and filmmaker Carlos Casas, formerly a Fabrica resident in the late 1990s, the program features, among other things, participation in a busy schedule of creative meetings and workshops – online and in-person – with international experts and professionals. Activities span from team building, the production of content for Fabrica's social media accounts, such as the weekly "Fabrica Library" and "Fabrica Index" columns, and research work involving a final live exhibition on a topic of social interest.



2ND SEMESTER

The theme for the September 2022-February 2023 semester was "Otherworlding", i.e. projections of possible and impossible futures. The semester opened with a lecture conference held by Emanuele Coccia, one of the most eclectic and esteemed intellectuals of his generation, and then continued with workshops and lectures by Neil Leonard, musician (USA); Alice Bucknell, artist and writer (USA); Guillermo Brotons, art director (Spain); Dean Brown, designer (UK); Ramon De Marco, sound set designer (Switzerland); Andreas Greiner, artist (Germany); Cosimo Bizzarri, editor and copywriter (Italy); Phill Niblock, composer and multimedia musician (USA); Katherine Liberovskaya, video artist (Canada); Libby Heaney, artist and quantum physicist (UK); Jakob Kudsk Steensen, artist (Denmark); Marina Vitaglione, photo editor (France); Tarik Barri, audiovisual composer (Netherlands); Quayola, artist

(Italy); Yehwan Song, web artist (South Korea); Nonhuman Nonsense, design and art studio (Germany/Sweden); and Theresa Wong, composer and cellist (USA). 18 young creative talents from 13 countries were also selected for this session: Ukraine, Iran, Japan, China, Indonesia, Brazil, USA, UK, Italy, the Netherlands, Austria, Poland and Switzerland. The semester ended on February 24, 2023 with the customary exhibition-event open to the public, which attracted over 700 participants.



LATER CAME EARLY

In early 2022 Fabrica organized *Later Came Early*, the concluding exhibition event of the September 2021-February 2022 semester: 15 interpretations of the concept of Time, exploring themes like youth sexuality, climate crisis, olfactory memory, generational traumatic experiences and social isolation. From the clock to memory, from sculpture to intimate experience, the works presented expressed the meaning of Time using different forms and languages. More than 300 people attended the event.



Noah Ringrose



Anna Jarosz



Anastasia Misyeko



Mattia Eusepi



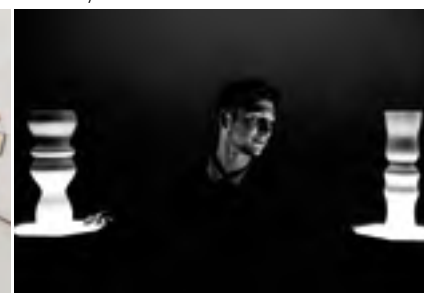
Bobbi Fay



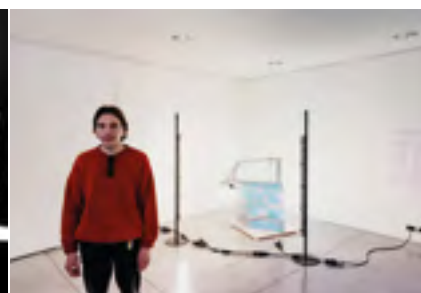
Melissa Maarek



Evelin Mazzaro



Dorian Étienne



Pietro Bucciarelli



Lucía Peralta



Álvaro Denek



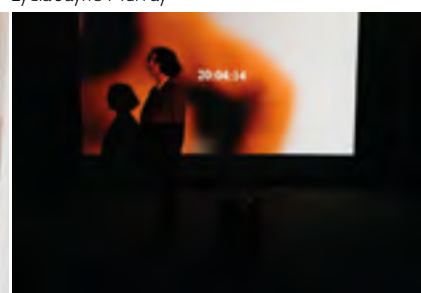
Lydia Jayne Murray



Alessia Lapio



Jordan Aaron Guy



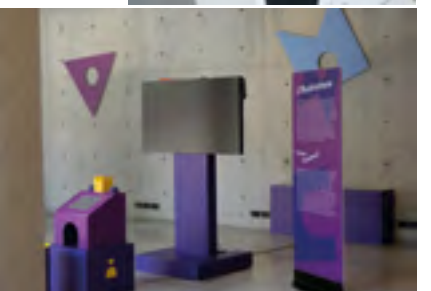
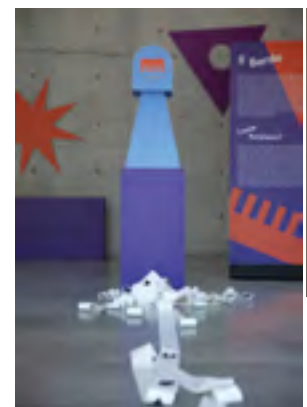
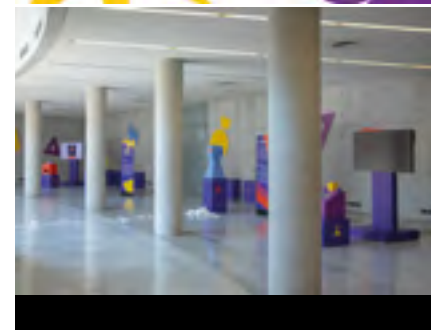
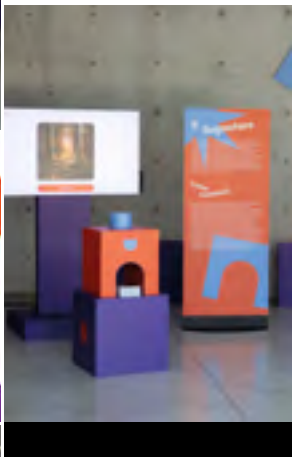
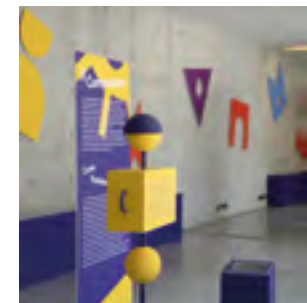
Maria Allegretti

FABRICA X CAMPARI

As part of the 2022 Salone Internazionale del Mobile in Milan, Campari Soda presented the world premiere of a collection of objects made by Fabrica residents, distributing it at some 20 VIP events chosen from leading design brands, including Poltrona Frau, Alessi, Archiproducts and Fabio Novembre. The collection consists of a series of lively and colorful objects designed for everyday use. From May 9-20, 2022, Campari Soda implemented an intensive communication campaign on its digital touchpoints (Instagram, Facebook, Pinterest, YouTube) by publishing a series of engaging creative content such as reels, videos, and stories, and three ambassadors (Max Brigante 149K followers, Momusso 93K followers, and Inviaggiocoltubo 53K followers), who further escalated the campaign with their respective audiences. In addition to creating brand awareness, the campaign aimed at inviting the public to purchase the collection on Fabrica's online store.

THE "COLLETTIVO INTELLIGENTE"

The "Collettivo intelligente" is an interactive exhibition on the relationship between artificial intelligence and creativity, curated and developed by Fabrica in collaboration with oio studio. In the past, the main role of a computer was to help us in complex calculations, thanks to pre-set programs and actions. Today, progress in Machine Learning has made it possible for computers and robots to understand, see, and even create and innovate. Held at Fabrica from May 23-27, 2022, the event was part of the A.I.A. – Artificial Intelligence in Agorà – project, an initiative promoted by BiblioTreviso and the Municipality of Villorba, focusing on Artificial Intelligence and the different points of impact that AI algorithms have and will have on our lives. Approximately 150 students from the area's Middle Schools visited the exhibition.



FABRICA X GREEN&BLUE

On June 5 and 6, 2022, Fabrica participated in the Green&Blue Festival held at the Bagni Misteriosi Teatro Franco Parenti in Milan: two days of concerts, workshops, seminars and meetings to understand and explore every aspect of environmental sustainability. Fabrica's international team of young creative talents participated in an interactive space where the theme of sustainability was addressed through a series of workshops with free admission and the installation *Crafts for Kids* by Charlot Dennis, a work that pokes fun at the gender expectations and ideals that are imposed on children.

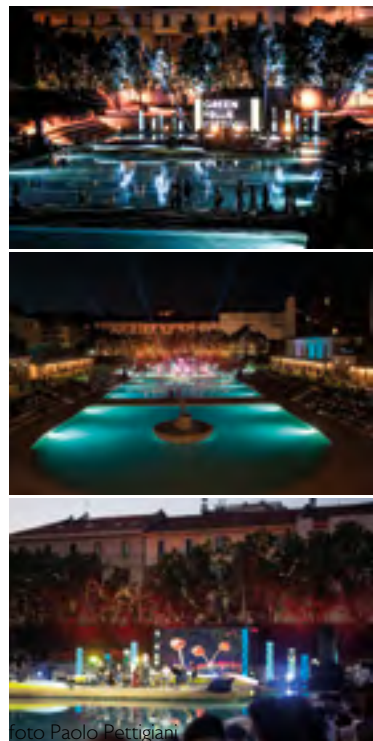


Foto Paolo Portigiani

POSSIBLE AND NECESSARY FUTURES

On November 3, 2022, Fabrica hosted a discussion on issues related to the world of Digital Art and NFTs with some prominent guests in the field of contemporary art and scientific research: Serena Tabacchi, co-founder and director of the Museum of Contemporary Digital Art (MoCDA); Massimo Franceschet, artist and data scientist; Filippo Lorenzin, artistic director of the Museum of Contemporary Digital Art (MoCDA) and Rebecca Pedrazzi, journalist and art historian. 200 people attended the event both in person and on Fabrica's YouTube channel.

