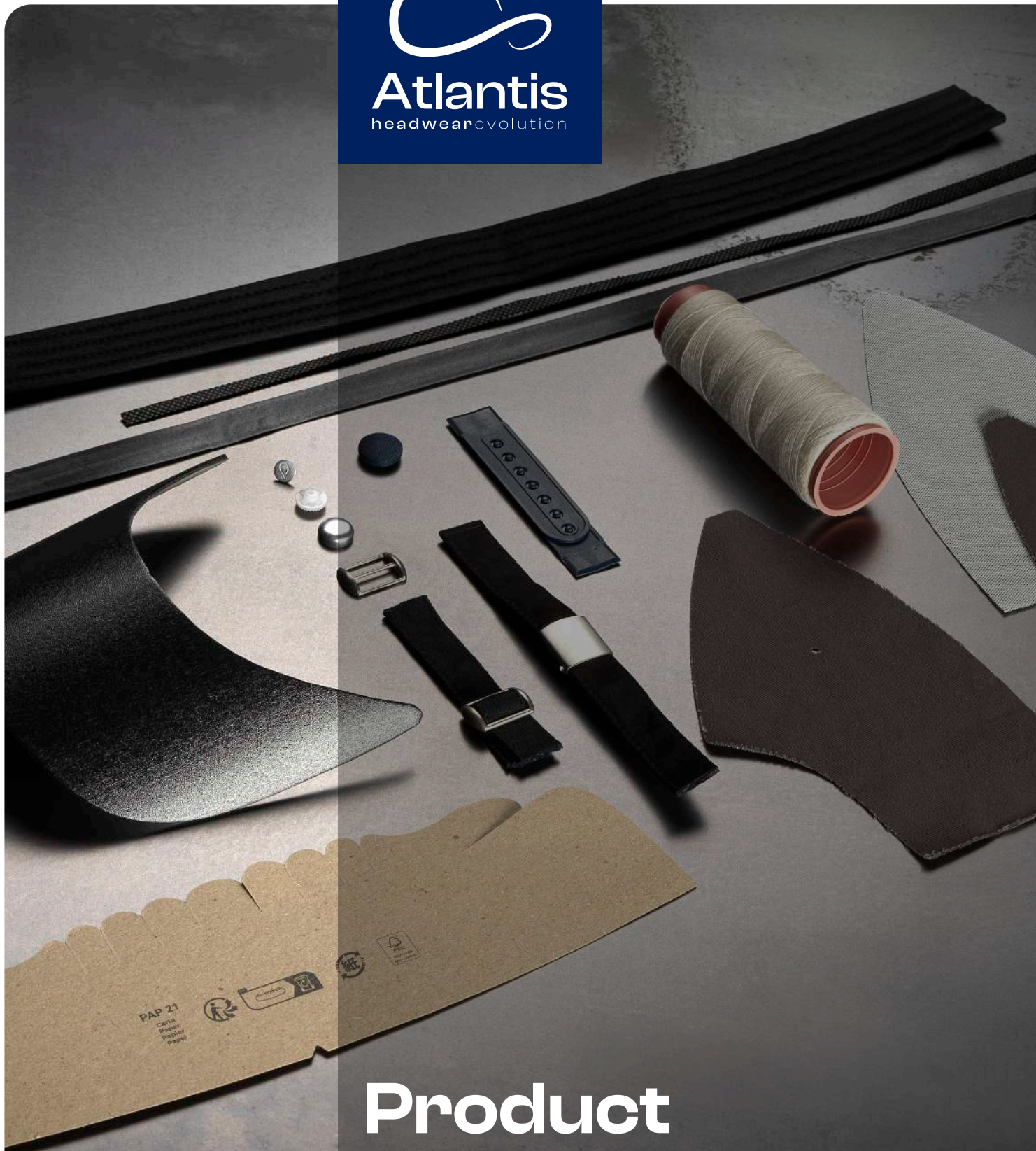




Atlantis
headwearevolution



Product Sustainability Framework

February 2023

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OUR SUSTAINABILITY MANIFESTO

Since 1995 we have had a mission: to provide our customers with high quality headwear.

We create hats for any business, mixing colors, shapes and finishes and paying all-Italian attention to style. For us, the hat is not just an accessory, but an extension of personality and something to cherish to preserve memories. Wearing our hats is also a way to send a message and tell a story.

That is why we devote **passion and care to the accurate manufacturing of our products.**

Over the years, the dedication has become something more: a **commitment to production that is increasingly responsible and respectful of the planet and people.**

Following a sentiment that was already running through our company and observing the effects of climate change, we realized that we would have to question the way we do things to start doing them differently.

As one of the first in the merchandising industry, we decided not to sit idly by and give a **signal toward change in production and communication.**

Our journey began in 2018 – with the introduction of the first **Standard 100 by Oeko-Tex®** certified items, greener dyeing processes, and traceability passports for our products -and continued with the design of an overall strategy anchored in the **United Nations Sustainable Development Goals**, which led us to introduce new materials with a low environmental impact and publish our first **Sustainability Report.**

Today we continue to deepen and consolidate our strategy by working on three crucial pillars: **product and supply chain, environment, and people.**

By 2025 we want to do even more by including elements with **reduced environmental impact in 100% of our Atlantis Collection**, investing in research and development to reduce our environmental impact, taking care of our employees, and supporting local communities.

For us, being sustainable is not just a business opportunity, but a behavior to be adopted in everyday life. It is not just a responsibility.
It is a revolution. It is the natural evolution that every company must go through.

Sustainable (r)evolution is on our minds. Wear it on your head!

OUR FRAMEWORK FOR PRODUCTS WITH REDUCED ENVIRONMENTAL IMPACT

This Framework presents the Sustainability Principles that we use and will use to make products with reduced environmental impact and that will guide our sourcing and manufacturing choices to achieve our goal in 2025: that of making 100 percent of Atlantis products by introducing elements that reduce their environmental impact compared to standard manufacturing.

We consider the writing of this document a turning point in our sustainable transition journey, and we will revise and update this guide as we gain knowledge and awareness of practices that enable us to reduce the impact of our materials and production processes. We are committed to sharing our goals and challenges along this path that sees the achievement of a clear goal in 2025.

We are aware that all the items we produce have an impact on the environment and on people. For this reason, the main objective of the Framework is to establish and define sustainability criteria to ensure more responsible purchasing and production choices and to enable us to achieve the ambitious goal set.

In order to achieve our goal, we have therefore established our 4 Sustainability Principles, including one "Must-have," which must then necessarily be met by following a Roadmap of gradually expanding the Principle to all our products, reaching 100% of products by 2025 (year of production), and three "Add-ons," to be met whenever possible. Specifically, the Sustainability Principles consist of using environmentally *preferred materials*, producing our hats from suppliers with positive environmental ratings, extending the useful life of our materials, and offsetting residual emissions. We believe that each individual Sustainability Principle plays a key role in the transition we are undergoing; in fact, each Sustainability Principle was developed following extensive internal and external analysis and based on industry best practices and internationally recognized environmental and social standards.

