

FENILI SRL SUSTAINABILITY REPORT 2022



Fenili. Tradition and innovation inside the EU Design Group.



Fenili srl Benefit company is an Italian company based in Mozzo (BG) which, during the 1900s, made history in the creation of buttons for high fashion brands.

In 2015 the purchase of Fenili by **EU Design Business Holding** and joining the group of the same name helped save the company from a crisis that involved the entire button district of Bergamo in the last decade.

EU Design Business Holding Spa is the operating holding company and beating heart of the EU Design Group: a multinational company that integrates manufacturing and commercial companies with offices in Italy, the United States, Hong Kong, Germany and India.

Since 2020, the entire Group, together with the companies that, like Fenili, are part of it, has embarked on a path of sustainability that has the B Corp Certification as its ultimate goal.

BCorp it is the brand that identifies companies capable of reconciling the goal of profit with the highest standards of sustainability and social responsibility.

Within this path towards Certification BCorp, first EU Design Business Holding Spa and then Fenili srl acquired the status of **Benefit company**.

BECOME BENEFIT COMPANY: THE WHY OF A CHOICE

In 2021 Fenili took on the legal form of a Benefit Company, declaring in its bylaws the choice to integrate the typical economic objectives of doing business with the desire to generate a positive impact on people, society and the environment.

The term Benefit Company identifies a new legal form, introduced in 2010 in the United States and subsequently adopted in Italy with Law No. 208 of 28 December 2015.

Companies that become Benefit Companies undertake to:

- incorporate in its statute, in addition to profit objectives, purposes of common benefit;
- measure all its impacts and communicate them every year in a transparent and complete way through a report that describes both the actions carried out and the plans and commitments for the future.

Fenili subscribes to these commitments with deep conviction.



From the Fenili Statute:

As a Benefit Company, pursuant to and for the purposes of the Law of 28.12.2015, single article, paragraphs 376-384, the company also intends to pursue, in addition to the objectives of an entrepreneurial activity, more purposes of common benefit and operate in responsible, sustainable and transparent way towards people, communities, territories and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.



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01 HIGHLIGHTS 2022

Employees

61

+ 22% on 2021

Sales

€11,078,510

+40% on 2021

Marginb Ebidta

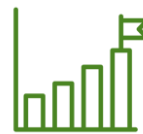
15.6%

+6% points on 2021

Economic value distributed to stakeholders

€8,964,255

equal to 89% of the economic value generated



Waste products

-27%%

on 2021

Emissions in TCO₂ eq

-19%

on 2021

Electricity from renewable sources

61%

+14% points on 2021

Electricity locally produced from photovoltaic

21%

**THANKS TO
€112.184**

of investments in sustainability achieved at the group level

Identity and profile corporate.



Fenili was born in the early 1900s and for over a century interpreted the creation of buttons as an art at the service of the most prestigious names in world high fashion. Today it represents the fulcrum of tradition and innovation around which the EU Design Group revolves.

Technological innovation, creativity, international vocation and sustainability are the key words on which the company has focused in recent years to bring its history, its know-how into the future how and the experience of its employees.

A winning bet, as confirmed by the results obtained in 2022 and the prospects for the coming years.

THE COMPANY

From 2015 to today Fenili has undergone a profound renewal, on several levels.

In the **governance**, which saw the transfer of ownership from the founding family to the EU Design group, a holding company with international breadth and vision in the clothing accessories business.

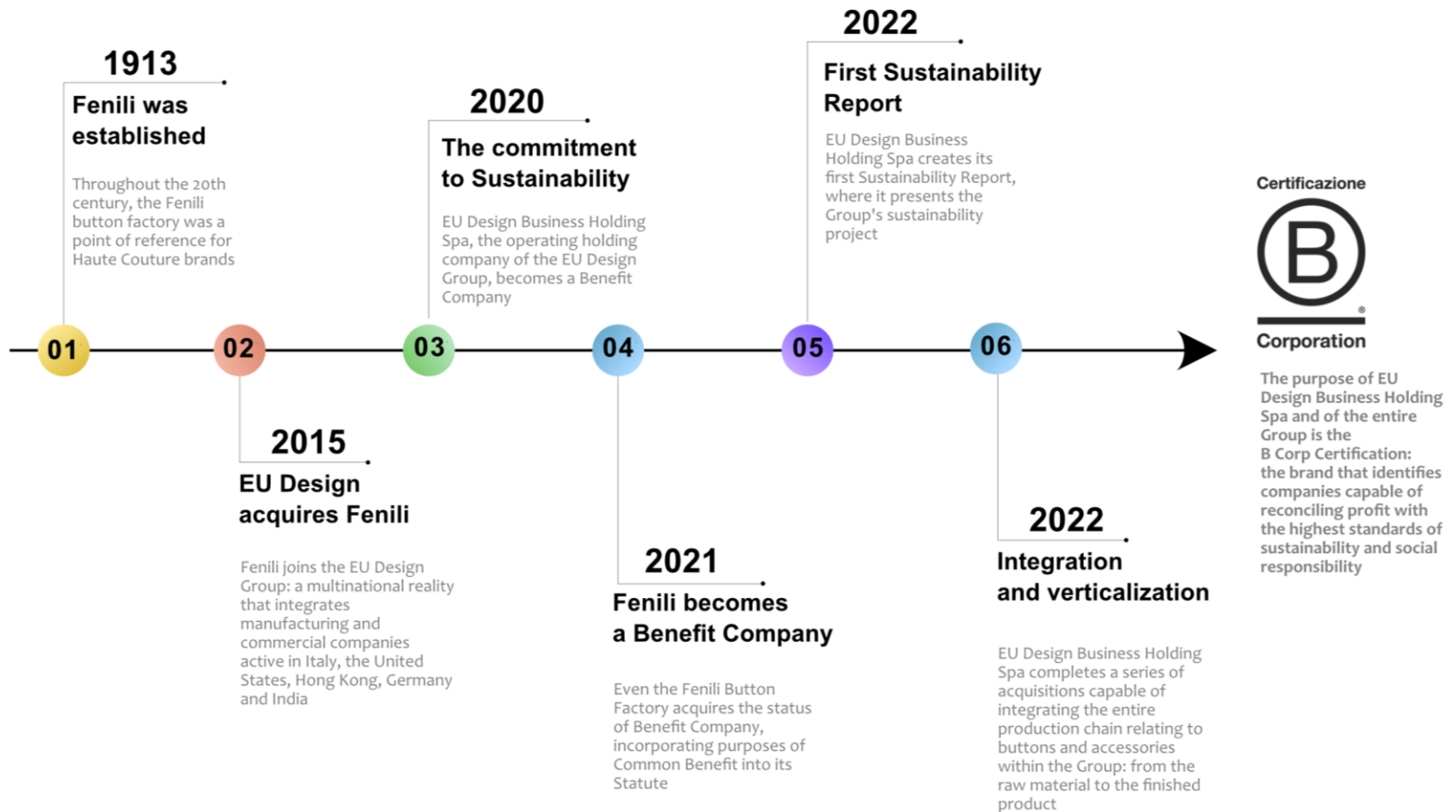
In the **creative ability**, thanks to the strengthening of the Style, R&D and Marketing departments.

In the **production efficiency**, thanks to the investment in new production lines and a verticalisation of processes which has integrated, within Fenili and other companies of the EU Design group, the main processes for buttons and accessories, overseeing the entire supply chain from raw material to the final product.

In the **catalog**, which has been enriched with new product lines, such as acetate clutches, bijoux, metal accessories for fashion and other applications, like the decor.