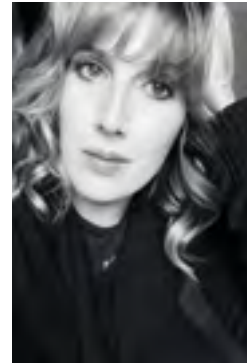


Filippo Lorenzin

Serena Tabacchi



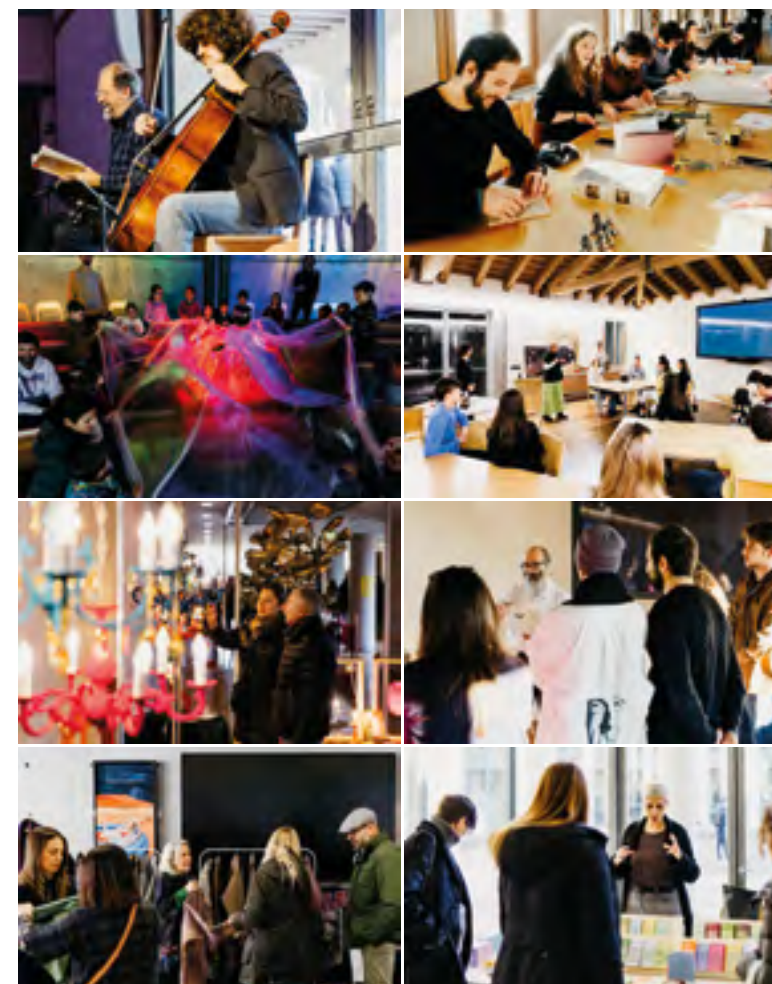
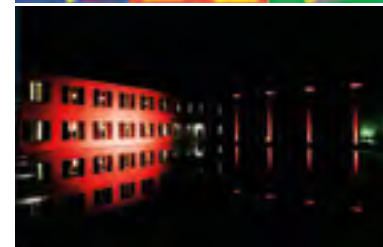
Massimo Franceschet



Rebecca Pedrazzi

MERRY FABRICA

Merry Fabrica is a day organized by Fabrica featuring shopping, workshops, music, street food and creativity. The event, held on December 17, 2022, was attended by about 50 selected creative talents, including artisans, designers and artists, and focused on the responsible use of materials. Approximately 2 500 people participated in the event.



SOCIALLY RELEVANT ACTIVITIES IN THE TERRITORY

The collaboration between Fabrica and MoCa (Modern Contemporary Art), founder of the Arte Laguna Prize, one of the most interesting competitions

that promotes creative talents, was continued, offering an opportunity to join a global network of collaborations. Fabrica offers a six-month art residency to the winner selected from the nominees for this special award.





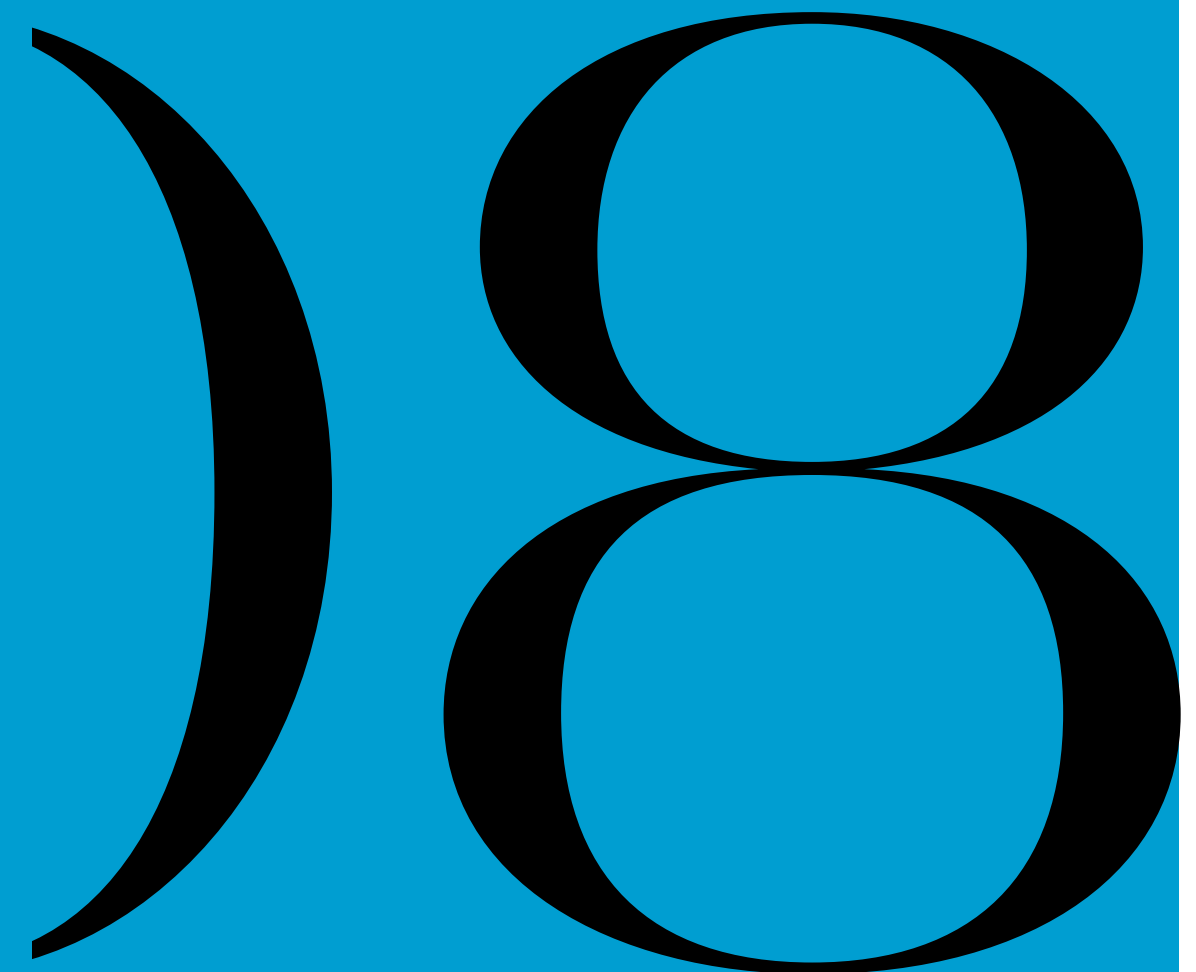
PEOPLE

United to change

Culture, leadership, policies and spaces: every element of a future-oriented Company must have the individual at its center. To Benetton Group, this means listening to employee needs and involving them in a continuous process of personal and professional exchange and improvement.

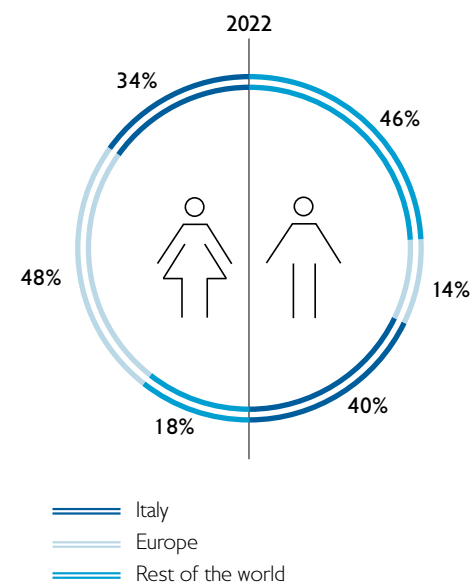
In 2022, the Company continued the projects implemented in the previous year, focusing on employee well-being, training of leaders and store personnel, sustainability and process digitization, internal communication, and talent recruitment.

Special attention was paid to young people who have just joined Benetton Group and potential candidates. The circulation of these core values is the key to transition the Company into a new era.