Our "Compass" criteria, on the other hand, are elements that will enable us to take the correct path, comply with the enunciated Sustainability Principles and, thus, achieve our 2025 target.

OUR PRINCIPLES OF SUSTAINABILITY

Our Goal

The Paris Agreement¹ established a global framework to avoid the dangerous effects of climate change by limiting global warming to below 2°C and possibly below 1.5°C.

The fashion industry is the third largest manufacturing sector in the world² and is characterized by high greenhouse gas intensity, with estimated emissions ranging from 2 to 8 percent of the global total³. The additional emission reduction in 2030 needed by the fashion industry to stay within the limit required by the Paris Agreement is 1.7 billion tons.

As much as 71 percent of the emissions of the entire fashion industry are concentrated in the production stages, ranging from raw material production to cutting, sewing and assembly⁴.

We have therefore set ourselves the ambitious goal of producing 100 percent of Atlantis products by 2025 by introducing elements that reduce their environmental impact compared to standard production consistent with the principles outlined in the Paris Agreement, an issue on which this Framework and our company will focus attention over the next three years.



¹ https://ec.europa.eu/clima/eu-action/international-action-climate-change/climate-negotiations/paris-agreement_it

² World Bank (2019). 'How much do our closets cost the environment?'

³ WRI/AI (2020). Roadmap toward Net-zero providing science goals in the apparel industry.

⁴ Fashion on climate, McKinsey, 2020

Our Principles of Sustainability

In structuring the Framework, we analyzed the practices implemented by Atlantis and the needs of key business stakeholders, identified industry best practices, and then outlined a path we want to work on and the macro areas we want to focus on in the coming years.

We have structured a "*Must-have*" Sustainability Principle, which will necessarily have to be met by following a Roadmap of gradually expanding the Principle to all our products, reaching 100 percent of products by 2025 (year of production), and three "*Add-on*" Sustainability Principles, one of which is a priority over the others, to be met whenever possible:

- **Must Have:** Use environmentally preferred materials
- **Add-on:** Produce our hats from suppliers with positive environmental ratings
- **Add-on:** Prolong the useful life of our materials
- **Add-on:** Compensate for residual emissions



Our "Compass" Criteria

We know that the direction outlined is viable in many ways and through the use of different tools, but that some may be more effective than others.

Therefore, we have identified our Compass criteria, which will enable us to travel in the right direction to achieve our goals:

1. **Life cycle analysis/external studies with scientific relevance**
2. **Reliable certifications, documentation and sample testing**
3. **Traceability and transparency**
4. **Respect for people in the supply chain**

APPLICATION OF THE SUSTAINABILITY PRINCIPLES UNDERLYING THE FRAMEWORK

Our Goal: To produce 100% of our products with characteristics of reduced environmental impact compared to standard production, consistent with the Paris Accords.

Where we are today

- **Product Carbon Footprint Calculation:** we conducted the Carbon Footprint calculation of 7 key products in our collection from a business perspective in order to estimate their environmental impact in terms of CO₂ eq emissions and to identify areas and related opportunities for improvement throughout the product life cycle. The items submitted for analysis, which differed in the type of materials they were made of, were: START 5, CARGO, HIT, RECY FEEL, WIND, RIO, PURE. The study was conducted in accordance with ISO 14067:2018.
- **Materials with reduced environmental impact:** we have already introduced elements to reduce environmental impact compared to standard production in 100% new items in the 2022 catalog, such as:
 - Dope-dyeing
 - Cotton from organic farming
 - Recycled cotton and polyester
 - Polylana®

Our goals

In 2023 we will set a specific emissions reduction target for our collections. This target is to be achieved in collections produced in 2025.

LCA & Carbon Footprint

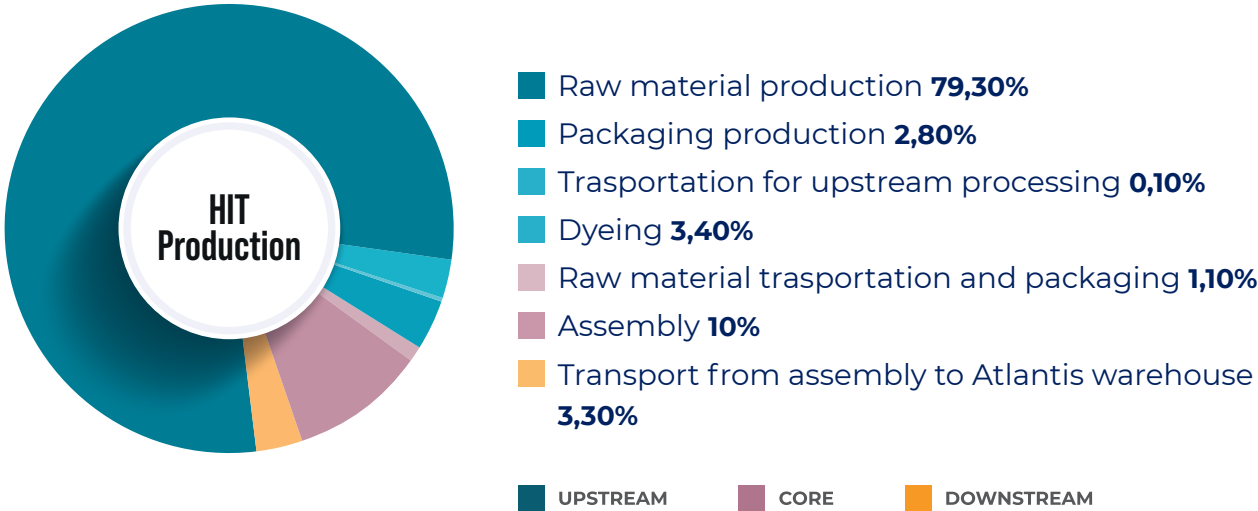
Figure 1 >



Images of the LCA applied on some iconic models: Co2eq measurement of the Atlantis hat model HIT and comparative analysis, which highlights and quantifies the benefits of organic cotton (fig. 1), partition of the Co2 emitted by each phase of the product life cycle (fig.2)

Breakdown of CO₂ eq emissions by life cycle stage

Figure 2 >



Our Principles of Sustainability

Must have: use environmentally preferred materials.

WHY

Material selection is, along with energy use along the supply chain, the most important element in reducing emissions included in the Science Based Targets Initiative's apparel industry guide⁵. In fact, the stages of growing and producing the raw material needed to create fabrics alone account for 38 percent of the total greenhouse gas emissions of the entire fashion industry⁶.

The importance of this element is confirmed by the Carbon Footprint that we carried out on 7 articles from which it emerges that, considering the emissions of the entire life cycle (including the optional *Downstream* phase), most of the CO₂ eq emissions are related to the *Upstream* phase, in particular the production of materials: this phase makes a contribution to emissions ranging from 45.5% (Recy Feel) to 75% (Start Five) (n.b. materials production also includes the environmental impact due to processing the raw material to produce fibers and fabrics, e.g., due to energy consumption). The use of materials with reduced environmental impact can thus reduce environmental risks, as well as unlock opportunities for circularity.