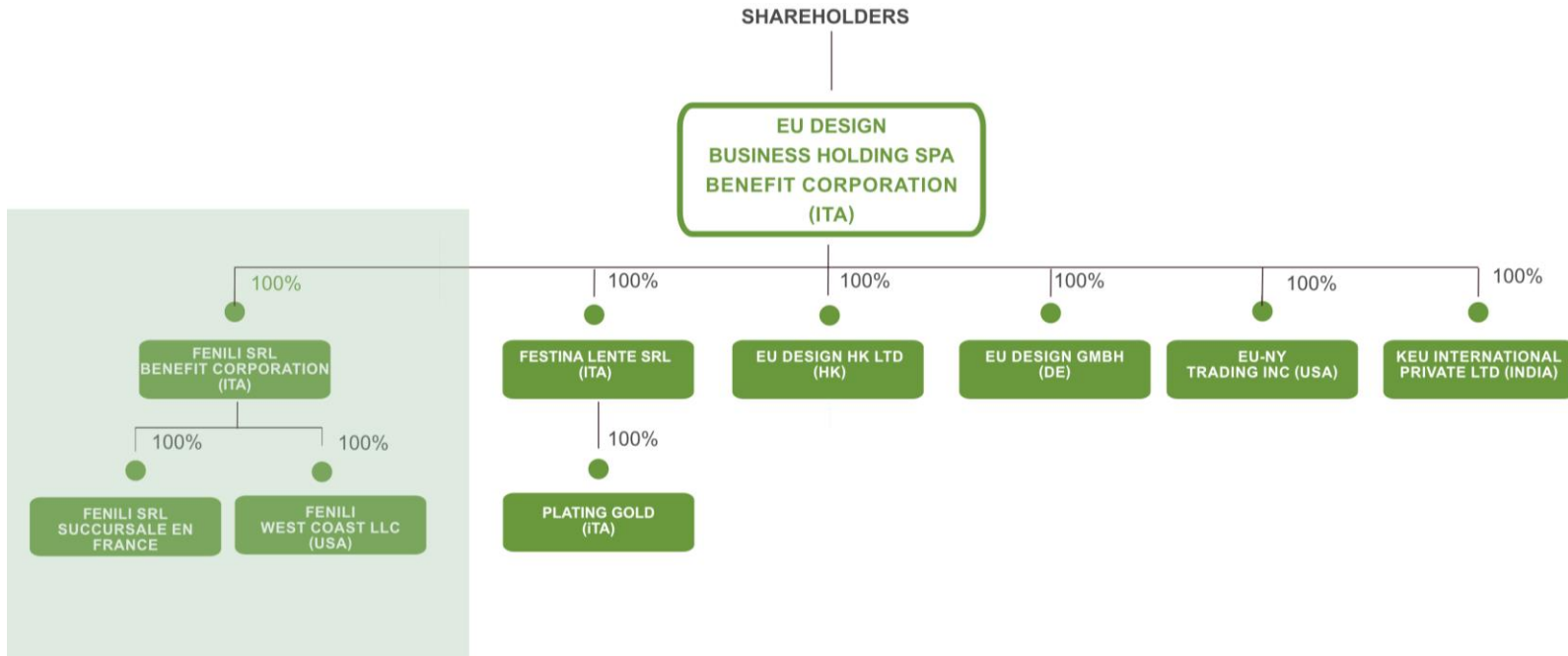


THE STAGES OF EVOLUTION



starting from June 2023 EU Design Business Holding Spa SB changed its company name to EU Design/Fenili Group Spa SB. This denomination will identify the EU Design Group starting from the 2023 Sustainability Report.

FENILI IN THE ORGANIZATION CHART OF THE EU DESIGN GROUP



SUSTAINABLE BY CHOICE

Sustainability is one of the keywords of Fenili's new course. What does it mean? Integrate and make compatible three dimensions in company management:

- economic and financial solidity
- the protection of the environment and natural resources
- respect for people and communities.

It is a challenge that Fenili can face and overcome thanks to the recovery of a know-how that comes from its own history, from the enhancement of creativity and technological innovations.

It is an opportunity that Fenili looks at from a supply chain perspective which involves, on the one hand, the selection of suppliers and, on the other, dialogue with its customers. The big names in fashion and luxury are in fact increasingly attentive to the sustainability content of every single detail of their creations and collections.

Sustainability for Fenili also means concreteness. The B-Corp certification process, undertaken in 2021, and the numbers in this report are intended to be proof and testimony of a commitment that measures its results day by day, with a view to continuous improvement.





Economic and financial performance

The integrity and solidity of the business are one of the requirements and pillars on which the sustainability of a company is based.

Since the acquisition in **2015** to date the new ownership has worked to bring back **Fenili** at a level of **financial economic performance** worthy of its history and the brand it represents.

The 2022 results successfully crown this commitment and at the same time represent the starting point for aiming for new goals.

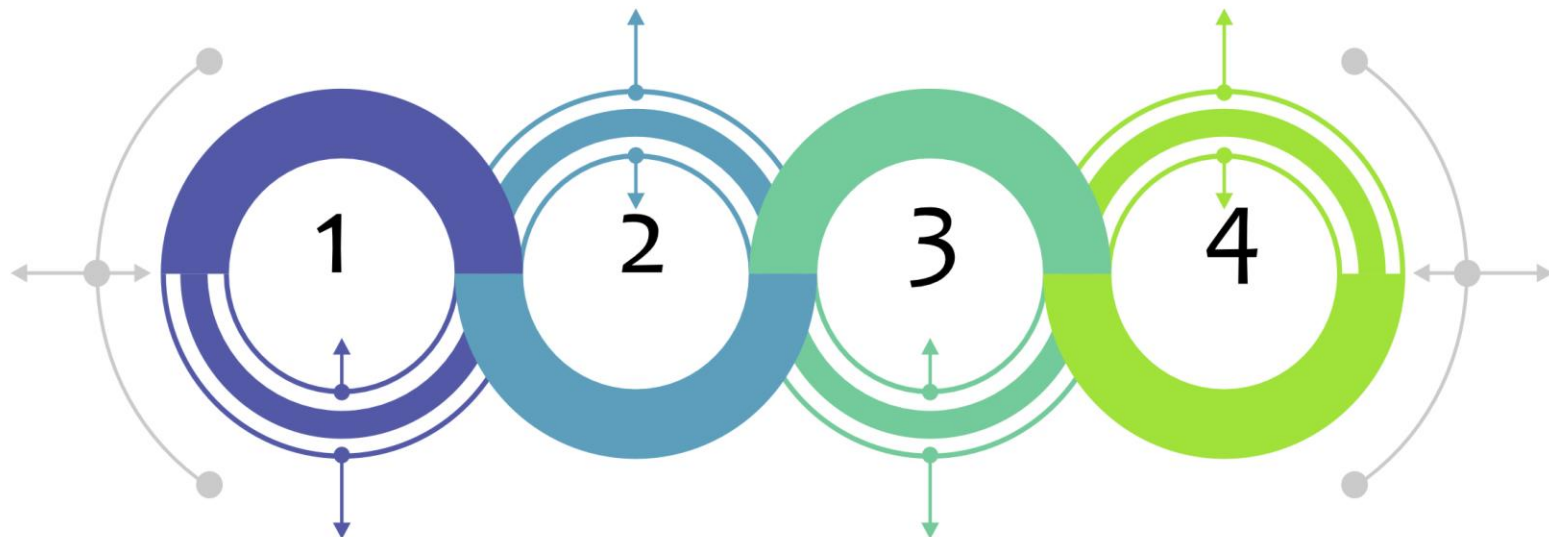
KEY FACTORS THAT HAVE DRIVEN THE GROWTH IN 2022

New Product

Expansion in sales of fashion accessories to include new items, such as clutches and bijoux.

New Branches

Direct international presence, thanks to a new branch in Los Angeles and a new branch in Paris, both opened also thanks to Simest financing.



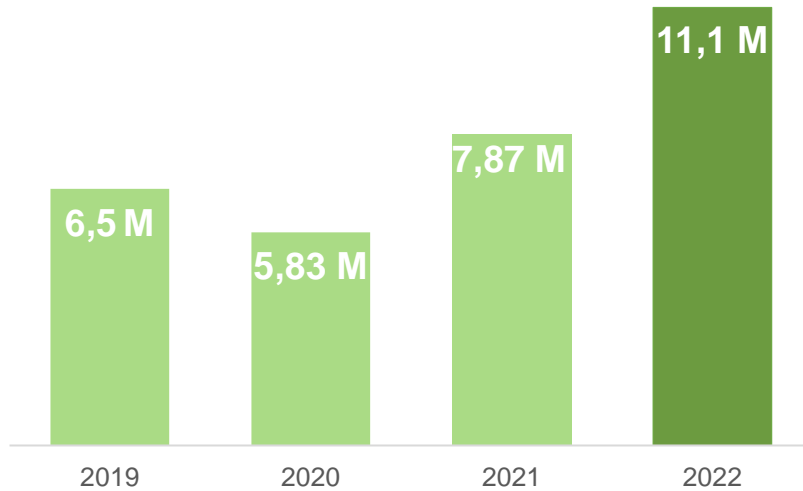
Integration

Fenili benefited from the verticalization processes of EU Design Group, which integrated the production chain internally with the processes of molding, painting, polishing and metal coating.