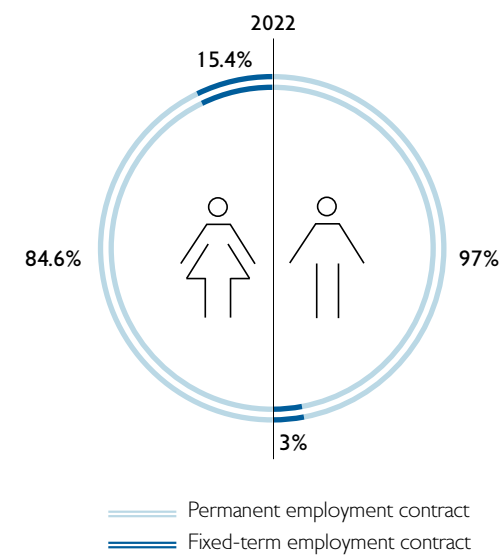


BENETTON GROUP: BREAKDOWN OF EMPLOYEES IN 2022

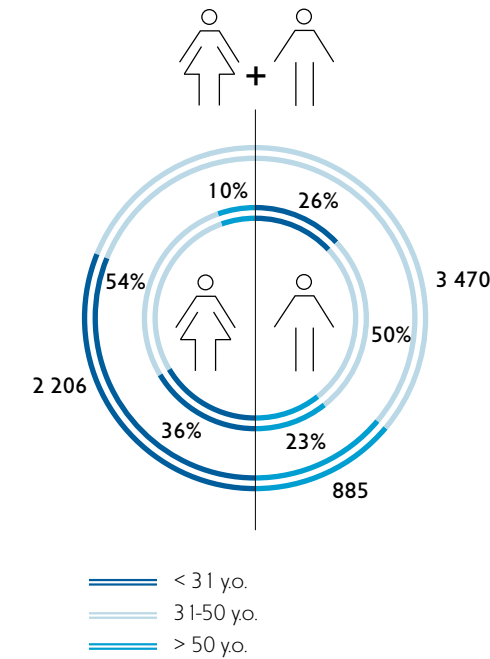
• by geographical area



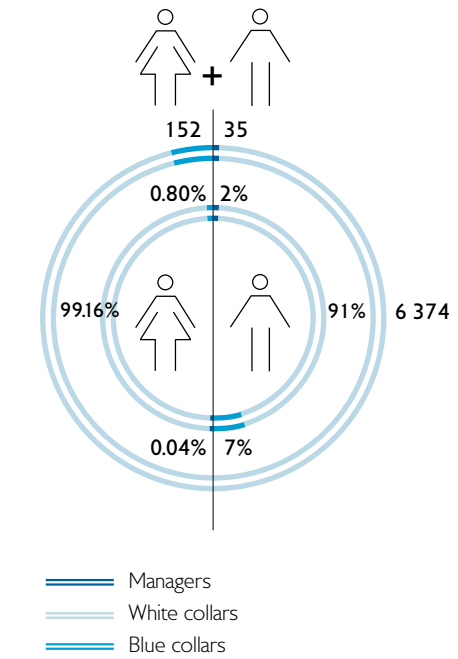
• by type of contract



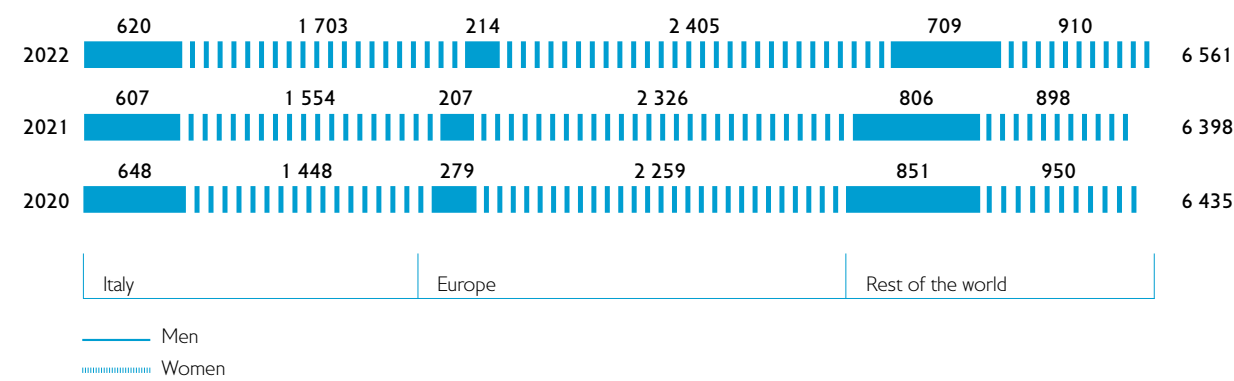
• by age



• by category



EMPLOYEES BY GEOGRAPHICAL AREA

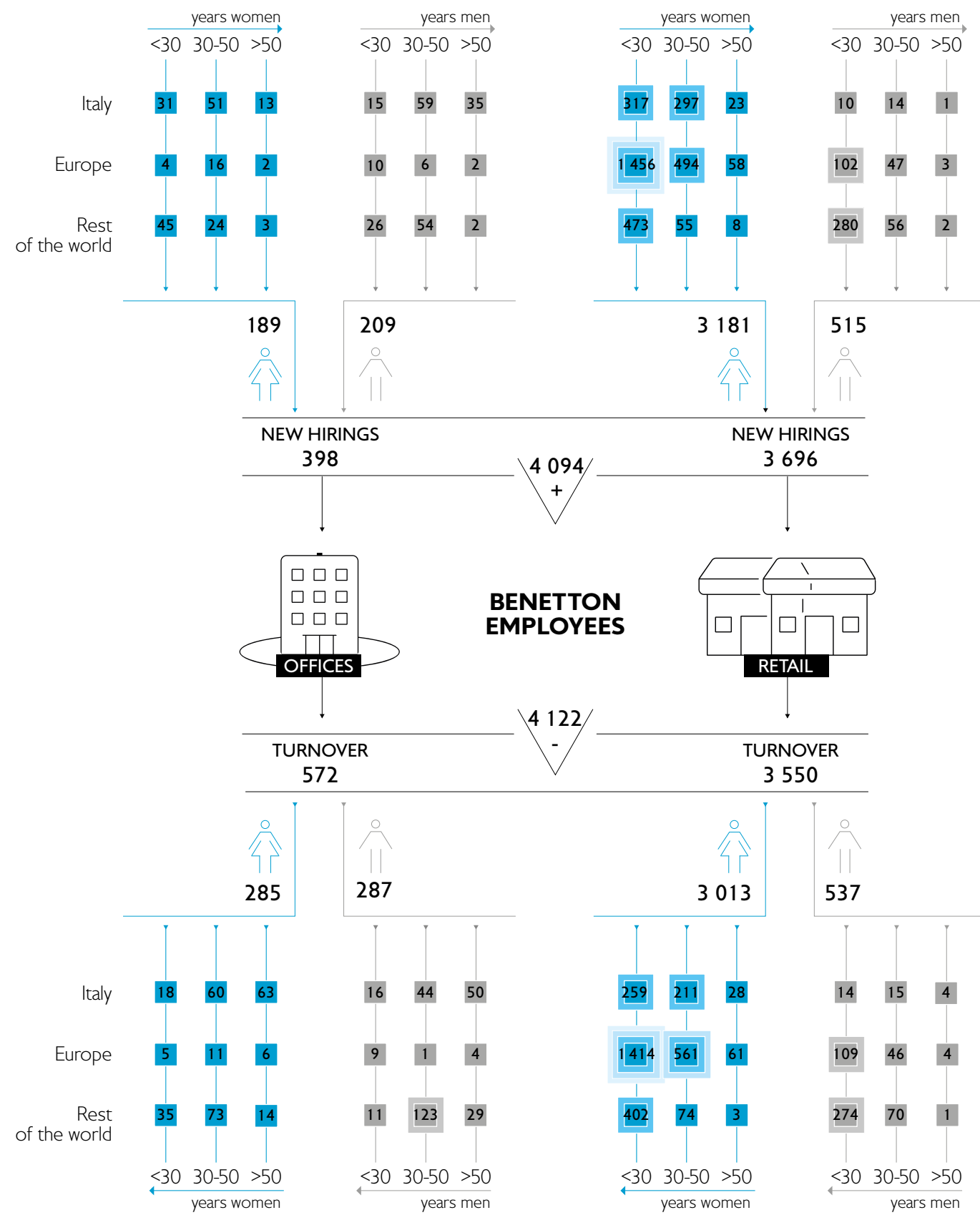


GRI 2.7 Employees									
	2020			2021			2022		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1 682	4 009	5 691	1 544	3 983	5 527	1 496	4 245	5 741
Fixed-term	96	648	744	76	795	871	47	773	820
Other	-	-	-	-	-	-	-	-	-
Total	1 778	4 657	6 435	1 620	4 778	6 398	1 543	5 018	6 561
Working hours									
Full Time	1 540	2 858	4 398	1 452	2 842	4 294	1 370	2 897	4 267
Part Time	238	1 799	2 037	168	1 936	2 104	173	2 121	2 294
Other	-	-	-	-	-	-	-	-	-
Total	1 778	4 657	6 435	1 620	4 778	6 398	1 543	5 018	6 561

GRI 405-1 Composition of governance bodies and breakdown of employees by gender, age, allocation to protected categories and other diversity indexes					
	Age bracket	Italy	Europe	Rest of the world	Total
Managers					
Men	< 31 yo.	-	-	-	-
	31-50 yo.	12	2	1	15
	> 50 yo.	13	1	4	18
Total men		25	3	5	33
Women	< 31 yo.	-	-	-	-
	31-50 yo.	1	-	-	1
	> 50 yo.	-	1	-	1
Total women		1	1	-	2
Total		26	4	5	35
White collars					
Men	< 31 yo.	40	78	271	389
	31-50 yo.	230	102	401	733
	> 50 yo.	218	26	32	276
Total men		488	206	704	1 398
Women	< 31 yo.	365	929	494	1 788
	31-50 yo.	993	1 315	378	2 686
	> 50 yo.	304	160	38	502
Total women		1 662	2 404	910	4 976
Total		2 150	2 610	1 614	6 374
Blue collars					
Men	< 31 yo.	15	3	-	18
	31-50 yo.	24	2	-	26
	> 50 yo.	68	-	-	68
Total men		107	5	-	112
Women	< 30 yo.	-	-	-	11
	31-50 yo.	9	-	-	9
	> 50 yo.	20	-	-	20
Total women		40	0	-	40
Total		147	5	-	152
TOTAL		2 323	2 619	1 619	6 561



GRI 401-1: NEW HIRINGS AND TURNOVER IN 2022



UNITED COLORS OF BENETTON.

GENERATIONS

Focus on youth

A future-oriented company must put youth at the center. In 2022, Benetton Group implemented a series of projects and activities aimed at increasing its attractiveness as a prospective employer, encouraging generational change, better accommodating new recruits and offering more opportunities for internal growth.

TALENT ACQUISITION

Benetton Group launched a wide spectrum employer branding project, with an employee value proposition to be communicated on both the employer branding channels and the Company's social media channels. Moreover, the Group is progressively implementing an early recruitment strategy, with a view to replacing the concept of target hiring with the possibility of building a pool of talents capable of anticipating business needs. In 2022, for talent selection purposes, Benetton Group continued the partnerships established with leading Italian universities and training institutions. Finally, the Talent Acquisition team also supported foreign operations in strategic recruitment activities.

GOAL

Becoming employer of choice for the best talents of the new generations.