HOW

- **Raw material:** when possible, produce items using recycled materials, investing in storytelling to maximize commercially this type of material; when the use of recycled materials is not possible, use virgin materials with low environmental impact or from regenerative production.

Whenever possible, select materials composed of 100 percent fibers with the above characteristics and in any case at least 50 percent in the case of recycled materials and at least 90 percent for other materials.

Avoid virgin synthetic materials.

Regarding innovative materials for which reliable data cannot be found, conduct market research and request data and studies from suppliers to verify the actual reduction in environmental impact compared to the standard consideration (for the full list of preferred materials, see the table "List of Preferred Materials").

⁵ Apparel And Footwear Sector - Science-Based Targets Guidance

⁶ Fashion On Climate, McKinsey, 2020

- **Recyclability:**
for originally single-material materials, try, as far as possible, not to damage the recyclability characteristic while making the switch from conventional to preferred materials (e.g., before switching from a 100% cotton composition to a 50% recycled cotton and 50% recycled polyester composition, assess what is the maximum percentage of recycled cotton that can be included while maintaining the 100% cotton composition and evaluate whether this result is satisfactory. Remember the Compass criteria and in particular that life cycle analyses and scientific papers are the tool for choosing the best option when in doubt)
- **Weight:**
evaluate potential reductions in the weight of the article without reducing the quality and strength of the fabric. In fact, the Carbon Footprint calculation shows that fabric weight is a major factor in reducing environmental impact
- **Variety:**
reduce the variety of materials used to strengthen control over supply chains and *preferred* options.

We are aware that our ambitions to switch to preferred materials are constrained by the need to maintain the same performance, aesthetics, and price range as the original products. Our commitment is to design new products following our Sustainability Principles already at the design stage and to adapt existing products by choosing the best option that allows us to offer our customers a product that is nearly equivalent to the original one, but with reduced environmental impact.

OUR BASELINE

Starting with the 2019 collection, we began to include items with sustainability features. We have from year to year increased the availability and variety of these items and the portfolio of fabrics/materials used, based on the availability found with our suppliers and ensuring a balance in terms of cost.

Specifically, the preferred fabrics ordered for Atlantis in 2021, counted 6 categories of materials and were as follows, in terms of weight, out of the total fabrics ordered in that year:

- **7,04% recycled polyester**
- **2,38% recycled cotton**
- **2,17% POLYLANA®**
- **2,09% organic cotton**
- **0,35% recycled polyester REPREVE®**

⁷ Ultimo dato pubblico disponibile come da Report Sostenibilità 2021 (Distinta base prodotti collezione Atlantis 2021)

In the 2023 collection, in addition to textile parts, we have increased the number of components and accessories in preferred materials, such as buckram and closures.

As a result of the LCA analysis, which showed us even more clearly which parts of the article cause the greatest environmental impact, and due to the increased availability of *preferred* materials, from the 2024 collection we are going to consider, for all new articles, the use of *preferred* materials for fabric, sweatband and visor. We will also improve existing items by including these preferred components where not already present.

Products are compliant with the Framework if

- The main materials follow the prioritization matrix below.

Preferred material prioritization matrix for the main materials (fabrics, sweatband, and visor)

Number of components		
Main materials	Visors, Buckets <hr/> Criterion A, B, C or D mandatory for fabric, sweatband and visor Criterion D no longer accepted by 2025 Criteria A and B are preferred	Beanies, scarves, gloves <hr/> Criterion A, B, C or D mandatory for fabric Criterion D no longer accepted by 2025 Criteria A and B are preferred

Break-down of a baseball cap

Figure 3 >



CORE MATERIALS*

(for which it is mandatory to follow the prioritization matrix)

- Fabrics
- Sweatband
- Visor

* average impact % of total product carbon footprint

SECONDARY MATERIALS

(for which it is mandatory to follow the prioritization matrix)

- Buckram
- Closures
- Lamination fabric
- Buttons
- Tapes and threads
- Labels and stickers
- Cardboard
- Embellishments

Criterion A

90%+ (by weight, for each major component)

- Recycled materials (single-material fabric)
- Regenerative materials (single-material tissue)
- Combination of materials above, with monomaterial fabric

50%+ (by weight, for each major component)

- Natural materials recycled in a blend with the same fiber, not recycled but included in the list of virgin materials with reduced environmental impact

Example 1: 90% recycled wool beanie

Example 2: visor with 100% recycled polyester fabric, sweatband 100% recycled polyester, visor 100% recycled

Example 3: 50% recycled wool 50% RWS wool beanie.

Non-compliant example: visor with 100% recycled polyester fabric, sweatband 100% recycled polyester, visor 100% virgin material

Criterion B

50%+ (by weight, for each major component)

- Synthetic materials recycled in a blend with the same fiber, not recycled but included in the list of virgin materials with reduced environmental impact

Example 1: cap 50% recycled polyester 50% modified polyester

Non-compliant example: cap 50% recycled polyester 50% polyester

Criterion C

90%+ (by weight, for each major component)

- Low-impact virgin materials

30%+ (by weight, for each major component)

- Materials of plant origin or synthetics recycled in a blend with the same fiber, not recycled

30%+ (by weight, for each major component)

- Materials of animal origin recycled in a blend with the same fiber, not recycled, and/or with another fiber that does not compromise recyclability

In case more than one option is available for the same product, check through LCA/Carbon Footprint for the best option.

Example 1: 100% organic cotton cap

Example 2: 50% recycled cotton 50% cotton cap.

Example 3: visor with 100% organic cotton fabric, sweatband 95% organic 5% cotton, visor 100% recycled

Non-compliant example: cap 50% recycled cotton 50% polyester

Non-compliant example: visor with 100% organic cotton fabric, sweatband 100% cotton, visor 100% recycled

Criterion D

30%+ (by weight, for each major component)

- Materials recycled in a blend with another fiber, not recycled

Example 1: cap 50% recycled wool 50% polyester

Non-compliant example: visor with 100% recycled polyester fabric, sweatband 100% polyester, visor 50% recycled wool 50% polyester

Criterion D was included to allow a gradual transition to preferred materials; it will no longer be accepted starting in 2025.