New Sectors

Expansion into new sectors, such as metal accessories for fashion and furnishings, thanks to the partnership with the new companies of the Group.

TURNOVER AND PROFITABILITY



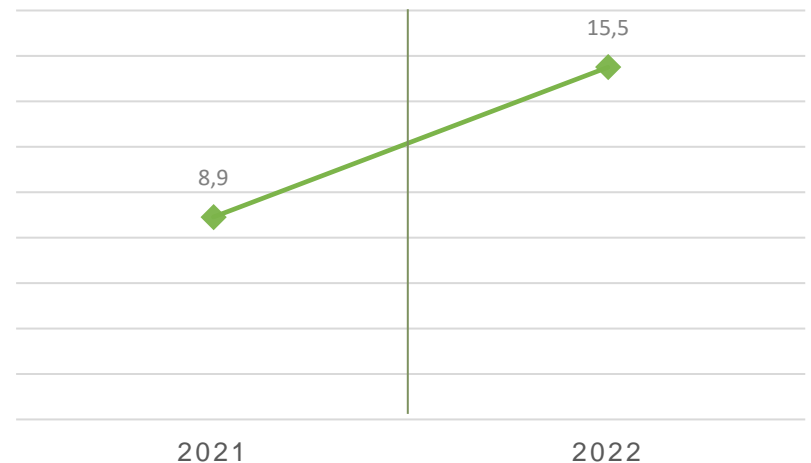
Turnover increase +40%

In 2022 Fenili’s sales confirmed the positive trend post Covid, with a 40% increase vs. 2021 and 100% vs. 2020.

Increase Ebitda margin +6.6 points percentages

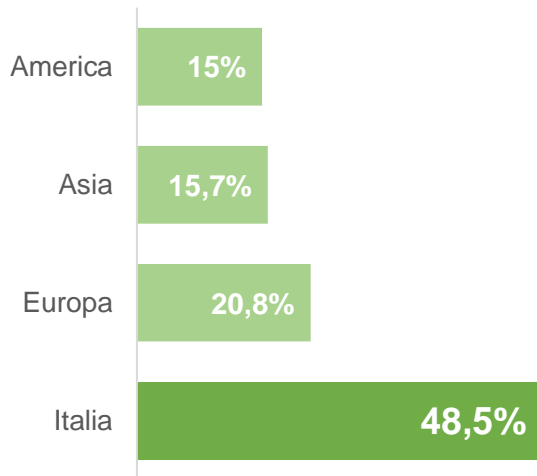
The integration of the production processes of the Group has allowed Fenili to bring saving and internal efficiency on the cost of sales allowing the increase of EBITDA above 6 points percentages, from 8.9 to 15.5%.

A result reached up despite the uncertainty of some elements such as the increase of raw materials, and energy price.



DISTRIBUTION AND SALES SEGMENTATION

Sales by geographical area

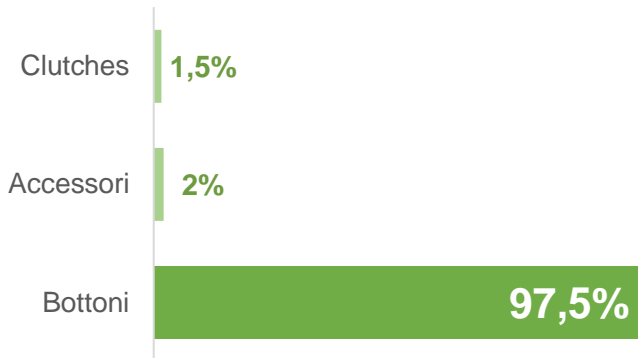


Clients



Countries

Sales by product line



Claims trend
in 2022

The commercial strategy

The key element of success of Fenili's commercial strategy is the diversification of the sales that is articulated in two levels:

1) a wide geographical distribution, thanks to the international dimension of the EU Design Group and the direct presence with the opening of two Fenili's offices in Los Angeles and in Paris.

2) the continues product innovation, with the introduction new product lines (such as luxury clutches, bijoux and metal garments accessories). They continue to support the core business represented by a wide range garment accessories in natural materials.

Fenili continues to be a guarantee of quality for its customers. The figure relating to complaints, albeit slightly increasing (it is equal to 1.2%). It confirms the excellent result of 2021 which had recorded a reduction in complaints of 20%.

THE RE-DISTRIBUTION OF VALUE TO STAKEHOLDERS

The economic value generated and distributed expresses in monetary terms the economic impact of Fenili's activities and its redistribution among the various categories of stakeholders (suppliers, employees and collaborators, Public Administration).

In other words, it provides a measure of Fenili's interactions with the socio-economic system within which the company is located.

In 2022 Fenili generated economic value of almost 9 million euros and distributed 89% of it to the various stakeholders.

	2021	2022
Economic value generated	€7,018,463	€10,028,463
Distributed economic value	€6,684,678	€8,954,255
Operating costs	€4,002,349	€6,395,981
Remuneration of collaborators	€2,255,208	€2,559,389
Remuneration of Public administration	€93,337	€303,747
Economic value withheld	€333,784	€1,074,208

OPERATING COSTS

they include costs incurred for the purchase of raw materials, ancillaries, consumables and goods and for services

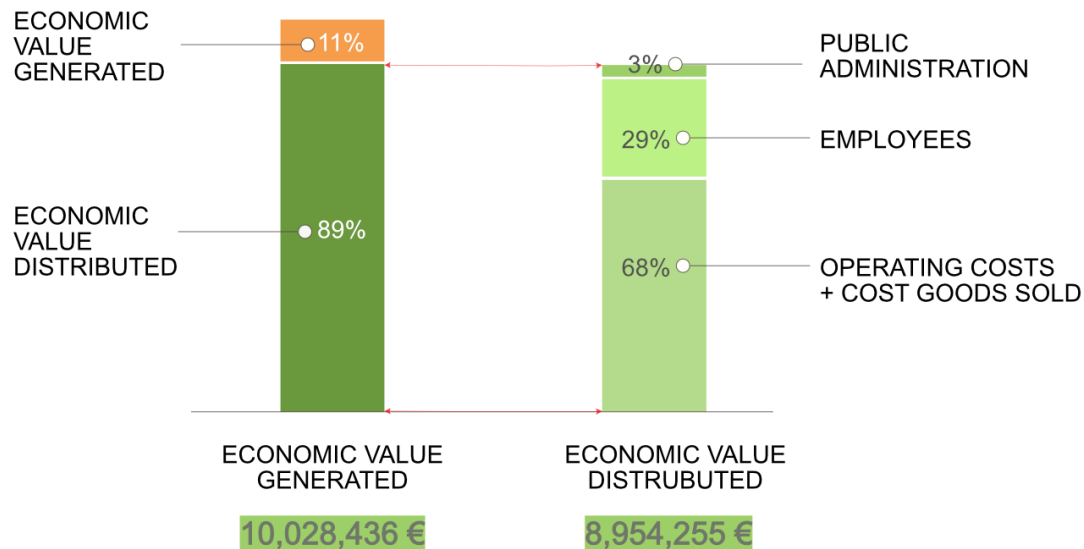
COLLABORATORS REMUNERATION

includes all costs incurred for personnel management (e.g. wages and salaries, social security contributions, severance pay, etc.)