131
newly hired young employees

62
interns

224 k
followers of Benetton Group on LinkedIn
(October 2022 data)

+3 k
more followers compared to the previous year

22 k
visualizations/month

ONBOARDING PROGRAM

All new hires receive a welcome kit in line with the corporate identity and have the opportunity to participate in the Benetton Experiences (guided tours of the Company's headquarters) and have their professional photo taken by Benetton Studios photographers.



BENETTON FOR YOUNG GENERATIONS

In 2022, Benetton Group organized a new edition of Benetton for Young Generations (BYG), the training course dedicated to a group of young under 32 yo. talents. The program, targeting the enhancement of the contribution of younger generations by fortifying their skills and guiding their career path toward building the Company's future, lasted nine months and included at least 140 hours of training. This edition of BYG was held in English and also involved colleagues from foreign operations and stores.



REWARD

In 2022, Benetton Group concentrated efforts on the fixed and variable components of remuneration, focusing, in particular, on young employees and strategic resources that can help build Benetton Group's future. Entry packages for new hires have also been re-designed to take greater account of candidates' emerging needs. The competitiveness of the remuneration offer and its alignment with strategic business objectives have also been benchmarked against the market with the assistance of companies specializing in remuneration policies.



WARM UP

Benetton Group's new internship program

Launched in 2022, Warm Up is the internship program dedicated to young students, undergraduates and recent graduates who are passionate about the world of fashion and color and are willing to embark on a path of growth within Benetton Group.

In the first year of the program, Benetton Group gave access to internships to more than 60 young talents from the leading Italian universities and academies with backgrounds in business administration, social sciences, technical disciplines or marketing- and fashion-related fields. Before beginning, candidates participated in an admission process that included a phone interview and two online meetings with the HR division and the contact person of the relevant business area.

The interns, aged 24 on average, were then allocated to different divisions, including product, sales, communication and sustainability, and participated in the onboarding program. They were individually trained by a tutor and followed by the HR division for the entire six-month duration of the internship. They also received benefits such as a monthly expense reimbursement, free use of the Company cafeteria and access to employee discounts in the Benetton Group stores.

At the end of the internship period, more than 80% of the interns were offered apprenticeship contracts. With the Warm Up program, Benetton Group aims to bring new energy and skills to all areas of the Company, engaging young people who by training and personal propensity are international, digital natives, innovation-oriented, open to change and determined to make a difference.



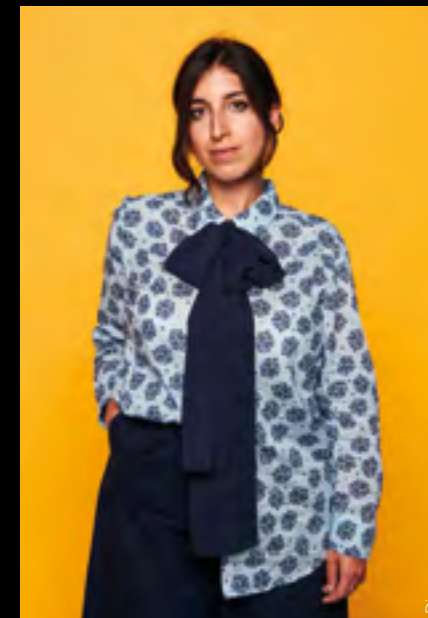
Alberto



Araceli



Annalisa



Dana



Elisabetta



Giada



Edoardo



Giulia



Marco



Chiara



LEADERSHIP

New approaches to management

A forward-looking company needs to build a new approach to leadership and train a generation of managers who can simultaneously manage internal change and interpret the changing external environment. Some of Benetton Group's plans for 2022 go precisely in this direction.

LEADING ACROSS GENERATIONS

Leading Across Generations is a training course dedicated to new business leaders, aimed at supporting managers in the daily management of projects involving people from different generations, through key skills such as agility, critical thinking, creativity, self-esteem and the ability to learn from one's mistakes.

REWARD – MANAGEMENT BY OBJECTIVES

In 2022, the short-term (MBO, Management by Objectives) management incentive plan was launched, including the assignment of financial bonuses to managers who reach specific target consistent with the corporate strategy. Today, the plan is operative in 15

countries and involves over 120 managers, 30% of whom are abroad. The structure and mechanism of the plan include objectives linked to economic and financial performance at the Group level as well as in terms of individual performance, in order to orient behavior toward the effective achievement of business results. The three-year 2021-2023 incentive plan (LTIP - Long Term Incentive Plan) was also confirmed for some key-managerial positions operating both in Italy and abroad. The objective is to focus Top Management on the medium-long term business KPIs envisaged in the 2021-2023 Business Plan in order to ensure the sustainability of the Group's economic and financial performance. The structure and the KPIs of the short-

and long-term incentive plans were reviewed and assessed by the Human Resources and Remuneration Committee and subsequently submitted to the Board of Directors for final approval.

REWARD – SENIOR MANAGER

All Benetton Group executive manager recruitment and appointment proposals were thoroughly discussed by the Human Resources and Remuneration Committee and then approved by the Board of Directors.

SM MAPPING

In 2022, Benetton Group continued mapping the performance of the sales network, with a view to having a constantly updated snapshot of

the managerial population in an ever-changing context.

MY STORE PATH

In the period, the My Store path project was confirmed to prepare people growing in Store Manager roles with new responsibilities and support them in acquiring greater awareness of themselves and their potential.

GOAL

Focusing Top Management on the medium- to long-term business KPIs envisaged in the 2021-2023 Business Plan in order to ensure the sustainability of the Company's economic and financial performance.

INTERNAL COMMUNICATION

Sharing the change

Internal communication is a key asset for Benetton Group. In 2022, a new function was created within the HR division with a view to supporting the Company in a period of rapid transition, keeping the population informed with regard to projects and strategies and consolidating a shared corporate culture.

BE.ONE

At the end of 2022 Benetton Group launched the Be.One digital platform, bringing together the latest updates on Company events in a single place. The platform can be accessed from smartphones and computers and allows divisions to share, plan and organize their work and provides employees with the latest news on a daily basis. Be.One is based on Yoobic technology, the same used in the stores to optimize the tools used by store staff. For this reason, the platform can be considered as a point of reference for Company information both for the stores and the headquarters.

EXTENDED EDITORIAL TEAM

Concurrently with the rollout of the Be.One platform, an extended cross-divisional editorial team was established, which meets weekly to define the contents to be shared.

INDIVIDUAL COMPUTER USERS

In the period, individual IT accounts and Company email addresses were also activated for those employees and workers operating in the offices and sales assistants in stores who did not have access. This will enable them to participate in the Company's internal communication flows.



GOAL

Transforming the Company intranet into a modern digital workplace.

GOAL

Developing a digital magazine to circulate corporate communications to all employees.

DIGITAL

New tools, new skills

In line with the innovation path undertaken at every level of the Company, the HR division concentrated efforts on improving employee digital skills and implementing new and advanced HR systems to make information exchange faster and more efficient.

DIGITAL MICROSOFT 365 TRAINING

The Company engaged headquarters staff in online and offline training dedicated to supporting the transition to the Microsoft 365 operating system.

GOODHABITZ

A catalog of more than 100 multilingual online courses was made available to all headquarters and store personnel at all times, covering a variety of topics ranging from self-efficacy to Microsoft Office package skills, and from languages to soft skills.



SECURITY JOURNEY

Security Journey is an online cybersecurity training course that is always available for all headquarters and store personnel.

NEW HR IT SYSTEMS

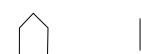
New, faster and more accurate tools were adopted for managing, analyzing and monitoring HR data, which also contribute to dematerializing documentation. Specifically, these new management systems are Talenia, which contains HR master and process management data; Infobudget, for labor cost monitoring, and Tlantic, for workforce planning.

GRI 405-2 Ratio of basic salary and remuneration for women and men - Italy						
	2020	2021	2022	2020	2021	2022
Offices	Salary ratio			Remuneration ratio		
Managers*	82%	-	-	81%	-	-
Middle managers	94%	98%	98%	90%	96%	96%
White collars	89%	92%	90%	89%	92%	90%
Blue collars	99%	98%	95%	99%	98%	95%
Stores	Salary ratio			Remuneration ratio		
Middle managers	117%	117%	117%	120%	117%	127%
White collars	86%	87%	87%	85%	86%	84%

(*) The Managers category refers only to senior managers.

Total annual compensation ratio		
Year		Δ
2020	3048	-
2021	3282	-3.0
2022	4545	220.5

In the three-year period, the CEO is the person who receives the highest salary. The increased ratio in 2022 is attributable to the MBO payment, which had been suspended in previous years due to Covid-19.



STORE

Increasing the store performance

Increased store profitability calls for improved staff quality and skills. To this end, Benetton Group organized a set of training and incentive projects specifically addressing store personnel and the people who have a direct impact on the Company's sales performance.

NEW SELLING CEREMONY

The New Selling Ceremony training, dedicated to store personnel, is designed to offer an increasingly informed and demanding customer a distinctive, identity-centric and digital experience, with a view to improving the conversion rate, the average slip value and customer loyalty.

store becomes both a place of entertainment and discovery, in addition to a place of purchase.

"This new approach allows us to establish a relationship right away. When consumers leave our store, they are always very happy and satisfied and often return several days later to purchase other products that we suggested!"

Janis, UCB Sansepolcro

COLOR EXPERT

More than 300 people from Milan to Palermo in Italy (DOSs and FOSs) and Portugal were trained to become Color Experts, receiving a total of more than 150 hours of training. Color Experts are color ambassadors, assisting customers in the selection of outfits that best fit them according to the principles of armocromia (the theory that studies and puts into practice the combination of shades that enhance the traits of each individual). By introducing armocromia as a new expertise for store personnel and a novel way of enhancing the product, the training course aims to provide consumers with an increasingly unique, inclusive, omnichannel and personalized brand experience, in which the

"The service is so very appreciated that we were asked to make appointments so that we could dedicate more time to each individual customer."

Silvia, UCB Faenza

"We gave a customer shopping consulting for free and she had just paid professional assistance in another store. The result was the same. In the end she was so satisfied that she purchased two total looks, one for her and one for her daughter."