List of preferred materials for main materials

Recycled materials

Natural fibers

Recycled cotton
Recycled wool
Recycled linen

The following certifications are accepted

Plan A: GRS
Plan B: RCS

Examples of Trademarks and Private Brands

Recover™
Circular Systems
Texloop™ RCOT™

Artificial fibers

Recycled viscose
Cupro

The following certifications are accepted

Plan A: GRS
Plan B: RCS

Examples of Trademarks and Private Brands

CIRCULOSE®
Refibra Lenzing™

Synthetic fibers

Recycled polyester
Recycled nylon
Recycled acrylic

The following certifications are accepted

Plan A: GRS
Plan B: RCS

Examples of Trademarks and Private Brands

ECONYL®
REPREVE®
ROICA™ EF
Q-NOVA®
Polylana®

Synthetic materials for accessories

Recycled plastic

The following certifications are accepted

Plan A: GRS
Plan B: RCS



List of preferred materials for main materials

Natural plant fibers

Coming from regenerative sources

Cotton from regenerative agriculture

The following certifications are accepted:

Plan A: ROC

Examples of Trademarks and Private Brands:
Mattera™ Cotton | FLOCUST™ | SPINNOVA® | Circular Systems | Agraloop™

Biological

Organic cotton
Organic linen
Organic hemp
Organic jute

The following certifications are accepted:

Plan A: GOTS
Plan B: OCS

Examples of Trademarks and Private Brands:
Mattera™ Cotton | FLOCUST™ | SPINNOVA® | Circular Systems | Agraloop™

Other raw material impact reduction programs

BCI cotton (subject to Atlantis accreditation)
Fairtrade cotton (after obtaining a license)
Cotton Made in Africa (upon accreditation by Atlantis)
Flax certified by EU Flax
Alternative materials (e.g., kapok) upon verification of actual reduction in impact compared to the material currently used

Examples of Trademarks and Private Brands:
Mattera™ Cotton | FLOCUST™ | SPINNOVA® | Circular Systems | Agraloop™



List of *preferred* materials for main materials

Materials of animal origin

Coming from regenerative sources

Wool from regenerative breeding

Examples of Trademarks and Private Brands:

NATIVATM
Regenerative Agriculture Program

Organic

Organic wool

The following certifications (for organic wool) are accepted:

Plan A: GOTS
Plan B: OCS

Virgins with animal welfare criteria and environmental best practices

Wool produced respecting animal welfare with criteria also related to environmental protection

The following certifications are accepted:

Plan A: RWS, ZQ

Examples of Trademarks and Private Brands:

SustainaWOOL®

Artificial fibers

Viscose/ Lyocell/ Modal sourced from responsibly managed forests and produced through certified chemical processes

The following certifications are accepted:

Combination of: FSC / Green tshirt on Hot Button Report (min score: 20) (for forest management) + chemical process standards for viscose (Bluesign, STeP by OEKO-TEX, ZDHC, C2C

Material Health Certificate Standard, EU Eco Label (for chemical management)

Examples of Trademarks and Private Brands:

TENCEL™ Modal
TENCEL™ Lyocell
Lenzing Ecovero™
Eastman NAIATM
Birla Viscose™
Livaeco™ by Birla Cellulose
Birla Modal™
ENKA® Viscose

Synthetic fibers

Polyester modified

Examples of Trademarks and Private Brands:

POLYLANA®

Our commitment to polyester and cotton

Over the past few years we have focused our efforts and goals on reducing the environmental impact of what are the two most relevant materials within our collection, namely cotton (43.8 percent of our 2021 production features 100 percent cotton fabrics as the main material) and polyester (30.9 percent of our 2021 production features 100 percent polyester compound fabrics as the main material).⁸

Recycled polyester

We are aware that, for a number of reasons, recycled polyester (rPET) is not the ultimate solution to synthetic fiber pollution: the material is produced by recycling plastic bottles and not synthetic fibers (thus lacking a closed loop of the material within the fashion industry) and is generally recycled mechanically, causing a great loss of quality between recycling. In addition, we know that rPET also releases microplastics as much as virgin plastic⁹.

However, the choice to use this material within Atlantis' collections stems from equally valid reasons:

- **Durability:** when exposed to the sun, the material does not bleach or lose quality, unlike cotton; this allows for greater durability of the material and, consequently, reduced waste.
- **Lack of large-scale alternatives:** there are currently no alternatives to mechanically recycled rPET to produce recycled polyester on a large scale

To demonstrate our commitment to the transition to preferred polyester, we have decided to join the 2025 Recycled Polyester Challenge¹⁰, an initiative promoted by Textile Exchange with the goal of spurring the fashion industry to increase the share of recycled polyester. By 2025, at least 45 percent of the polyester we are going to purchase will be recycled.

To address rPET issues, we will also commit to a series of virtuous behaviors along our sustainable transition path.

For example, we believe it is necessary to implement continuous monitoring of the market for chemically recycled polyester, which, while generally having a greater environmental impact than its mechanically recycled counterpart, can undergo more recycling processes¹¹ while keeping its quality intact, and for this reason could be a potentially viable solution in the long run.

In addition, we are considering collaborations with organizations along the supply chain to ensure the recycling of waste generated during the production of finished products.

⁸ Atlantis 2021 collection product bill of materials

⁹ Common Objective, Is recycled polyester green or greenwashing?

¹⁰ <https://textileexchange.org/2025-recycled-polyester-challenge/>

¹¹ Identifying Low Carbon Sources of Cotton and Polyester Fibers, Fashion Industry Charter for Climate Action, United Nation

Another option we consider as an alternative to rPET is the use of alternative materials, such as recycled nylon or recycled wool. The latter option, considering the different performance and price point compared to polyester, can only be considered for specific items.



Preferred cotton

The alternatives to conventional cotton that we intend to focus on are recycled cotton and organic cotton. However, the goal remains to test more and more recycled cotton, since it appears to be the best option in terms of environmental impact¹².

We are aware that even recycled cotton is not without limitations such as, for example, loss of material quality during the recycling process. We are therefore committed to keeping a close eye on the market, which is introducing various innovations to ensure ever-increasing fiber quality.



¹² Identifying Low Carbon Sources of Cotton and Polyester Fibers, Fashion Industry Charter for Climate Action, United Nation

Add-on: Produce our hats from suppliers with positive environmental ratings

WHY

Industrial production processes (production of synthetic and man-made materials, spinning, weaving, wet processes, and garment making) use large amounts of energy, water, and chemicals. These production steps are often overlooked in the fashion industry's impact analysis, which generally focuses on raw material production.

As much as 71% of the impacts of the entire fashion industry are concentrated in the stages from raw material production to cutting, sewing and assembly. Specifically, while 38 percent of GHG emissions are caused by raw material production (e.g., polyester production and cotton cultivation), 8 percent are caused by fiber production, 10 percent by fabric production, cutting and packaging, and as much as 15 percent by wet processes¹³.

This is why the Science Based Target Initiative identifies energy efficiency and switching to renewable energy sources as the first levers, along with material interventions, that fashion companies must invest in to achieve the goals set by the Paris Agreement¹⁴.

Based on the findings of Master Italia's product carbon footprint calculation, priorities differ by product type:

- for visors, the second most impactful phase after the fabric production phase is that of cap making; the impact of this phase is found to be between 7 percent and 23 percent of the entire life cycle
- for earmuffs, the second most impactful step is the dyeing process, with a contribution ranging from 23% to 29% of the total

The use of environmentally friendly production processes and technological innovations (e.g., closed-loop dyeing processes and switching from wet to dry processes) can reduce the use of harmful chemicals, water, and energy, as well as minimize pollutants and waste.