REMUNERATION P. ADMINISTRATION

mainly includes taxes paid on income

THE ECONOMIC VALUE GENERATED AND DISTRIBUTED



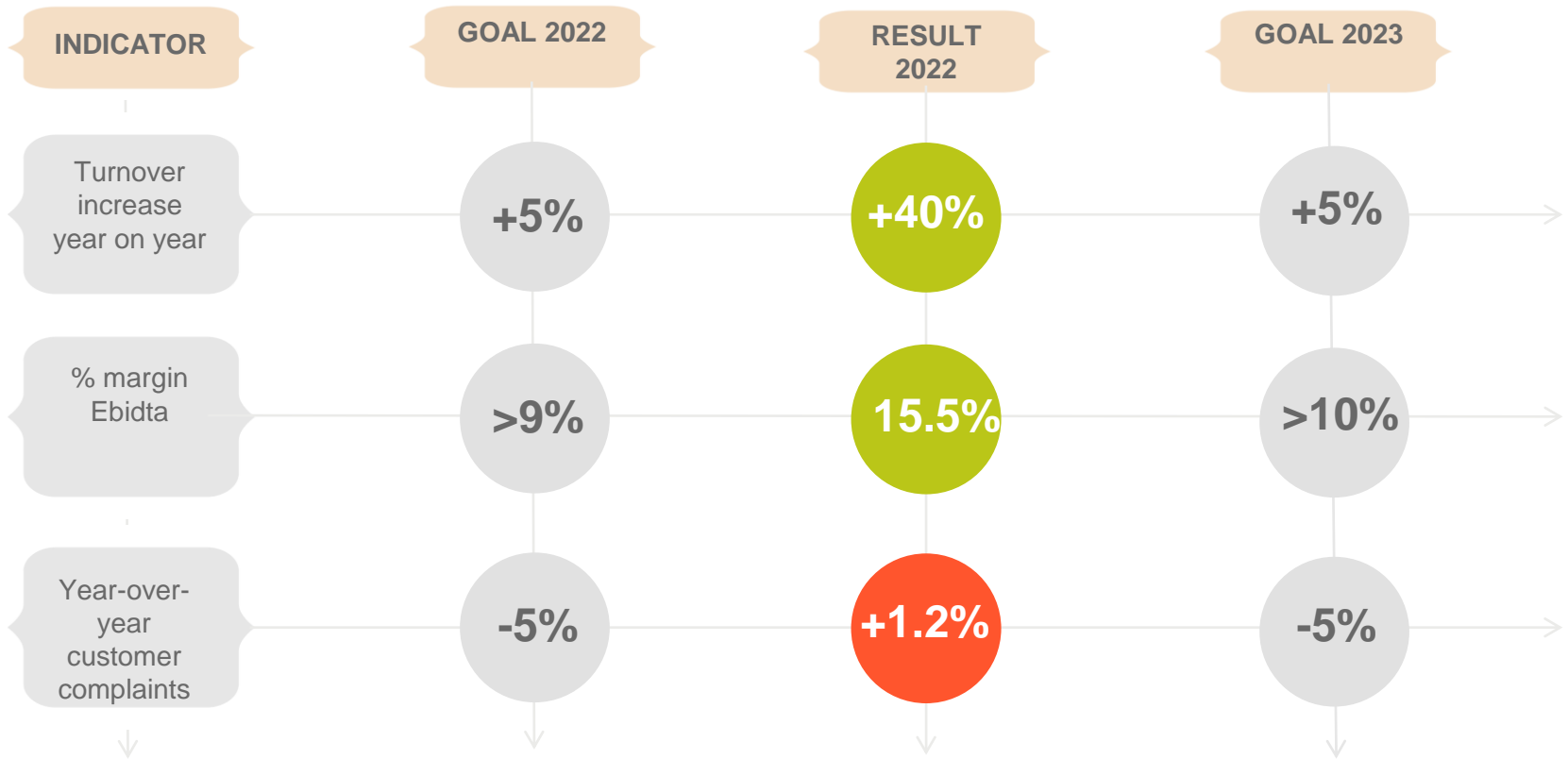
The graph represents the distribution in % among the various stakeholders of the value generated by Fenili during 2022.

SUMMARY FRAMEWORK OF OBJECTIVES & RESULTS

Fenili has identified a series of significant indicators to monitor the solidity of its economic-financial performance and sales.

These indicators have been assigned a **target value** to improve from year to year. We report the summary framework of indicators, objectives and related results.

- In green the 2021 objectives fully achieved.
- In red those undergoing improvement.



The protection of the planet



Fenili's commitment to the future of the planet is divided into two levels: **process management** And **product development**.

On the management level, it translates into an environmental policy that aims **to the optimization of production processes** to reduce energy consumption, waste and waste production.

At the product design level, it consists in the privileged use **of raw materials and additives of natural origin**, even in the most delicate processes, such as coloring.

With a view to **reduction of CO emissions, and greenhouse gases**, one of the most important results of 2022 is represented by the on-site production of electricity through a photovoltaic system.

Today Fenili earns **60% from renewable sources** of the energy it needs.

THE NEED FOR ENERGY

The energy requirement necessary for the operation of Fenili has been divided into three main categories:

1. combustible energy (methane gas)
2. electricity (in turn divided into purchased energy and locally produced energy from photovoltaics)
3. automotive diesel.

For each category, consumption was recorded for the two-year period 2021-22, transformed into tonnes of oil equivalent (TeP) and compared to verify the increase or decrease in energy demand.

The **TeP (Tons of oil equivalent)** they are the unit of measurement of energy which corresponds to the quantity of energy released by the combustion of a ton of crude oil; allows you to compare the consumption of different energy sources.

ENERGY CONSUMPTION

		Unit of measure	Consumption 2021 per unit of measure	Consumption in TeP *	Consumption 2022 per unit of measure	Consumption in TeP *	Difference 2022 on 2021
1	Fuel energy (CH₄)	m ³	85.210	71.2	45,381	37.9	-47%
2	total electricity, of which	kWh	692.238	129.4	894.258	167.22	+29%
3	Purchased electricity	kWh	692.238	129.4	705,868	131.9	+2%
4	Electricity produced locally by photovoltaics	kWh	0	0	188.390	35.2	
5	Automotive diesel	L	15.044	12.9	16,873	14.5	+12%
TOTAL (1 + 2 + 5)			-	213.6	-	219.6	+3%

+3%

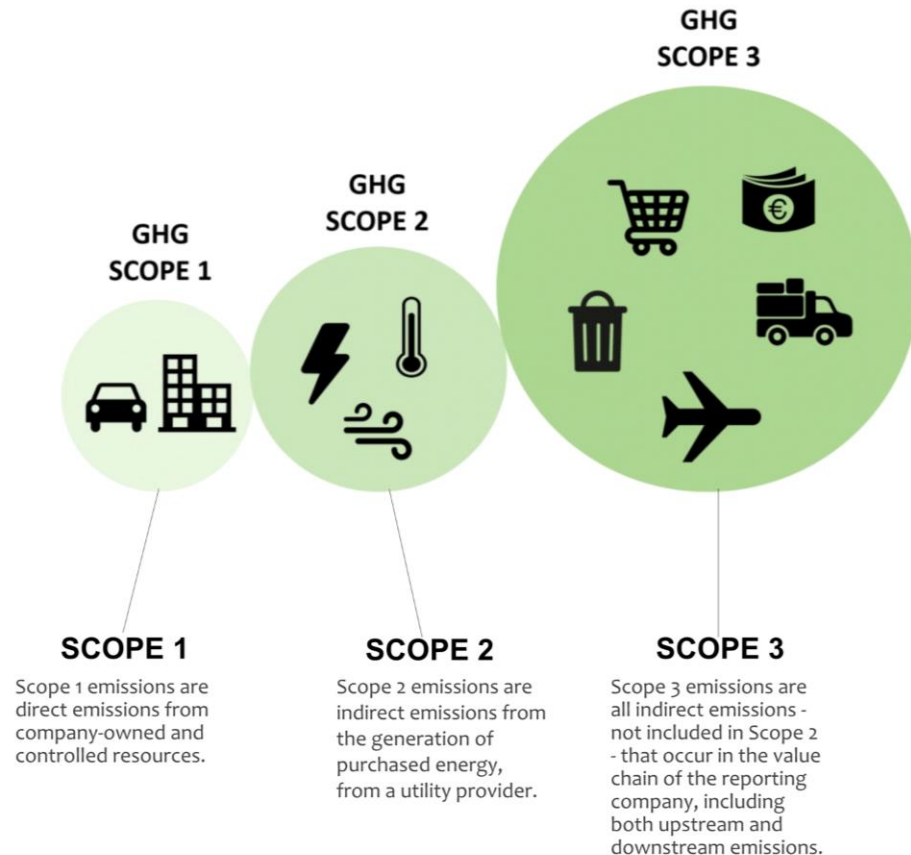
OF ENERGY USED

In 2022 overall energy consumption increased slightly in absolute value but decreased if we consider energy intensity, i.e. the energy requirement in relation to production volumes.