Elena, UCB Milano Buenos Aires

MY FINANCE MINDSET

The My Finance Mindset training course, dedicated to the retail population, was continued in 2022. The training focuses on the fundamental knowledge needed to predict, interpret and manage the economic and financial effects of decision making while consolidating the necessary systemic vision that today's managers require.

SISLEY TRAINING PROGRAM

A new Sisley training dedicated to image consulting skills was rolled out in Fall 2022. The course, dedicated to the entire Italian DOS and FOS network, involved more than 180 people who participated in four training webinars exploring Purchasing Psychology, Armocromia, Bodyshape and Selling Tips. The goal was to provide knowledge on how to better present products while establishing a connection with customers also from an emotional perspective. The training was completed with seven in-store days in Italy to allow participants to put into practice the skills acquired with the support and guidance of the consultants.



OMNICHANNEL TRAINING

The training plan on store personnel for the implementation of the omnichannel strategy at the sales network was continued in 2022. The all-digital training focuses on the four services that are part of the omnichannel strategy and includes a technical part (service function and operation) and a behavioral part dedicated to customer relationship management.

UNDERCOLORS PROGRAM

In September 2022, the product and sales training dedicated to Undercolors Store Managers Italy was re-activated. The training provided insights on the Fall/Winter 22 collection and included also a part dedicated to sales techniques. The training ended with three in-store hands-on exercises held in Treviso, Milan and Rome with area Store Managers.



PRODUCT TRAINING

Product-centric training activities dedicated to store personnel also continued in the period, with a view to increasing the sense of brand ownership and stimulating customer engagement through emotional storytelling about the product.



SALES INCENTIVES

In 2022, the redesign of the organizational structure of the sales network was accompanied by the concurrent revision of the related incentive systems. KPIs and the related mechanisms of measurement were rethought together with sales network in order to reduce the time frame of performance measurement and make the measurement closer to payout. Special attention was paid to the congruence between role and managed channel, in order to promptly capture everyone's contribution in achieving the business results.

GRI 404-1 Average number of hours of training provided broken down by employee and year							
Hours of training		2020		2021		2022	
	u.m.	Men	Women	Men	Women	Men	Women
Managers							
Total hours of training delivered	Hours	264		34		130	
By employee	Hours/employee	6		1		3	
of which to:	Hours/employee	6	3	1	3	3	5
White collars							
Total hours of training delivered	Hours	25 597		33 970		28 291	
By employee	Hours/employee	3		5		4	
of which to:	Hours/employee	5	3	4	5	5	4
Blue collars							
Total hours of training delivered	Hours	1 120		271		719	
By employee	Hours/employee	2		1		3	
of which to:	Hours/employee	1	3	1	1	3	3
Benetton Group							
Total hours of training delivered	Hours	27 050		34 275		29 140	
By employee	Hours/employee	3		5		4	
of which to:	Hours/employee	4	3	4	5	5	4

In 2020, the total training hours delivered also included 69 hours for which the breakdown by category is not available.

In 2022, Benetton Group also invested massively in employee training abroad. The total number of training hours delivered per region totaled as follows:

- Italy 14 930 hours
- Europe: 7 884 hours
- Rest of the world: 6 326 hours



SUSTAINABILITY

Well-being as Company asset

For a contemporary company, sustainability is not only about environmental performance, but includes the well-being of employees and collaborators. This is why Benetton Group is committed to making work procedures and experience evolve in order to accommodate the demands and desires of its employees by taking into account their different characteristics and their increasingly dynamic approaches to work.

GOAL
Defining validated work plans to improve the employee experience and receive the Great Place to Work® certification.

GREAT PLACE TO WORK
Great Place to Work is a research and consulting organization that analyzes workplaces by measuring employee opinions and experience to support the Company in a process of improvement through the implementation of concrete actions. In 2022, Benetton Group conducted the Great Place to Work survey on a significant population sample of the headquarters and the stores, followed by a series of focus groups aimed at adding qualitative insights to the survey outcome and identifying priorities for intervention.

STRUCTURAL REMOTE WORKING
In 2022, Benetton Group employees logged more than 300 000 hours in

remote working mode. Remote working, introduced during the health crisis caused by Covid-19, has been confirmed as a working mode in line with the provisions of the 2021-2023 Corporate Supplementary Agreement.

BENETTON FOR YOU
Benetton for You is the people care program activated in 2015 to promote the well-being of all employees at Benetton Group's Italian offices, regardless of length of service or contract type. Abroad, some local people care initiatives have been activated in response to specific needs of individual countries. The program focuses on four areas of intervention: work-life balance, health, family and savings, broken down into several annual and multi-year projects.

FLEXIBLE BENEFIT
In 2022, employees covered by the National Collective Labor Agreement applied to the textile industry could access the Welfare Credit plan, introduced by the Company's supplementary agreement, which includes an array of goods and services made available through the Benetton for You digital platform. The bonus was used by employees mainly for purchase vouchers, fuel vouchers and shopping vouchers. The residual unspent welfare credits at November 30, 2022 were allocated to the Banca Ore Etica, feeding an already existing institution developed from colleague solidarity.

BANCA ORE ETICA
Launched in 2018, the Banca Ore Etica was again supported generously in 2022, with voluntary donations of holiday days and permits by employees in favor of colleagues in need, who could use them to look after their own health and that of their family members. The Company also participated in the collection by matching the number of hours of each individual donation. The new Company Supplementary Agreement increased the range

of beneficiaries in order to support employees in a more effective and efficient way.

SCHOLARSHIP
Thanks to the new Company Supplementary Agreement, the Scholarship Project was rolled out to reward the children of employees who have graduated from high school with a grade of 100/100 and plan to enroll in a university course of study. In December 2022, four Euro 800 worth scholarships were provided for the children of as many employees. The scholarships will also be activated in 2022/2023 and 2023/2024 academic years.

BABY GIFT
The Baby Gift initiative was also renewed in 2022. This is a gift voucher for the purchase of products from the Benetton Kidswear line to share in the celebration of a newborn's arrival with employees who have just become parents or grandparents. The value of the voucher was increased to Euro 150 for parents and another voucher has also been recognized to employees who have become grandparents.

WELCOME BACK MOM
In 2022 the initiative dedicated to new mothers to accompany them when they return to work,

support them in rebuilding their work-life balance and help enhance the skills acquired during motherhood through group meetings conducted by a professional lifecoach has been reconfirmed.

GOAL
Concretely defining the well-being framework within the Company.

312 145
hours worked
in remote working mode

GRI 401-3 Return to work and retention rates of employees that took parental leave				2021	2022			
	Italy	Europe	Rest of the world	Total	Italy	Europe	Rest of the world	Total
Employees with a right to:								
Maternity leave	58	113	27	198	52	108	27	187
Paternity leave	10	3	8	21	5	1	8	14
Total	68	116	35	219	57	109	35	201
Employees who took parental leave:								
Maternity leave	58	105	27	190	52	104	27	183
Paternity leave	10	3	8	21	5	1	8	14
Total	68	108	35	211	57	105	35	197
Employees who returned to work after:								
Maternity leave	43	78	14	135	59	81	18	158
Paternity leave	10	2	9	21	5	1	8	14
Total	53	80	23	156	64	82	26	172
Maternity leave	74%	74%	52%	71%	113%	78%	67%	86%
Paternity leave	100%	67%	113%	100%	100%	100%	100%	100%
Total	78%	74%	66%	74%	112%	78%	74%	87%
Retention rate - Employees who returned to work after parental leave ended and who were still working 12 months after their return to work								
Maternity leave	41	67	11	119	32	78	10	120
Paternity leave	9	1	6	16	8	1	5	14
Total	50	68	17	135	40	79	15	134
Maternity leave	79%	114%	85%	98%	74%	100%	77%	98%
Paternity leave	100%	50%	75%	84%	80%	50%	63%	74%
Total retention rate	82%	111%	81%	96%	75%	99%	71%	95%

The 2021 figures have been adjusted as a result of the improved data collection process.



PONZANO CHILDREN

Founded in 2007, Ponzano Children is a childcare center that hosts both the children of employees and the children of the residents of Ponzano and other municipalities in the surrounding area. An educational service that hinges on building relationships and research, the well-being of children and the community, following the guidelines set by the nurseries and kindergartens of Reggio Emilia. Ponzano Children is located in a building designed by the Spanish architect Alberto Campo Baeza. Today, it includes five sections for children of different ages: two for infant day care, one for the nursery school and two kindergartens, for a total of about 100 children ranging from 9 months to 6 years of age.



SAFETY AND INDUSTRIAL RELATIONS

An ongoing dialog with the employees

ZERO INJURY OBJECTIVE

Benetton Group has always been committed to implementing improvement actions and prevention measures to manage aspects relating to the health and safety of workers, including both direct employees and people who access the workplaces for different reasons. The Prevention and Protection Service constantly updates its risk assessment and the corresponding improvement plans and works in synergy with outside companies engaged in the setting up, servicing and maintenance of activities designed to manage interference risks. The management system is subject to periodic internal audits by the Supervisory Body, in accordance with Model 231. The culture of prevention is disseminated at

all levels with basic training and upgrade courses in e-learning, videoconference, classroom and on-the-job mode coordinated by the Prevention and Protection Service, paying special attention to training needs and requirements based on the role covered. Every option includes an analysis of accidents and "near misses," which is very important in order to identify the prevention measures to implement and possible corrective actions. In 2022, the Prevention and Protection Service focused in particular on the identification and training of supervisors, providing basic and refresher First Aid training to officers regarding the use. Following regulatory developments consequent to the Covid-19 pandemic,

technical and organizational preventive measures have been implemented in workplaces and common areas, including the ongoing monitoring of compliance with the shared protocol, periodic sanitization of work areas with special attention to all contexts, and increased awareness and information on the correct conduct to adopt in order to manage and contain Covid-19 infection.