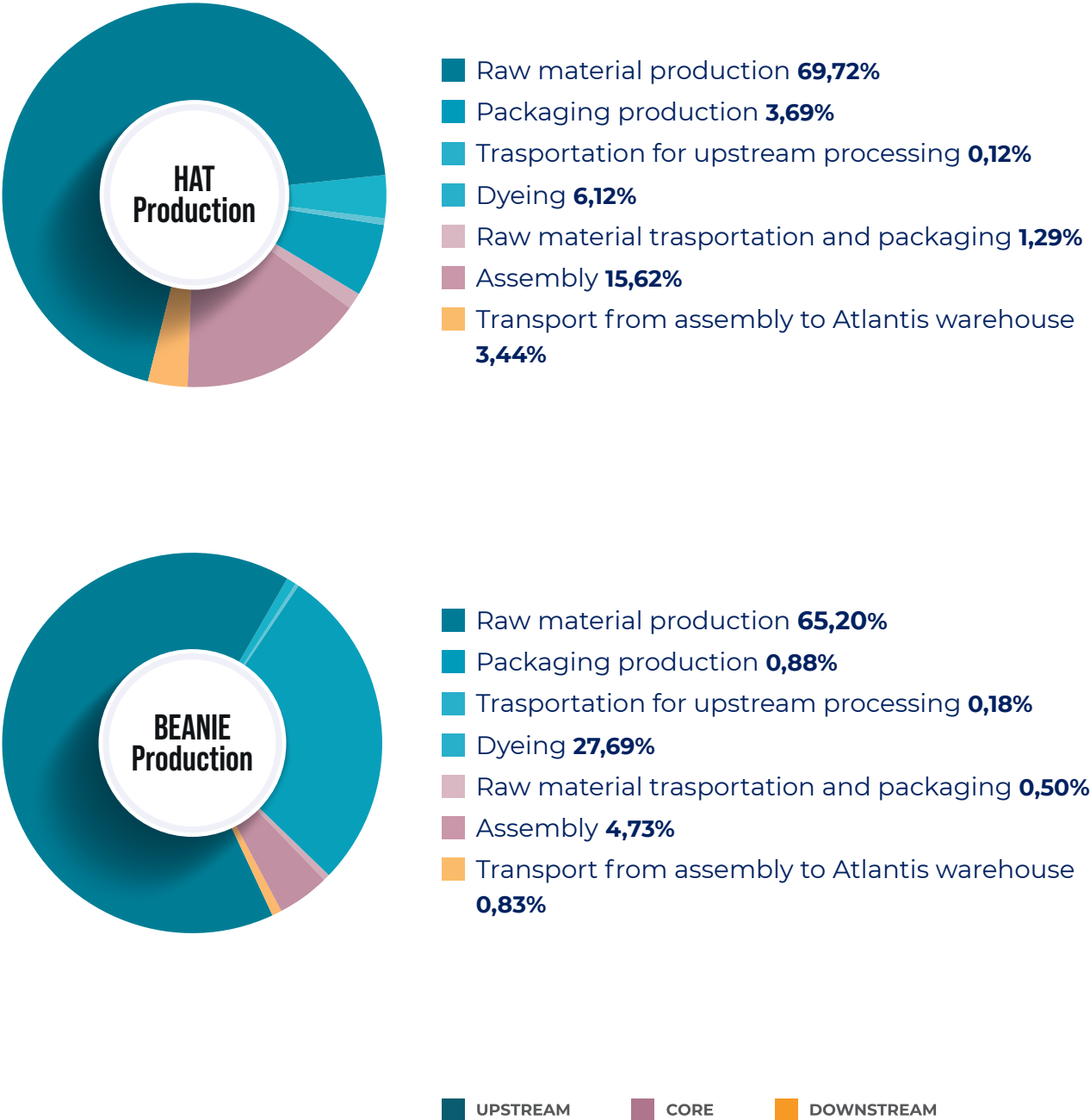
¹³ Fashion On Climate, McKinsey. Phases considered: from material production to packaging

¹⁴ Apparel and Footwear Sector - Science Based Target Guidance

Breakdown of CO₂ eq emissions by life cycle stages

The results of our LCA show how the selection of materials, together with the energy consumption along the supply chain, are the most important parameters for containing and reducing the emissions associated with our products.

Figure 4 >



HOW

Precisely because of the relevance in terms of environmental impact, the consumption of energy, water resources and chemicals is among the aspects on which we consider it a priority to act and focus.

Listed below are possible **ways suppliers can** reduce the impact of production processes along our supply chain.

- **Energy:**

- **Use energy from renewable sources** (through self-generation or use of RECs) overwhelmingly
- **Make investments to achieve significant reductions in energy consumption** compared to the standard for that specific processing (e.g., application of Clean By Design principles developed by NRDC)

- **Chemical processes and water resources:**

- **Ensure the existence of a stringent chemical management plan:**

- Make use of a stringent Manufacturing Restricted Substances List (MRSL)
- Adhere to industry initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC)
- To provide Master Italia with materials that are safe in terms of chemicals used and certified according to internationally recognized standards (e.g., Bluesign®, Cradle to Cradle Material Health Certificate, STANDARD 100 by OEKO-TEX® - tested according to Annex 6, which is more environmentally restrictive than Annex 4 -, MADE IN GREEN by OEKO-TEX®, Nordic Swan, EU Eco Label, GreenScreen Certified)
- Adhere to water efficiency programs such as NRDC's Clean by Design

- **Invest in innovations on the market for wet processes:**

- Replace wet processes with predominantly dry processes (which reduce water consumption between 83% and 95%)¹⁵
- Use natural dyes (made from fruits, vegetables, barks, flowers, seaweed, tobacco, and coffee grounds) if possible, subject to verification of actual reduction in environmental impact, to be evaluated on a case-by-case basis
- Evaluate the use of innovative solutions such as AirDye®, ColorZen®, Drydye®, Archroma's EarthColors® dyes, DyStar Cradle to Cradle certified dyes, and Bionicdry

N.b. In cases where the direct supplier does not carry out wet processes, it is necessary for them to provide guarantees on the subcontractors who carry them out.

¹⁵ Textile Processing Guide - Fashion For Good

Ensure proper prevention of the risk of microplastic release (in the case of production of synthetic materials, including recycled materials):

- Sourcing from suppliers who provide for sustainable pellet management (e.g., working with Plastic Soup Foundation)

In working with suppliers, we must in turn commit ourselves to:

- **Increase supplier awareness of opportunities to reduce environmental impact**
- **Conduct a holistic assessment of suppliers' level of sustainability**, not focusing only on individual preferred practices (such as only using materials with reduced environmental impact)

OUR BASELINE

- As for direct suppliers, to date there are limited certifications and data available:
 - **15,63%** of suppliers offer **GRS-certified** products
 - **9,38%** of suppliers are **ISO 14001** certified
 - **6,25%** of suppliers offer **GOTS-certified** products
- The Carbon Footprint analysis revealed the extent to which the use of renewable energy, during production, can reduce the emissions produced. Through the exclusive use of energy from hydroelectric sources for production, for example, a reduction in carbon footprint ranging from 4 to 6 percent for beanies and 7 to 23 percent for hats with visors can be achieved¹⁶. It is specified that the difference in emission reductions is due to the fact that the impact of the production phase of visors is more significant than that of caps, products characterized instead by a high carbon footprint in the dyeing phase, which has a contribution ranging from 23% to 29% of the total emissions produced (more details in the box "Insights obtained with the Carbon Footprint calculation");
- The Carbon Footprint calculation also showed that there are factors that can influence energy consumption, namely the weight of the product and any additional washing and/or wet treatments. Specifically, the Start Five hat turns out to be a lower impact item than other items, both because of its lower weight and because it consumes less energy during production, as it does not undergo additional processes such as a finished garment wash¹⁴.