GREENHOUSE GAS EMISSIONS

Starting from energy consumption, we calculated the greenhouse gas emissions associated with Fenili's operations, expressing them in tons of CO2 equivalent*.

According to the **Green house Gas Protocol (GHG)**, which represents the international standard for accounting for greenhouse gases, we have therefore classified the emissions in **SCOPE**, as illustrated by the figure alongside, limiting ourselves for now to investigating the Scope 1 and Scope 2 categories.



* The **Tons of CO₂** equivalent is the unit of measurement used to weigh and compare the emissions of various greenhouse gases on the basis of their global warming potential and therefore their altering effect on the climate.

EMISSIONS IN TONS. CO₂EQUIVALENT

		Unit of measure	2021	2022	Difference 2022 on 2021
1	Methane	TCO _{2E}	168.7	89.8	-47%
2	Diesel	TCO _{2E}	39.7	44.5	12%
3	Purchased electricity	TCO _{2E}	463.7	472.9	2%
4	% renewables in purchased energy	TCO _{2E}	217.9	240.2	10%
TOTAL (1 + 2 + 3 - 4)			454.2	367.1	-19%

-19%

OF EMISSIONS

The reduction in emissions was achieved thanks to the decrease in the consumption of methane and the increase in the share of electricity from renewable sources, which do not generate emissions.

EMISSIONS DIVIDED ACCORDING TO THE GHG PROTOCOL

		Unit of measure	2021	2022	% Brooms in 2022
SCOPE 1	Methane	TCO ₂ And	168.7	89.8	35% SCOPE 1
	Diesel	TCO ₂ And	39.7	44.5	
	Total Scope 1	TCO ₂ And	208.4	134.3	
SCOPE 2	Electric energy	TCO ₂ And	245.8	232.7	65% SCOPE 2
	Total Scope 2	TCO ₂ And	245.8	232.7	



MANAGEMENT OF WASTE AND WATER RESOURCES

Types and quantities of waste produced

There politics of Fenyls And oriented at the reduction And at the correct management of the waste from dispose. In table I am reported the main categories And amount of waste products In the course of 2022.

Typology of waste	Unit of measure	Quantity disposed of in 2021	Amount disposed of in 2022	Difference 2022 out of 2021
Organic waste and mixed packaging	Kg	38,580	43,457	+12%
Sludge produced by effluent treatment CER 060503	Kg	54,360	23,800	-56%
TOTAL	Kg	92,940	67,257	-27%

With a view to **reducing waste**, the value relating to "**sludge produced by effluent treatment**" was identified as a particularly significant indicator, which recorded a decrease of more than 50% in 2022.

Reduction of water consumption

As an indicator for the control of water consumption, **the average daily use of water** has been identified, evaluated on an annual basis.

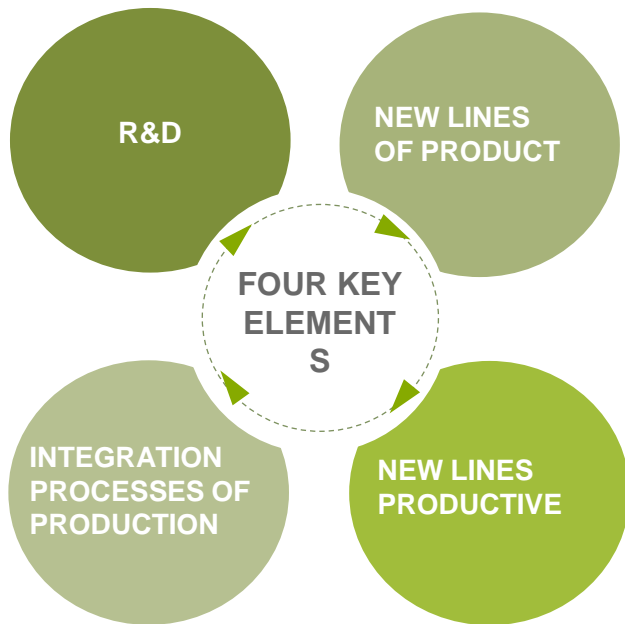
An average **daily consumption** of less than **91 M3** was set as a target value and water use was kept below this value in both 2021 (84.3 M3) and 2022 (69.2 M3).

Reduction consumption medium of waterfall To the day 2022 on 2021



INNOVATION AND RESPONSIBLE PRODUCTION

In recent years Fenili has launched an investment and reorganization program, under the sign of technological innovation, which has revolutionized the company's approach to the market and its production capacity, also in terms of efficiency and waste reduction.



R&D enhancement

Greater synergies with Creative Direction and Marketing, strengtheningcoTechnical office skills in terms of rendering development and prototyping using a 3D printer.

New product lines

In the Fenili catalog buttons have been addedthe daughtersluxury accessories such as clutches, board games, homedecorsuch as trays, vases and other decorative items

New production lines

Two new production lines have been installed for the processing of mother-of-pearl and corozo buttons.

Integration of production processes with new processes

A series of processes have been internalized, such as the lasering to brand the buttons and numerical control machines have been installed for cutting the acetate plates intended for the creation ofluxury accessories.

Responsible production

Fenili's orientation towards a production increasingly attentive to environmental impacts is based on three pillars:

NATURAL RAW MATERIALS

Main use of raw materials of natural origin for the buttons: mother-of-pearl, corozo (also known as «vegetable ivory») and bone.

VEGETABLE TINTURES

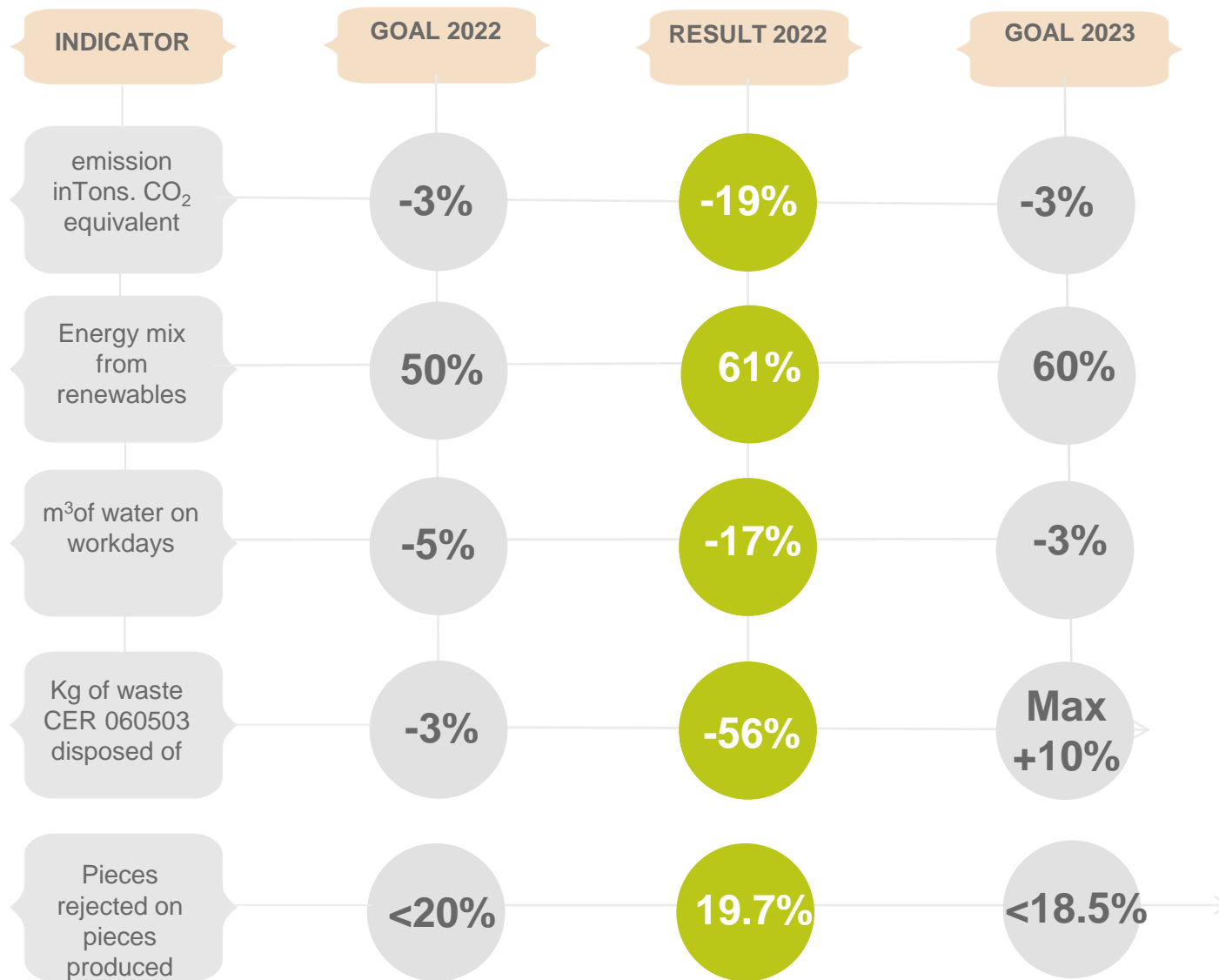
Use of natural based dyes.