INDUSTRIAL RELATIONS

A key element in ensuring Benetton Group's growth and success is dialog, with the objective of finding innovative solutions that contribute to employee well-being. The Company Supplementary Agreement was renewed in 2021 and the Company continues its path in the wake

of a well-established tradition, based on the recognition and value of collective bargaining as a privileged tool for determining contractual conditions and regulating relations between Company management and the trade unions, while confirming full compliance with all national collective bargaining agreements (SMI Textile, Trade, Executives etc.), including notice periods in case of major organizational changes. When National Collective Bargaining Agreements are not available abroad, labor relations are managed in compliance with the applicable national laws and regulations, apart from exceptions more in favor of workers.

GRI 403-9 Work-related injuries	2021				2022				
	u.m.	Italy	Europe	Rest of the world	Total	Italy	Europe	Rest of the world	Total
Employees									
Hours worked	h.	2 938 207	3 318 151	3 072 011	9 328 369	3 254 863	3 771 432	3 192 475	10 218 770
No. of work-related injuries	no.	8	43	33	84	15	61	4	80
of which commuting injuries	no.	-	6	3	9	-	11	-	11
of which with high-consequence	no.	-	-	1	1	-	1	-	1
No. of fatalities	no.	-	-	-	-	1	-	-	1
Fatality rate	%	-	-	-	-	0.31	-	-	0.10
Rate of high-consequence work-related injuries	%	-	-	0.33	0.11	-	0.27	-	0.10
Rate of work-related injuries	%	2.72	12.96	10.74	9.00	4.61	16.17	1.25	7.83
Workers who are not employees									
Hours worked	h.	168 410	3 973	111 340	283 723	233 367	-	46 108	279 475
No. of work-related injuries	no.	2	-	-	2	7	-	-	7
of which commuting injuries	no.	-	-	-	-	-	-	-	-
of which with high-consequence	no.	-	-	-	-	-	-	-	-
Rate of high-consequence work-related injuries	%	-	-	-	-	-	-	-	-
Rate of work-related injuries	%	11.88	-	-	7.05	30.00	-	-	25.05

The 2021 figures have been adjusted as a result of the improved data collection process.

Based on Benetton's internal policies, the injuries reported (recordable injuries) are those which resulted in the employee being absent from work for more than 24 hours. Mainly, injuries are related to commuting to and from the workplace with transportation managed by the organization, internal transfers and the handling of goods.





Interview with Mariateresa Labanca, HR People Development and Training, Benetton Group

Tell us about the first time you walked into the Benetton Group offices.

It was a beautiful September day. I was 28 and I can still feel the excitement and adrenaline as if it were yesterday. I felt privileged to join a company that had accompanied me since I was a child and that I admired for its way of communicating and expressing its point of view so courageously. A real icon. The mansion was just fascinating, the people welcoming and direct. I immediately thought that there was a long way to go.

How have your tasks and ambitions changed since that November 2008 to date?

In all these years I have had the opportunity to learn more and discover many contents and processes. I like using key words to trace my journey. The first key word is "presence": the projects on the supervisor-employee relationship and the managerial training programs contributed to the dissemination of the training culture. The second one is "retail": I spent a lot of time in the store and with our colleagues to explore a new language and gradually build our own approach. The third is "development": from the store to corporate, the first committees, the performance assessments and the potential and growth plans. The most recent key work is "synergy": connecting all these universes so that training and development become concurrently part of people's life in Italy and abroad.

What is Benetton Group's orientation today with regard to human resources?

Working in HR means working with and for our people. Creating a work environment where people can feel good and express their potential is certainly an important driver. Equally important is developing a new leadership that knows how to make room for generational change while accompanying change through open discussion with people on the team. In this scenario, HR is gaining new traction, discovering new modes to work in synergy thanks to process digitalization and timely and inclusive communication. Last but not least, retail remains at the core because the store must be an integral part of everything we do.

HR People Development and Training. What does that mean exactly?

It means believing in the other person. Accompanying the individual in the discovery of his potential and providing him with the tools to stand out in the "working scene," every day. It means putting the individual at the center while accompanying him in his growth and in the acquisition of skills necessary for the role covered. It means participating in the organizational change by facilitating communication with the leaders and within the team. It also means creating opportunities for ongoing learning, by trying to meet the needs of our people and creating value by disseminating knowledge.

Why is it important to provide training and what benefits does it bring to a company like Benetton?

The ultimate benefit are the results. Paying attention to one's own training means constantly working to align it, keeping up with the times, knowing what is happening "outside" and measuring one's performance against other colleagues inside or outside the Company. Knowledge and networking are words that can have an overwhelming impact on the work environment.

You have followed several projects in the past year. Which one do you feel is most your own?

The most intense project I followed last year was BYG, Benetton for Young Generations. This is a project emphasizing how important young people are to us and our desire to help them grow as talents in our organization. The BYG project puts young people in the forefront, enabling them to enrich their know-how, develop a dialog with colleagues, connect with management, and above all, begin to think about their future.

What is the ideal profile of a young resource to integrate into the Company?

Working on the new generations means ensuring the availability of fresh skills in the work environment. This is why we are always looking for young people who are open to learning, curious and want to get involved. Energy, enthusiasm, relational and communication skills, openness to change and flexibility in terms of mobility are the ideal characteristics of young profiles for Benetton.

You are currently also working on the leadership project, aren't you? Can you describe the profile of the ideal leader for Benetton?

A leader has a truly key role guiding the team and the organization toward achieving results. For this reason, when I think about the future of Benetton, I believe the ideal leader should be a good communicator and team worker, who knows how to orient the team toward achieving the shared goals, conveying a common vision and using clear and timely communication. Is this a "superhero?" Certainly an example to be inspired by.

If you were not working in human resources, what job would you see yourself engaged in and why?

I am lucky because I have a job that suits me perfectly and about which I am very happy. In any case, if I were not working in human resources, I would see myself helping out families: parents in their relationship with their children, couples looking for a meeting point. I believe in dialog as a necessary tool essential to well-being.

What are your dreams and plans for the future?

I would like to grow professionally, explore more in depth and introduce new programs and processes so that everyone can have the same opportunities to express themselves and learn. And this is only possible if we take continuous action. I would like to be able to outline a development function with clear, transparent approaches from a global perspective, and contribute to a distinctive employee experience where everyone can play an important role.



Appendix



Methodological notes

Benetton Group's Integrated Report illustrates how value is created over time through the connections between financial and non-financial factors and the business's primary sustainability performance indicators.

The principles and content of the "International <IR> Framework", issued in December 2013 by the International Integrated Reporting Council (IIRC), were taken into account for the drafting of the Integrated Report. The report was also prepared in accordance with the "GRI Sustainability Reporting Standards" updated in 2021 by the Global Reporting Initiative (GRI).

In line with the GRI standard indications, Benetton Group has applied the new GRI Universal Standards and conducted a rigorous materiality analysis to identify the most significant impacts on the economy, the environment and the people with special attention to human rights. All impacts identified as material have been used as a key to guide the Group's sustainability strategy, mitigation measures and impact management tools (p. 22-24). As required by the GRI Standards, the "GRI content index" containing details of the indicators reported and any omissions has been included.

REPORTING PERIMETER AND SUSTAINABILITY CONTEXT

This is the sixth edition of Benetton Group's Integrated Report. It contains a description of initiatives and activities carried out during calendar year 2022 as well as performance trends during the three years from 2020 to 2022, if available.

Performance indicators are gathered and reported on an annual basis.

The information reported refers to Benetton Group S.r.l. and its subsidiaries in Italy and abroad with the only exclusion of Benetton Pars P.J.S.C. (Iran), whose operations are very limited. The reporting perimeter coincides with the above, except for indicators 302-1, 305-1 and 305-2, that do not include energy consumption for headquarters based in France, Switzerland and the UK, for which consumption figures are not available. Indicators 2.2.1, 308-1, 308-2, and 405-2 consider only data for Italy due to limitations in information collection, which Benetton Group is committed to addressing in the coming years. Benetton Group S.r.l. has its

headquarters in via Villa Minelli, in Ponzano Veneto (Treviso), while its industrial complex is located in via della Cartiera 1, in Castrette di Villorba (Treviso). It is noted that the Indian factory was closed with effect from 3004.2022.

PRINCIPLES FOR ENSURING REPORT QUALITY

The information reported was gathered with the aim of providing a balanced and clear picture of the Company's actions and characteristics. The process of reporting the information and quantitative data was improved through a software tool and structured so as to ensure data comparability over time, where possible, in order to provide an accurate interpretation of the information and a complete view to all stakeholders interested in trends in Benetton's performance.

CALCULATION METHOD

Details of the methods used to calculate certain indicators reported in this document are provided below. The data referred to 2022 are the best possible estimate with the information available at

the time of the drafting of this Report.

TOTAL ANNUAL COMPENSATION RATIO

Total compensation includes theoretical gross annual remuneration, actual variable annual remuneration paid in the relevant period, and all additional benefits, including directors' compensation. All employees in force as at 31.12 are included in the calculation of the indicator. For part-time employees, the full-time salary equivalent (FTE) is used. The median percentage increase of the total annual compensation for employees is calculated considering the median compensation of employees between 2022, 2021 and 2020, and calculating then the percentage increases.

RETURN TO WORK AND RETENTION RATE AFTER PARENTAL LEAVE

The return rate after parental leave is calculated based on the number of workers who returned after leave compared to the overall number of workers who took leave in the period. A rate greater than 100% indicates

more returns than leaves taken and depends on the leave periods taken at the end of the previous year and continued in the period. The retention rate after parental leave is calculated as the number of workers employed 12 months after returning from maternity/paternity leave compared to the number of employees who took parental leave during previous years and returned to work.

INJURY RATES

Details of the methods of calculation used for injury rates are provided below:

- › Rate of occupational injuries with severe consequences: number of injuries with severe consequences (excluding deaths)/worked hours x 1 000 000;
- › Rate of recordable injuries: number of recordable injuries/ worked hours x 1 000 000.

Injuries with serious consequences include injuries where the worker fails to recover, does not recover, or it is not realistically expected that the worker recovers fully to her/his pre-injury health condition within six months.

Injuries resulting from commuting include all injuries where commuting was directly managed by the organization. The rates for the 2021-2022 period have been calculated for external staff members and included interns and other staff on temporary contracts.

GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions were calculated using the principles indicated in the ISO

14064-1 international standard. In particular, the only gas considered was carbon dioxide (CO₂). The emission factors used to calculate the CO₂ emissions disclosed in the Report were determined in the following way:

SCOPE 1 DIRECT

EMISSIONS: the emissions related to the total consumption of natural gas and diesel oil for the heating of the head offices and global direct stores and gasoline and diesel oil for the Company vehicles were determined using the emission factor reported in the table of national standard parameters published by the Italian Ministry for the Environment for 2020, 2021 and 2022. The calculation of Scope 1 emissions also includes data regarding refrigerant gas leaks from air conditioning and cooling systems installed at the Italian campus and in the Italian stores. Fluorinated gas emissions were calculated using the emission factors shown in the 2020, 2021 and 2022 Defra tables.

SCOPE 2 INDIRECT

EMISSIONS: the indirect emissions relate to electricity use and district heating. The emissions connected with the consumption of electricity are calculated according to the location-based and market-based approach. For the calculation of the location-based emissions, the emission factors reported in the tables published by Terna were used regarding the international comparisons available for 2019 (the most recent version) based on Enerdata statistics, used for the calculation of the indirect emissions in 2021 and 2022. Conversely, the factors

used to calculate indirect emissions regarding 2020 energy consumption derive from previous Terna tables referred to 2018, available at the time of reporting. For the calculation of market-based emissions, the residual mixes reported in the "European Residual Mixes" document, published by ABL and available for the three-year period, were used. The emissions linked to district heating were calculated using the emission factors reported in the Defra tables available for the 2020-2021-2022 three-year period.

SCOPE 3 INDIRECT

EMISSIONS: for the calculation of CO₂ emissions the following references and methods were used:

- › Purchased goods and services: EcolInvent database for emission coefficients related to raw materials used and primary data on supply chain energy consumption multiplied by emission factors published by Defra, Terna and AiB;
- › Fuel- and energy-related activities: Defra tables for the years 2020-2021-2022;
- › Upstream and downstream transportation and distribution: a methodology developed by TKBlue, an international non-financial rating agency related to transport, was used for the logistics network directly managed by HQ, while Ecotransit software is used for outbound transport for India; finally, India's inbound transportation and transport managed by Benetton Korea were estimated as there are no actual data available;
- › Waste generated in operations: Defra tables for the years

2020-2021-2022 in relation to type of waste and disposal mode;

- › Business travel: Defra tables for the years 2020-2021-2022;
- › Employee commuting: Defra tables for the years 2020-2021-2022;
- › Leased assets and franchises: AiB factors for the years 2019 and 2020;
- › Use of sold products: estimate that considers the number of washes for a garment, the average energy consumption and emission factors published by Terna in 2019;
- › End-of-life treatment of sold products: Defra tables for the years 2020-2021-2022.

WASTE

Waste from the campus in Italy is reported with details based on MUD. The indicator does not include waste data from foreign locations other than India and Korea as they are considered non-material. Store waste for the entire perimeter is estimated based on logistics data.



Annexes

NEW HIRINGS							TURNOVER							
2021				2022			2021				2022			
Retail		Offices		Total	Retail		Offices		Total	Retail		Offices		Total
No.	%	No.	%	No.	No.	%	No.	%	No.	No.	%	No.	%	No.
Italy														
Men	30	39%	46	9%	76	13%	25	36%	109	20%	134	22%	32	42%
<30	16	133%	22	56%	38	75%	10	111%	15	33%	25	45%	15	125%
31-50	13	23%	20	9%	33	12%	14	26%	59	28%	73	27%	14	25%
>50	1	11%	4	1%	5	2%	1	14%	35	12%	36	12%	3	33%
Women	439	54%	50	7%	489	31%	637	63%	95	14%	732	47%	287	36%
<30	233	104%	28	38%	261	87%	317	107%	31	39%	348	93%	145	64%
31-50	193	39%	21	5%	214	23%	297	48%	51	13%	348	35%	132	26%
>50	13	16%	1	-	14	4%	23	25%	13	6%	36	11%	10	12%
Europe														
Men	114	81%	12	18%	126	61%	152	105%	18	26%	170	79%	129	91%
<30	77	118%	2	25%	79	108%	102	146%	10	91%	112	138%	99	152%
31-50	35	56%	9	22%	44	43%	47	76%	6	14%	53	50%	28	45%
>50	2	14%	1	6%	3	10%	3	23%	2	14%	5	19%	2	14%
Women	1 673	78%	23	13%	1 696	73%	2 008	89%	22	14%	2 030	84%	1 502	70%
<30	1 098	129%	5	19%	1 103	125%	1 456	159%	4	25%	1 460	157%	1 000	117%
31-50	527	45%	15	11%	542	42%	494	42%	16	13%	510	39%	459	39%
>50	48	38%	3	14%	51	34%	58	40%	2	13%	60	37%	43	34%
Rest of the world														
Men	170	46%	61	14%	231	29%	338	93%	82	25%	420	60%	202	54%
<30	153	67%	12	34%	165	62%	280	123%	26	65%	306	114%	171	74%
31-50	17	12%	49	14%	66	13%	56	42%	54	21%	110	28%	31	22%
>50	-	-	-	-	-	-	2	50%	2	6%	4	11%	-	-
Women	356	68%	85	23%	441	49%	536	89%	72	24%	608	67%	386	73%
<30	336	98%	39	38%	375	84%	473	116%	45	53%	518	105%	348	101%
31-50	18	11%	43	18%	61	15%	55	32%	24	12%	79	21%	31	18%
>50	2	15%	3	10%	5	12%	8	38%	3	18%	11	29%	7	54%
Total														
Men	314	53%	119	12%	433	27%	515	89%	209	22%	724	47%	363	62%
<30	246	80%	36	44%	282	72%	392	128%	51	53%	443	110%	285	93%
31-50	65	25%	78	13%	143	17%	117	47%	119	23%	236	31%	73	28%
>50	3	12%	5	1%	8	2%	6	25%	39	12%	45	12%	5	20%
Women	2 468	71%	158	12%	2 626	55%	3 181	83%	189	16%	3 370	67%	2 175	63%
<30	1 667	117%	72	35%	1 739	107%	2 246	139%	80	44%	2 326	129%	1 493	105%
31-50	738	40%	79	10%	817	31%	846	43%	91	13%	937	35%	622	34%
>50	63	28%	7	3%	70	14%	89	34%	18	7%	107	20%	60	27%

000 No. of employees hired (leaving) during the year (fixed-term + permanent)
 (000%) Turnover rate: total no. of employees hired (leaving) / no. of employees at 31/12

*Retail means staff directly employed in the store and includes store manager, salesperson, warehouse operator and visual merchandiser functions in the store.

Unlike other countries, for data related to Italy, workers leaving on 31/12 are not considered among employees in force during the year but among outgoing personnel in the reporting year.

GRI content index

GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE	
GRI 2 GENERAL DISCLOSURE				
GRI 2 Disclosures for organizations and reporting practices	2-1	Organizational details	Page 156 / Chap. Appendix	
	2-2	Entities included in the organization's sustainability reporting	Page 156 / Chap. Appendix	
	2-3	Reporting period, frequency and contact point	Page 156 / Chap. Appendix	
	2-4	Restatements of information	Pages 156-157 / Chap. Appendix The following indicators were subject to restatements of information: GRI 302-1, GRI 305-2, GRI 401-3 and GRI 403-9	
	2-5	External assurance	Pages 165-167 / Chap. Appendix	
	GRI 2 Activities and workers	2-6	Activities, value chain and other business relations	Pages 18-19; 34 / Chap. Company Page 56 / Chap. Spaces Pages 87-92 / Chap. Supply chain
		2-7	Employees	Pages 136-137 / Chap. People
		2-8	Workers who are not employees	Omission: information on the indicator is not currently available. Benetton undertakes to collect the necessary data on the indicator in the upcoming years
	GRI 2 Governance	2-9	Governance structure and composition	Pages 14-17 / Chap. Company
		2-10	Nomination and selection of the highest governance body	Pages 14-17 / Chap. Company
2-11		Chair of the highest governance body	Page 15 / Chap. Company	
2-12		Role of the highest governance body in overseeing the management of impacts	Pages 16-17; 21 / Chap. Company	
2-13		Delegation of responsibility for managing impacts	Pages 16-17; 21 / Chap. Company	
2-14		Role of the highest governance body in sustainability reporting	Pages 16-17; 21 / Chap. Company	
2-15		Conflicts of interest	Given Benetton Group's governance and ownership structure, the risk of conflicts of interest for the highest governance body is limited. A formal process regarding the management of conflicts of interest for the highest governance body has not been established	
2-16		Communication of critical concerns	Pages 16-17; 28-29 / Chap. Company	
2-17	Collective knowledge of the highest governance body	Pages 16-17 / Chap. Company		
2-18	Evaluation of the performance of the highest governance body	Pages 16-17 / Chap. Company Omission: not applicable; there is no mechanism for assessing the performance of the highest governance body against the impacts of the organization		



GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE
	2-19	Remuneration policies	Page 17 / Chap. Company Page 144 / Chap. People
	2-20	Process to determine remuneration	Page 17 / Chap. Company Page 144 / Chap. People
	2-21	Annual total compensation ratio	Page 144 / Chap. People Omission: information about this indicator is currently available only with reference to a limited perimeter (Italy). Benetton undertakes to collect the necessary data on the indicator in the upcoming years
GRI 2 Strategy, policies and practices	2-22	Statement on sustainable development strategy	Pages 5-7 / Chap. Introduction Pages 26-31 / Chap. Company
	2-23	Policy commitments	Pages 16-17 / Chap. Company Page 89 / Chap. Supply Chain Policies are available at: www.benettongroup.com/en/the-group/governance/codes-and-procedures/ www.benettongroup.com/en/sustainability/company-approach/risk-analysis-and-policy
	2-24	Embedding policy commitments	Pages 16-17; 26-33 / Chap. Company Pages 87-91 / Chap. Supply Chain
	2-25	Processes to remediate negative impacts	Pages 16; 22-24 / Chap. Company Pages 88-92 / Chap. Supply Chain
	2-26	Mechanisms for seeking advice and raising concerns	Page 17 / Chap. Company Page 89 / Chap. Supply Chain Reports related to the whistleblowing procedure can be sent to audit.committee@benetton.it. The csr@benetton.it box is available to collect questions related to the Group's sustainability journey and due diligence approach
	2-27	Compliance with laws and regulations	No significant cases of non-compliance with laws or regulations were identified in the three-year period 2020-2022
	2-28	Membership associations	Page 25 / Chap. Company
GRI 2 Stakeholder engagement	2-29	Approach to stakeholder engagement	Page 25 / Chap. Company Page 109 / Chap. Digital Page 124 / Chap. Communication
	2-30	Collective bargaining agreements	Page 151 / Chap. People The percentage of employees covered by a collective bargaining agreement in 2022 is 35.4%
MATERIAL TOPICS			
GRI 3 Description of material topics	3-1	Process to determine material topics	Page 21 / Chap. Company
	3-2	List of material topics	Pages 22-25 / Chap. Company

GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE
ECONOMIC PERFORMANCE INDICATORS			
GRI 201 Economic performance 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company
	201-1	Direct economic value generated and distributed	Page 20 / Chap. Company
GRI 204 Procurement practices 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 88-90 / Chap. Supply Chain
	204-1	Proportion of spending on local suppliers	Page 88 / Chap. Supply Chain
ENVIRONMENTAL PERFORMANCE INDICATORS			
GRI 301 Raw materials 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 70-74; 78-83 / Chap. Product Page 93 / Chap. Supply Chain
	301-1	Materials used by weight or volume	Page 83 / Chap. Product Page 93 / Chap. Supply Chain
GRI 302 Energy used by the organization 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 59; 66-67 / Chap. Spaces
	302-1	Energy consumption within the organization	Page 67 / Chap. Spaces
GRI 303 Water and effluents 2018	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 66 / Chap. Spaces Pages 91-92 / Chap. Supply Chain
	303-1	Interaction with water as a shared resource	Pages 91-92 / Chap. Supply Chain
	303-2	Management of water discharge-related impacts	Pages 91-92 / Chap. Supply Chain
GRI 304 Biodiversity 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 92 / Chap. Supply Chain
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 92 / Chap. Supply Chain
GRI 305 Emissions 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 59; 66-67 / Chap. Spaces Page 93 / Chap. Supply Chain
	305-1	Direct greenhouse gas emissions (Scope 1)	Page 67 / Chap. Spaces
	305-2	Indirect greenhouse gas emissions (Scope 2)	Page 67 / Chap. Spaces
	305-3	Indirect greenhouse gas emissions (Scope 3)	Page 67 / Chap. Spaces Page 93 / Chap. Supply Chain
	305-4	GHG emissions intensity	Page 93 / Chap. Supply Chain
GRI 306 Waste 2020	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company
	306-2	Management of significant waste-related impacts	Pages 66; 70; 90 / Chap. Spaces
	306-3	Waste generated	Page 66 / Chap. Spaces



GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE
GRI 308 Supplier environmental assessment 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 91-92 / Chap. Supply Chain
	308-1	New suppliers screened using environmental criteria	Page 91 / Chap. Supply Chain
	308-2	Negative environmental impacts in the supply chain and actions taken	Omission: information about this indicator is currently available only with reference to a limited perimeter (Italy). Benetton undertakes to collect the necessary data on the indicator in the upcoming years
SOCIAL PERFORMANCE INDICATORS			
GRI 401 Employment 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 140-151 / Chap. People
	401-1	New employee hires and employee turnover	Page 138 / Chap. Company Page 158 / Chap. Appendix
	401-2	Benefits provided to full-time workers and not provided to part-time and temporary workers broken down by significant locations of operation	Pages 140-151 / Chap. People
	401-3	Rate of return to work and retention rate after parental leave (by gender)	Page 149 / Chap. People
*GRI 402 Industrial relations 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 151 / Chap. People
	402-1	Minimum notice period for organizational changes	Page 151 / Chap. People
GRI 403 Health and safety in the workplace 2018	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 151 / Chap. People
	403-1	Occupational health and safety management system	Page 151 / Chap. People
	403-2	Hazard identification, risk assessment, and incident investigation	Page 151 / Chap. People
	403-3	Occupational health services	Page 151 / Chap. People
	403-4	Worker participation, consultation and communication on occupational health and safety	Page 151 / Chap. People
	403-5	Worker training on occupational health and safety	Page 151 / Chap. People
	403-6	Promotion of worker health	Page 151 / Chap. People
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 151 / Chap. People
	403-8	Workers covered by an occupational health and safety management system	Page 151 / Chap. People
403-9	Work-related injuries	Page 151 / Chap. People	
GRI 404 Training 2018	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 141-147 / Chap. People
	404-1	Average annual training hours per employee, broken down by worker category and gender	Page 147 / Chap. People

GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE
	404-2	Programs for upgrading employee skills and transition assistance programs	Pages 141-147 / Chap. People
GRI 405 Diversity and equal opportunity 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 144; 148-149 / Chap. People
	405-1	Composition of governance bodies and breakdown of employees by gender, age, allocation to protected categories and other diversity indexes	Pages 14-15 / Chap. Company Page 137 / Chap. People
	405-2	Ratio of basic salary and remuneration of women to men	Page 144 / Chap. People Omission: information about this indicator is currently available only with reference to a limited perimeter (Italy). Benetton undertakes to collect the necessary data on the indicator in the upcoming years
GRI 406 Non-discrimination 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. People Pages 88-90 / Chap. Supply Chain Pages 137; 148-149 / Chap. People
	406-1	Total number of discrimination cases and corrective actions taken	Pages 89 / Chap. Supply Chain
GRI 407 Freedom of association 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 88-90 / Chap. Supply Chain
	407-1	Identification of activities and key suppliers where freedom of association and collective bargaining may be exposed to significant risks and actions taken to defend these rights	Pages 88-90 / Chap. Supply Chain
GRI 408 Child labor 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 88-90 / Chap. Supply Chain
	408-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 88-90 / Chap. Supply Chain
GRI 409 Forced or compulsory labor 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 88-90 / Chap. Supply Chain
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pages 88-90 / Chap. Supply Chain
GRI 413 Local communities 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 72 / Chap. Product Pages 88-90 / Chap. Supply Chain
	413-1	Operations with local community engagement, impact assessments, and development programs	Page 72 / Chap. Product Page 90 / Chap. Supply Chain
GRI 414 Supplier social assessment 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Pages 88-90 / Chap. Supply Chain
	414-1	New suppliers screened using social criteria	Page 90 / Chap. Supply Chain
	414-2	Negative social impacts in the supply chain and actions taken	Page 90 / Chap. Supply Chain



GRI ASPECTS	DISCLOSURE	DESCRIPTION	REFERENCE
*GRI 416 Health and safety of consumers 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 72 / Chap. Product
	416-1	Assessment of the health and safety impacts of product and service categories	In the three-year period 2020-2022, no significant cases of non-compliance with consumer health and safety were identified
*GRI 417 Marketing and product labeling 2016	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 72 / Chap. Product
	417-1	Requirements for product and service information and labeling	The labels of all products marketed by the Group, regardless of their commodity category, specify the information required by the regulations of the country in which they are marketed. In particular, information relates to: country of origin, presence of toxic substances and method of disposal
	417-2	Incidents of non-compliance concerning product and service information and labelling	No significant cases of non-compliance regarding product labeling were identified in the three-year period 2020-2022
	417-3	Incidents of non-compliance concerning marketing communications	Regarding consumer protection regulations, no cases of non-compliance were identified in the three-year period 2020-2022 that led to the payment of penalties by the Group
MATERIAL TOPICS NOT REPORTED BY GRI			
Animal welfare	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 80 / Chap. Product
Increasing awareness to responsible consumption	3-3	Management of the material topics	Pages 22-25; 32-33 / Chap. Company Page 72 / Chap. Product

Topics with * are not considered relevant by the materiality analysis but are reported.



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Independent auditors' report on data and information included in the Integrated Report 2022 and referenced in the "GRI content index"

(Translation from the original Italian text)

To the Board of Directors of
Benetton Group S.r.l.

We have been appointed to perform a limited assurance engagement on the data and information included in the Integrated Report 2022 referenced in the "GRI content index" of Benetton Group S.r.l. (hereinafter "the Company") and its subsidiaries (hereinafter also "Benetton Group" or "the Group") for the year ended on December 31, 2022 (hereinafter also "GRI Disclosure of the Integrated Report").

Responsibilities of the Directors for the GRI Disclosure of the Integrated Report

The Directors of Benetton Group S.r.l. are responsible for the preparation of the GRI Disclosure of the Integrated Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph Methodological notes of the Integrated Report 2022.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a GRI Disclosure of the Integrated Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of Benetton Group S.r.l. regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the GRI Disclosure of the Integrated Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements.

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This principle requires the planning and execution of procedures in order to obtain a limited assurance that the GRI Disclosure of the Integrated Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the GRI Disclosure of the Integrated Report were based on our professional judgment and included inquiries, primarily with the Company's personnel responsible for the preparation of the information included in the GRI Disclosure of the Integrated Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the GRI Disclosure of the Integrated Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the GRI Disclosure of the Integrated Report with those included in the Group's consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the GRI Disclosure of the Integrated Report.

In particular, we have conducted interviews and discussions with the management of Benetton Group S.r.l. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the GRI Disclosure of the Integrated Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level,
 - a) with reference to the qualitative information included in the GRI Disclosure of the Integrated Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For Benetton retail Poland Sp. z o.o. (Poland) and Benetton Giyim Sanayi Ve Ticaret A.S. (Turkey), that we have selected based on their activity, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI Disclosure of the Integrated Report of Benetton Group S.r.l. and its subsidiaries for the year ended on December 31, 2022 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph Methodological notes of the Integrated Report 2022.

Treviso, April 3, 2023

EY S.p.A.
Signed by: Maurizio Rubinato, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Acknowledgements

Thank you to all the colleagues who contributed to the drafting of this report.

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