Products are compliant if direct suppliers:

- They pass with passing scores on the assessment completed upon request by Master Italia
- Design and share an annual improvement plan with Master Italia

¹⁶ Carbon Footprint analysis conducted by Master Italia 7 leading articles

Add-on: Prolong the useful life of our materials

WHY

Fashion companies are generally characterized by a linear production system, which relies on extracting large amounts of nonrenewable resources to produce clothes that are short-lived and then thrown into landfills. Clothing production has doubled in the past 15 years, and the average lifespan of garments has decreased by 36%. 87% of the total fiber used in clothing ends up in landfills or incinerated, and only 1% is recycled into new garments¹⁷.

Wasting resources harms the environment and is a cost to the fashion industry. That is why one of the Sustainability Principles on which we wanted to structure our Framework is precisely the extension of the useful life of our materials.

HOW

- **Increase the monomateriality of recyclable products by design** and investigate solutions to improve end-of-life management
- **Avoid pairing different materials as much as possible** (e.g., laminating a cotton visor with a synthetic material)
- **Increase the monomateriality of individual fabrics** in all products
- **Further increase the performance of color fastness (visors) and peeling (beanies), to prolong the service life of our products.**

OUR BASELINE

- Of recyclable products by design (beanies, headbands, gloves, bandanas, scarves)-quantities ordered in 2021:
 - **42,54% is acrylic monomaterial**
 - **41,35% is not monomaterial**
 - **9,80% is monomaterial polyester**
 - **6,30% is monomaterial cotton**
- Of non-recyclable products by design (visors)-quantities ordered in 2021:
 - **48,35% has cotton monomaterial as the main fabric**
 - **23,22% has polyester monomaterial as the main fabric**
 - **16,41% has non-monomaterial as the main fabric**
 - **11,55% has monomaterial acrylic as the main fabric**
 - **0,45% has monomaterial nylon as the main fabric**
 - **0,01% has the monomaterial paper as the main fabric**
 - **0,01% has the monomaterial viscose as the main fabric**

¹⁷ A new textile economy, Ellen MacArthur Foundation, 2017

- An R&D project with Crossing srl, a Ca' Foscari University of Venice spin-off, is currently active, with the aim of analyzing the fibers currently used by Master Italia and their environmental impact, in order to identify improved solutions in terms of circular design and end-of-life management.

Products are compliant if at least one of the following criteria is met:

- The performance improvement goal is achieved
- They are monomaterial (products composed of at least 97% of the same material and possibly 100%). In the case of products that are not recyclable by design (visors), monomateriality means for individual textile components to facilitate recycling of production waste (recycling of end-of-life products is currently excluded from the Framework, see Appendix)
- Significant reduction in waste and/or recycling of waste by the direct supplier (cutting, sewing, and assembly stage) can be demonstrated



Add-on: Compensate for residual emissions

WHY

The Paris Agreement established a global framework to avoid the dangerous effects of climate change by limiting global warming possibly below 1.5°C. To achieve the goal, COP26 set a target of zero net global emissions by 2050¹⁸. According to the Science Based Targets initiative (SBTi), achieving a net zero emissions state for companies implies achieving a level of reduction in value chain emissions consistent with the abatement achieved in pathways limiting warming to 1.5°C and neutralizing the impact of residual emissions that cannot be eliminated by removing the equivalent amount of carbon dioxide from the atmosphere¹⁹.

In order to meet the ambitious global climate goals, therefore, it is necessary to implement measures that can minimize greenhouse gas emissions from anthropogenic activities and offset residual emissions or those that are impossible to reduce through CO₂ or carbon offsetting projects.

In addition to the actions we intend to put in place to reduce emissions along our supply chain, we want to align with global climate goals by going further and investing in projects to offset residual emissions.

HOW

- **Invest in offsetting residual emissions** by supporting environmental protection projects through the purchase of carbon credits. It is emphasized that this activity will be carried out as a complement to and not a substitute for our emission reduction plan, which includes measures to reduce environmental impact in raw material production, collaborations with suppliers to reduce environmental impact in production processes, and actions to extend the useful life of materials used.

OUR BASELINE

- We have already carried out the Carbon Footprint analysis of 7 of our flagship items, a preparatory activity for offsetting emissions that cannot be eliminated. The analysis has been certified by Certiquality srl and is in compliance with the requirements of ISO 14067: 2018 (Verification Certificate CFP51/22).

Products are compliant if

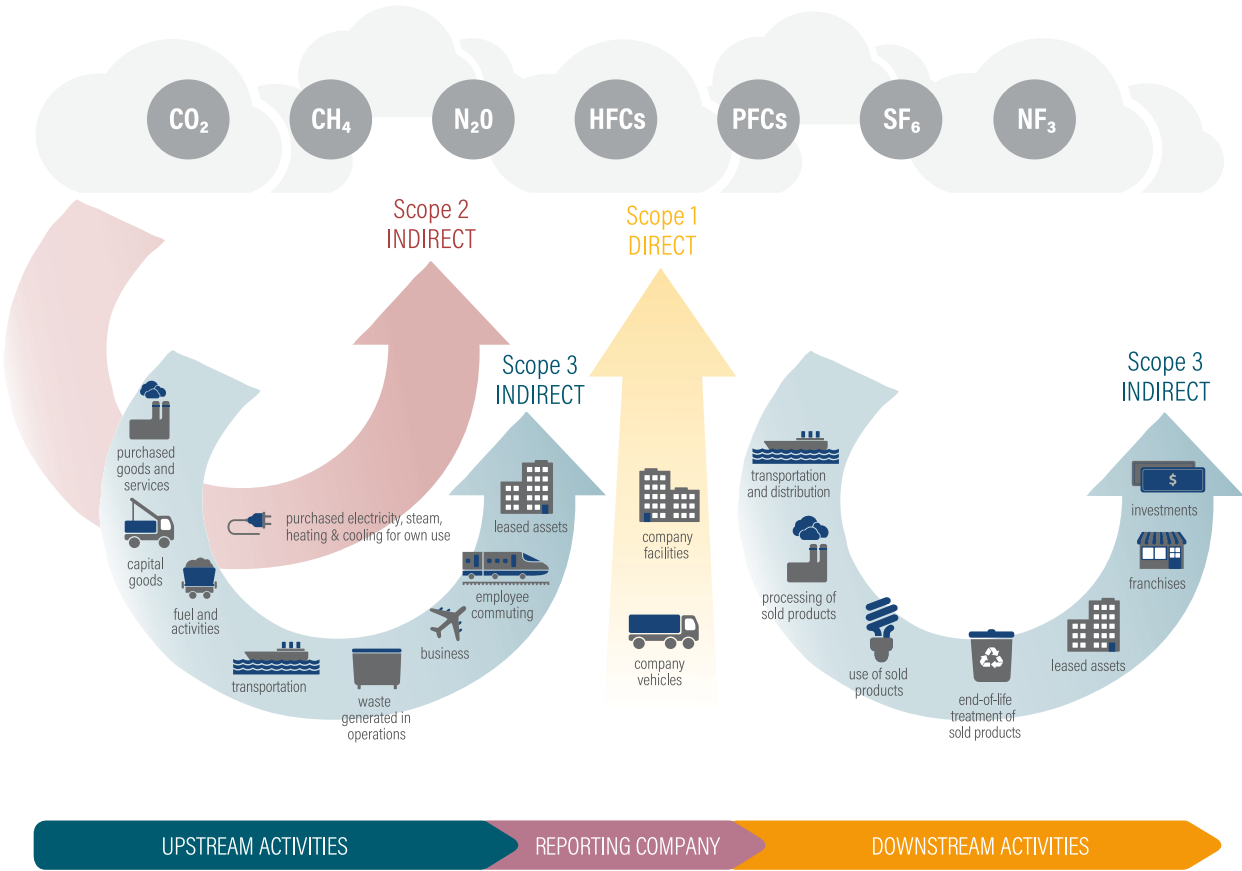
- Net greenhouse gas emissions from the production of the products themselves are reduced to zero.