WASTE REDUCTION

Commitment to reduce production waste.

In 2022 the amount of **pieces rejected on the pieces produced** stands at **19.7%**, a better result than both the target value set at 20%, and the value achieved in 2021, equal to **20.2%**.

SUMMARY FRAMEWORK OF OBJECTIVES & RESULTS



Fenili has identified a series of significant indicators for monitoring the impact of its production activities on the environment.

These indicators have been assigned a target value to improve from year to year in relation to the production volume. We report the summary framework of indicators, objectives and related results.

- In green the 2021 objectives fully achieved.
- In red those in the process of monitoring or being improved and reduced, understanding also in proportion to the change in the value of production.

People and community

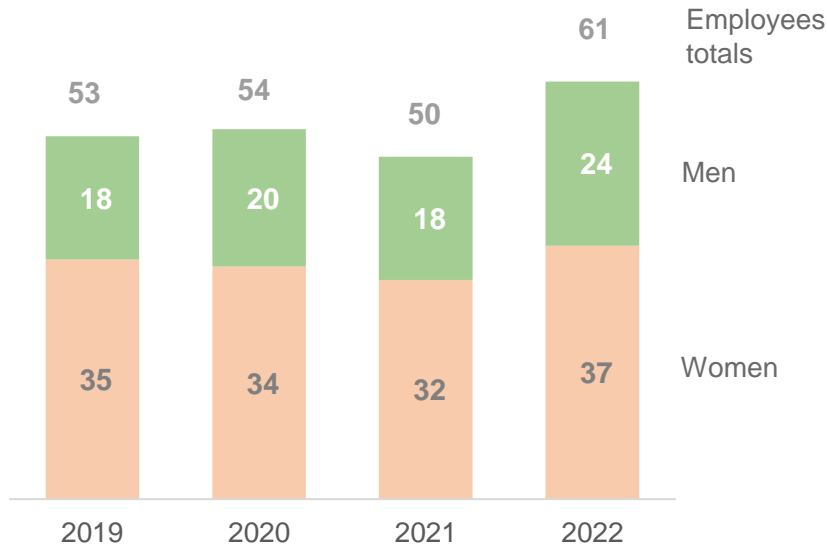


For Fenili **employees** they are a capital to be safeguarded, valorised, retained and rewarded. The development of the company goes hand in hand with the growth and retention of employees, with the enhancement of their talent, with the protection of their health and physical integrity.

For this reason, the company offers staff activities of **professional training**, invests in the protection of **Health** and prevention of **risks**, offers **bonuses and incentives** economic, work for the improvement of **business climate**.

Fenili protects the **equal opportunities** and the **gender equality**, whole wheat **diversity**, promotes a **culture of transparency** and offers support to those who carry out **voluntary activities** in favor of the local community.

PERSONNEL EVOLUTION



In 2022 Fenili's workforce returned to growth, to cope with the increase in order volumes, while maintaining its characteristics in terms of gender balance and inclusiveness unchanged.

He signed up **an incoming turnover of 23%** (relating to new hires) **ean outgoing turnover of 27%** (relating to resignations or retirements).

These incoming and outgoing dynamics have led to a general rejuvenation of personnel, with an average length of service of 11 years (it was 14 in 2021) and 31% of employees with length of service over 10 years (it was 46% in 2021).

Relevant indicators

+22% Employee growth

61% Women workers

3 belonging workers to minority or disadvantaged groups

11 YEARS Seniority average service

31% Workers with seniority of service superior at 10 years old

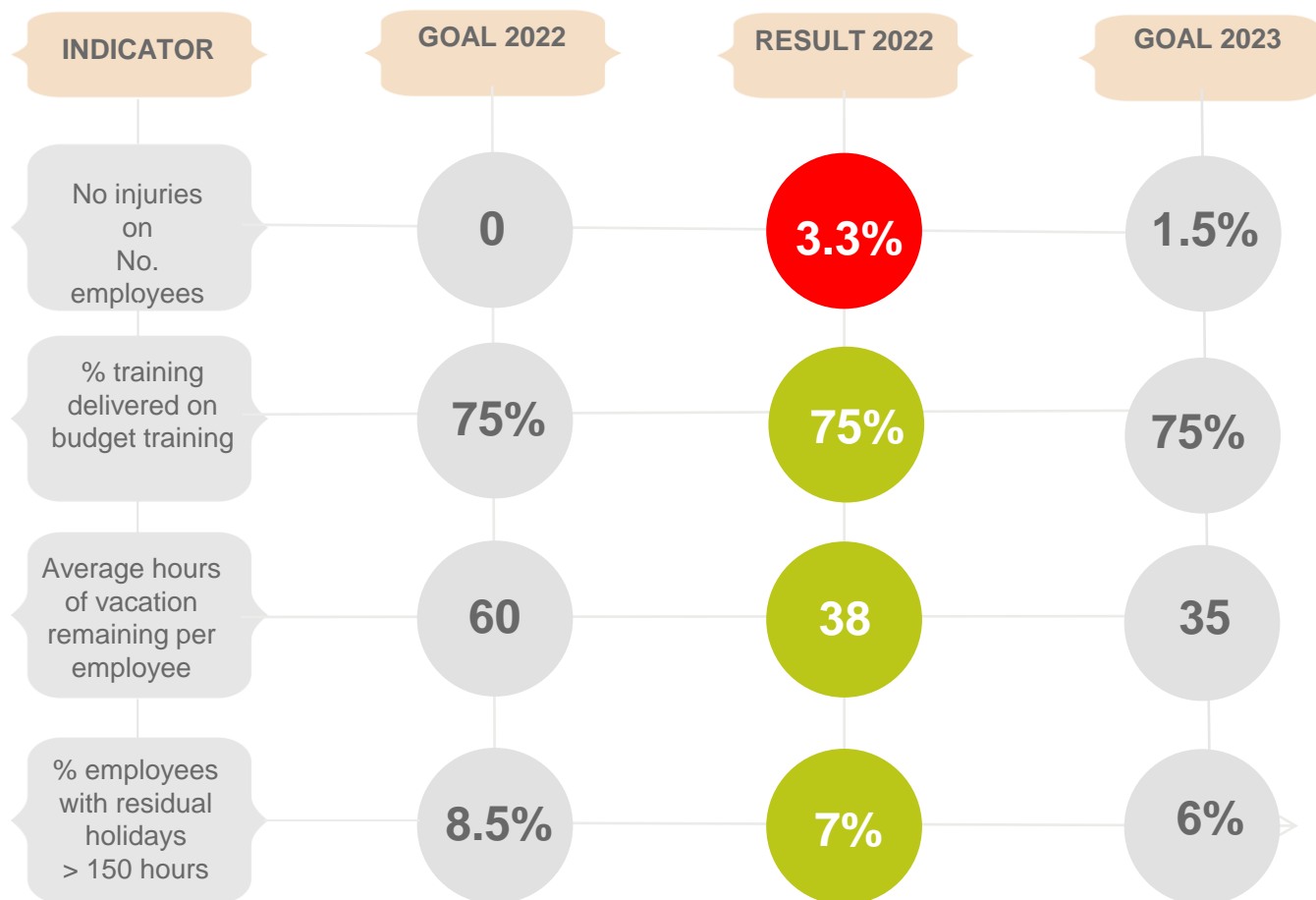
PERSONNEL BREAKDOWN BY AGE AND FRAMEWORK

	AGE GROUPS								
	Under 30			30-50 years old			Over 50		
	Men	Wome n	Total	Men	Women	Total	Men	Women	Total
Senior executives	0	0	0	0	0	0	0	0	0
Managers	0	0	0	2	0	2		0	0
Employees	5	3	8	7	3	10		1	1
Workers	1	7	8	5	7	12	4	16	20
Total	6	10	16	14	10	24	4	17	21

SAFETY AND TRAINING



SUMMARY FRAMEWORK OF OBJECTIVES & RESULTS/01



Fenili has identified a series of significant indicators to monitor the impact of its activities on people and the community.

These indicators have been assigned a target value to improve from year to year. We report the summary framework of indicators, objectives and related results.

- In green the 2021 objectives fully achieved.
- In red those in the start of monitoring or in the improvement phase.

WORK-LIFE BALANCE, BONUSES AND WELFARE



HOLIDAY ENJOYMENT

Delivered over **100%** of scheduled holidays
 Reduced to **7%** the share of employees with residual holidays greater than **150 hours**



EMPLOYEE BONUS

Fuel bonuses paid for a total of **85.624€**



PHILANTHROPY AND SPONSORSHIP

Donations for a total of **24,269€** intended to support the university studies of a young Indian
 Sports sponsorships for **2,289.91 €**



WHISTLEBLOWING AND TRANSPARENCY

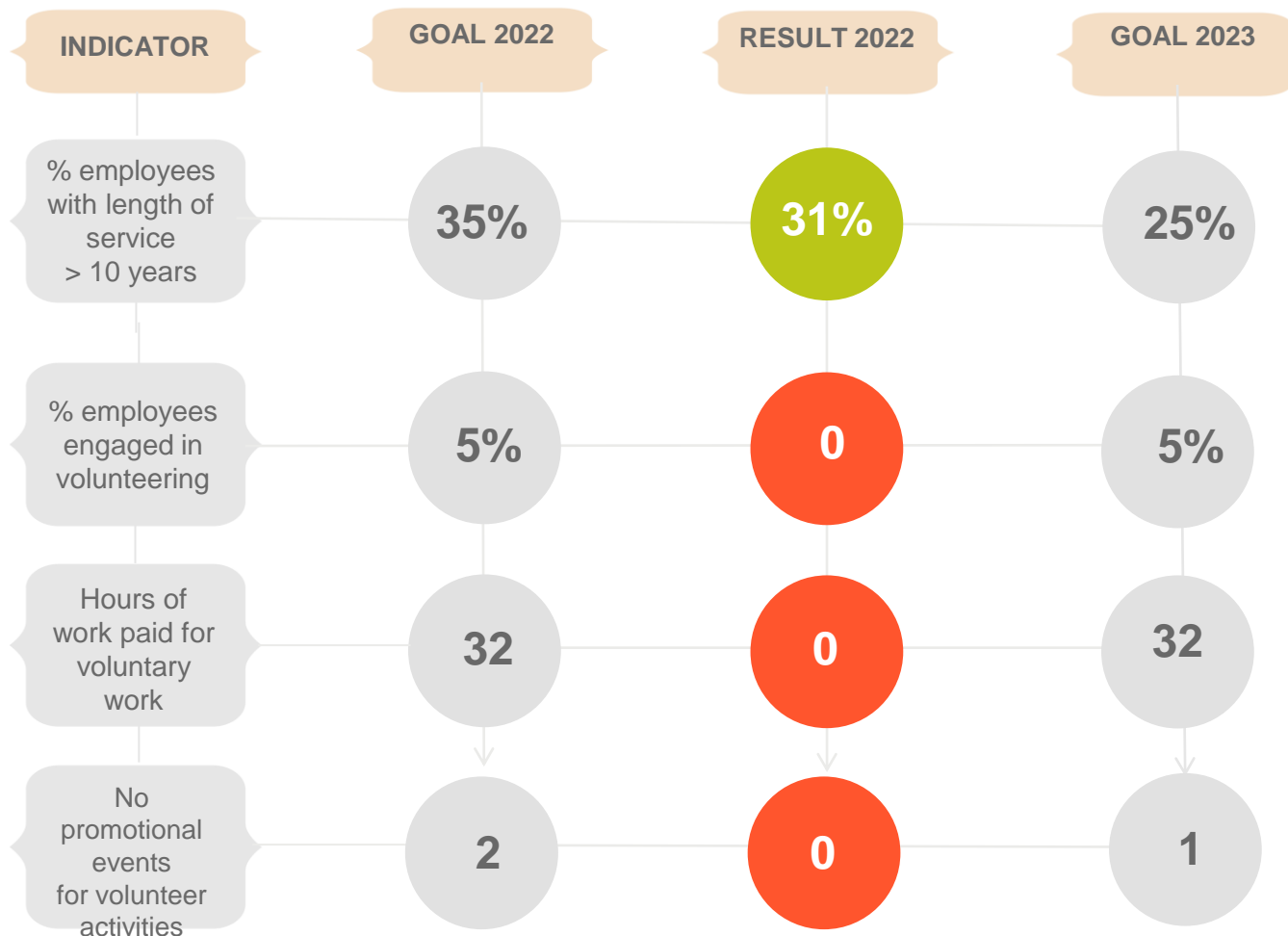
Initiated training plan on the subject of **anti-corruption** and adequate anonymous reporting mechanisms in place



COMPLEMENTARY SECURITY

The company offers employees a **to supplementary private health insurance**

SUMMARY FRAMEWORK OF OBJECTIVES & RESULTS/02



● In green the 2021 objectives fully achieved.
● In red those in the start of monitoring or in the improvement phase.



Fenili and the Sustainable Development Goals of the UN

In 2015, the UN approved the 2030 Agenda for Sustainable Development: a program of commitments in favor of people's well-being and the protection of the planet which is structured and summarized in 17 fundamental Objectives.

Each objective corresponds to an area of intervention.

Within the UN Agenda 2030, Fenili has identified **6 Specific objectives** to which the company contributes thanks to a sustainable management of his business activities.