¹⁸ <https://ukcop26.org/it/gli-obbiettivi-della-cop26/>

¹⁹ <https://sciencebasedtargets.org/resources/files/foundations-for-net-zero-full-paper.pdf>

Overview of the greenhouse gasses (Scope) and emissions along the value chain

Figure 5 >



Note:
 Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), Nitrogen trifluoride (NF₃).

Source: WRI and WBCSD 2004.

Our "Compass" Criteria

Life cycle analysis/external studies with scientific relevance

WHY

Identifying the best option in terms of environmental impact is complex, especially since making a choice at one stage of production (e.g., inherent in the purchase of a material) can affect the environmental impact of subsequent stages (e.g., end-of-life of a product).

Life Cycle Assessment (LCA) methodology allows for the identification and assessment of the potential environmental impacts of a product, process or service throughout its life cycle and stems from the realization that environmental issues can arise at any stage in the life cycle of a product, process or service and the need to standardize the assessment of environmental impacts to facilitate the development of business strategies and sustainability communication through the sharing of objective, science-based data.

The importance of Life Cycle Assessment in sustainability communication is also emphasized by European authorities. In fact, according to the European Commission²⁰, LCAs currently provide the best framework for assessing the potential environmental impacts of products.

This type of analysis is therefore fundamental to the path we are taking to reduce emissions, as it allows us to:

- Identify opportunities to improve the environmental performance of products at each stage of their life cycle
- Select the most sustainable alternative from the options available in the market (e.g., from among different materials)
- Carry out effective strategic planning for emission reduction
- Carrying out proper communication and not incurring greenwashing risk through verifiable and non-misleading information on the environmental performance of products

HOW

- **Continue to conduct LCA or Carbon Footprint analyses** to identify the best options in terms of environmental impact. Carbon Footprint calculation tools and software can also be used as an alternative to studies conducted by third parties, provided they are in line with the ISO 14067 (ISO for PCF), ISO 14044 and ISO 14040:2006 (LCA) standard
- As we extend analyses to more products, for the purpose of selecting the best options in terms of environmental impact, data and information from scientific papers can be used to select the best options in terms of environmental impact

²⁰ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12822-Strategia-dellUE-in-materia-di-prodotti-tessili-sostenibili_en

Insight gained from the calculation of the Carbon Footprint

The Carbon Footprint calculation was carried out on 7 of our flagship items: START FIVE, CARGO, HIT, RECY FEEL, WIND, RIO, PURE.

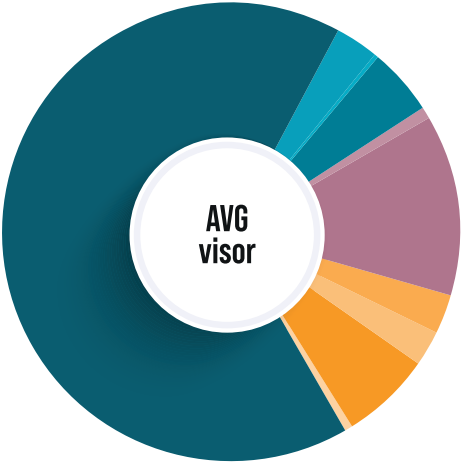
Among the main results that emerged:

- The environmental impact of the analyzed beanies is higher than that of visors due to the type of materials and dyeing process used
- Weight is a determining factor in the overall environmental impact of the individual product
- They emerged as the most relevant stages, in terms of emissions:
 - Fabric production stage - for all items analyzed
 - Packaging phase-regarding the visors analyzed (in the case of Start Five, the lower weight greatly reduces the impact of this phase)
 - Dyeing process - regarding the beanies analyzed
- They emerged as less relevant stages, in terms of emissions:
 - Distribution (average impact of 1.73%)
 - Packaging production and disposal (average impact of 2.52%)
 - Transportation (average impact of 2.84%)
- The use of renewable energy in the packaging stage is a key element in reducing emissions from visor production. It is specified that additional opportunities for reducing environmental impact due to improved energy management are present in the yarn and fabric production stages (included in the "Raw material production" phase)

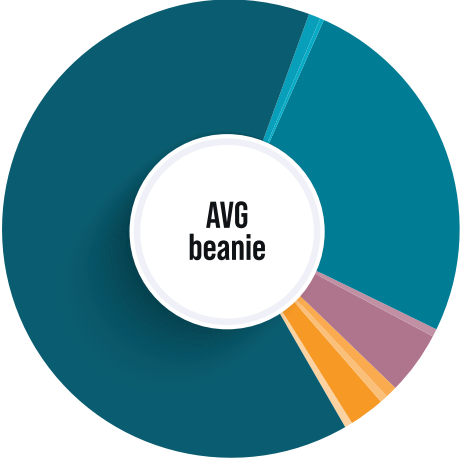


Summary table of the emissions generated by the analyzed caps (average % impact of each step on the total impact of the individual cap)