- Health and wellness
- Quality education
- Decent work and economic growth
- Innovation and infrastructure companies
- Responsible consumption and production
- Fight against climate change

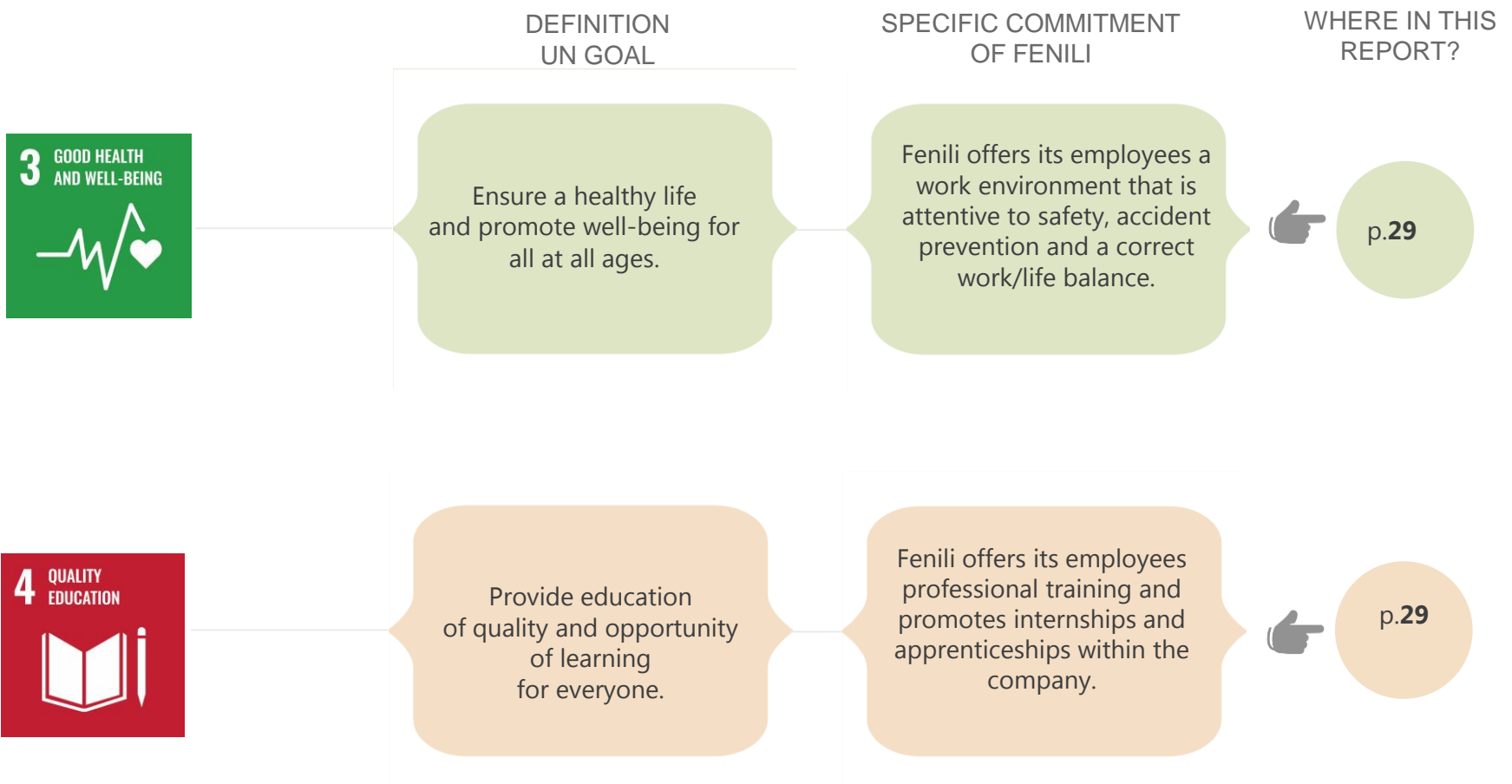
THE 17 UN SUSTAINABLE DEVELOPMENT GOALS



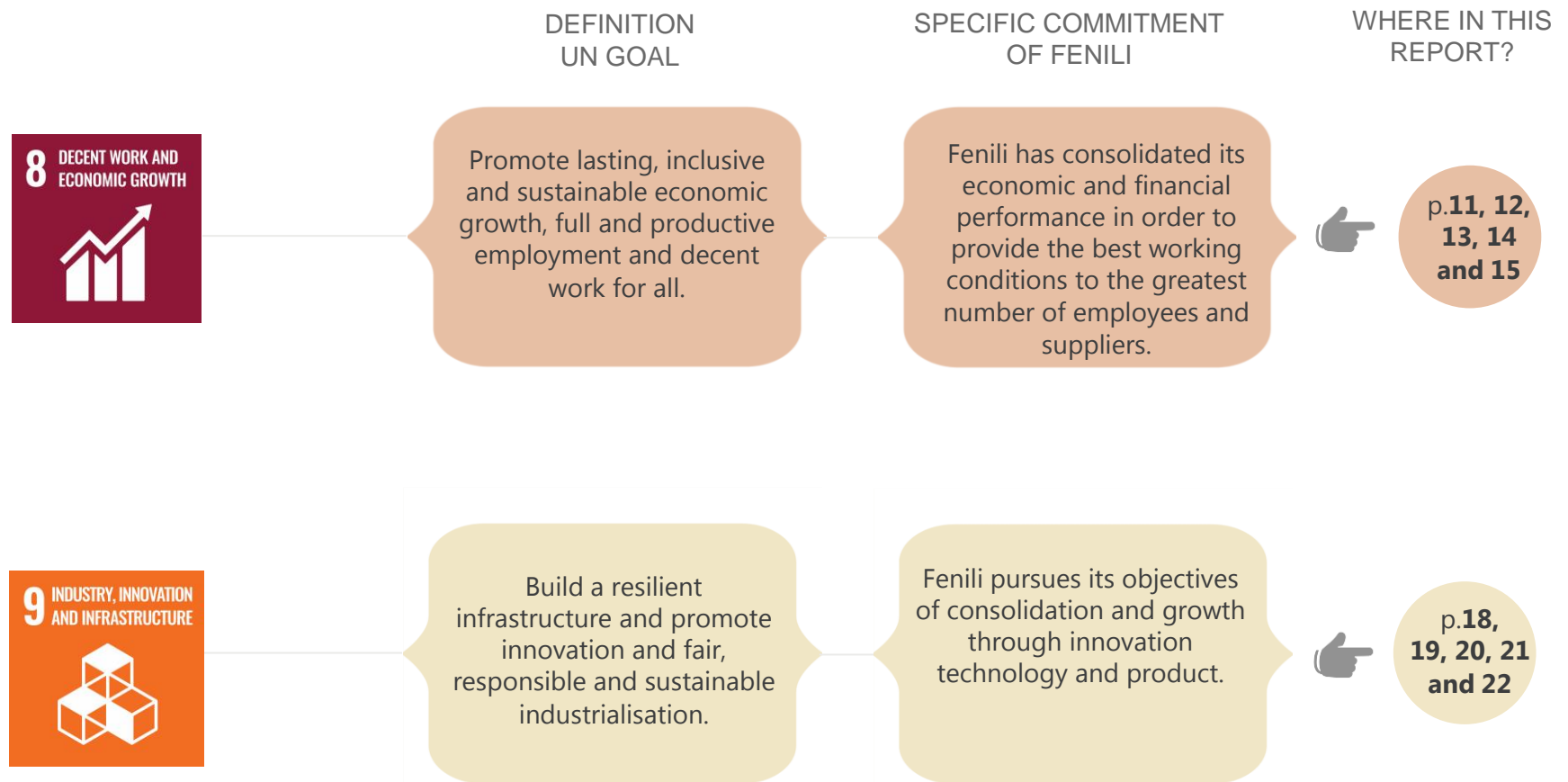
WHICH OBJECTIVES DOES FENILI CONTRIBUTE TO?





HEALTH AND WELL BEING & EDUCATION OF QUALITY



DECENT WORK AND BUSINESS & INNOVATION



RESPONSIBLE CONSUMPTION AND PRODUCTION & CLIMATE CHANGE

	DEFINITION UN GOAL	SPECIFIC COMMITMENT OF FENILI	WHERE IN THIS REPORT?
	<p>Promote sustainable use of natural and energy resources in all stages of production, transport and consumption of products, including packaging, storage and waste treatment.</p>	<p>In its production processes, Fenili is monitoring and reducing the use of water and energy, the production of waste and waste.</p>	<p>p.18, 19, 20, 21 and 22</p>
	<p>Take urgent measures to fight climate change and their consequences.</p>	<p>In its production processes, Fenili is monitoring and reducing the use of fuels that contribute to greenhouse gas emissions.</p>	<p>p.20, 21 and 22</p>

This Report is part of the Sustainability Project of Fenili srl and of the EU Design Group, to which Fenili belongs.

It is the result of a shared commitment with the main stakeholders and made possible by the collaboration of all corporate functions, under the coordination of the General Management, which is entrusted with the task of pursuing the objectives of common benefit envisaged by the Benefit Company regulations.

————— *Fenili* —————

Fenili srl
Benefit company
Via Venezia, 1
Mozzo (BG)