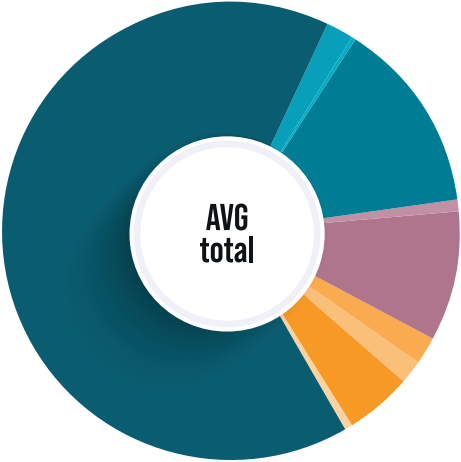
Figure 6 >



- Raw material production **66,27%**
- Packaging production **3,10%**
- Trasportation for upstream processing **0,18%**
- Dyeing **4,68%**
- MP transport and packaging **0,93%**
- Production/assembly **12,86%**
- Transport from production to San Donà site **2,76%**
- Distribution **2,53%**
- Product end of life **6,19%**
- End of life packaging **0,49%**



- Raw material production **64,29%**
- Packaging production **0,93%**
- Trasportation for upstream processing **0,12%**
- Dyeing **25,61%**
- MP transport and packaging **0,51%**
- Production/assembly **4,52%**
- Transport from production to San Donà site **0,84%**
- Distribution **0,67%**
- Product end of life **2,48%**
- End of life packaging **0,16%**



- Raw material production **65,42%**
- Packaging production **2,17%**
- Trasportation for upstream processing **0,15%**
- Dyeing **13,65%**
- MP transport and packaging **0,75%**
- Production/assembly **9,28%**
- Transport from production to San Donà site **1,94%**
- Distribution **1,73%**
- Product end of life **4,60%**
- End of life packaging **0,35%**

UPSTREAM CORE DOWNSTREAM

WHY

The terms "environmental claims" or "green claims" refer to the practice of suggesting or creating the impression that a product or service is environmentally friendly or less harmful than similar, competing products or services. If such statements are false or cannot be verified, it can be called "*greenwashing*" or misleading environmental marketing²¹.

Many of the sustainability claims found online are not genuine. The European Commission has estimated that 42 percent of the claims found online are exaggerated, false or misleading, which can amount to unfair trade practices²².

Regulations in green claims are increasingly stringent, and every claim must be supported by adequate sources and documentation. For this reason and to contribute to the fight against greenwashing, Atlantis is committed to making truthful, verifiable, and reliable sustainability communication.

Certifications are a valuable tool in ensuring the execution of environmental or social performance and certifying that a company or product complies with specific requirements, so their use is also critical in verifying the environmental characteristics of products.

HOW

- **Ensure that 100% of claims made are always verified** and supported by appropriate documentation. In particular:
 - **CHEMICAL PROCESSES:**
 - **Implement the sample plan** provided by Master Italia. In this regard, in 2022 our PRSL (Product Restricted Substances List) was revised to be more restrictive than the legal limits
 - **Prefer certifications that include standards on chemical processes** (see Sustainability Principle Add-on: Produce our hats from suppliers with positive environmental ratings)
 - **MATERIALS:**
 - **Adhere to the certifications listed** in the *Preferred Materials List*
 - **OTHER:**
 - **Always request necessary documentation from suppliers** to support environmental and social statements

²¹ https://ec.europa.eu/environment/eussd/pdf/green_claims/it.pdf

²² https://ec.europa.eu/commission/presscorner/detail/it/IP_21_269

Traceability and transparency

WHY

The UN Global Compact defines traceability as the ability to identify and reconstruct the history of products, their components and materials to ensure the protection of human rights, labor, environment and legality throughout the supply chain²³.

The fashion industry's supply chains are long and complex, and it is difficult to track their operations. Considering that most emissions are concentrated "upstream" in the supply chain, tracking them becomes crucial because it allows companies to combat human rights violations, identify the main causes of environmental impact and manage reputational risks.

Traceability is also critical in responding to external pressures (e.g., Fashion Transparency Index, proposed Directive on Business Due Diligence in Sustainability, Uyghur Forced Labor Prevention Act) and as a proactive communication tool to consumers (56 percent of consumers consider transparency and traceability of the supply chain an important factor in their purchases)²⁴.

HOW

- Gradually increase knowledge and traceability of the upstream supply chain by administering questionnaires to suppliers and using any traceability software.

Respect for people in the supply chain

WHY

The fashion supply chain employs 85 million people. Garments and accessories sold around the world are often produced in factories in Asia, Southern and Eastern Europe, Africa and Latin America. Manufacturing in developing countries means that companies face a number of social risks²⁵.

For this reason, it is crucial for Atlantis to pursue an environmental transition that meets criteria of justice and ethics. For us, this means promoting an inclusive work environment in which there is no discrimination or exploitation and which guarantees equal opportunities and a decent wage.

²³ A Guide to Traceability - UN Global Compact

²⁴ PwC's March 2021 Global Consumer Insights Pulse Survey

²⁵ International Labour Organization (2020). The supply chain ripple effect: How COVID-19 is affecting garment workers and factories in Asia and the Pacific.

HOW

- Gradually require direct suppliers to conduct audits and/or acquire certifications that include aspects of social protection. End of 2022:
 - **34,38% of suppliers were subject to BSCI audits**
 - **15,63% of suppliers were subject to SMETA audits**
 - **15,63% of suppliers offer GRS-certified products**
 - **6,25% of suppliers were subject to ICS audits**
 - **6,25% of suppliers offer GOTS-certified products**
 - **3,13% of suppliers are ISO 45001 certified**
 - **3,13% of providers were subject to WRAP audits**
- Gradually extend the supplier rating system to indirect suppliers until Tier 3 is achieved. A 2025 target will be set during 2023 regarding the percentage of indirect suppliers that can demonstrate guarantees of worker protection



APPENDIX: ELEMENTS EXCLUDED FROM THE FRAMEWORK

The following aspects were excluded in the Framework:

- **Transportation**, since the Carbon Footprint analysis showed that they account, on average, for only 2.84% of the emissions produced. We use sea freight rather than air freight to ship Atlantis goods from direct suppliers, and we are suggesting that our customers do not request custom items to be shipped by air.
- **Life extension and end-of-life management**, of products since they are not under our direct control by selling mainly B2B. However, we will publish an ad hoc webpage to explain to consumers how to best care for products, make them last as long as possible, and dispose of them properly at the end of life.
- **Packaging**, as the Carbon Footprint analysis showed that they represent, on average, only 2.52% of the emissions produced. However, we are trying to use FSC-certified packaging and recycled packaging wherever possible. We have also welcomed as an opportunity the Italian legislation on environmental labeling, to raise awareness among customers/suppliers of the wording to be included and to make them aware of the sustainability policies adopted.
- **Design for recyclability of visor caps** since, despite the fact that the Carbon Footprint analysis shows that the end-of-life phase of our visors accounts, on average, for 6.19% of the emissions produced compared to 2.48% for caps, the recyclability of visors is complex due to the multitude of materials that compose them. However, the active R&D project with Crossing srl aims to analyze the fibers currently used by Atlantis and their environmental impact and to identify improved solutions in terms of circular design and end-of-life management.



**CIKIS
STUDIO**

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**Product
Sustainability
Framework**

The Atlantis logo, featuring a stylized blue infinity symbol above the word "Atlantis" in a bold, sans-serif font.

www.atlantisheadwear.com