THE IDFACTORY | Certified B Corporation

IMPACT REPORT 2023

theidfactory.com

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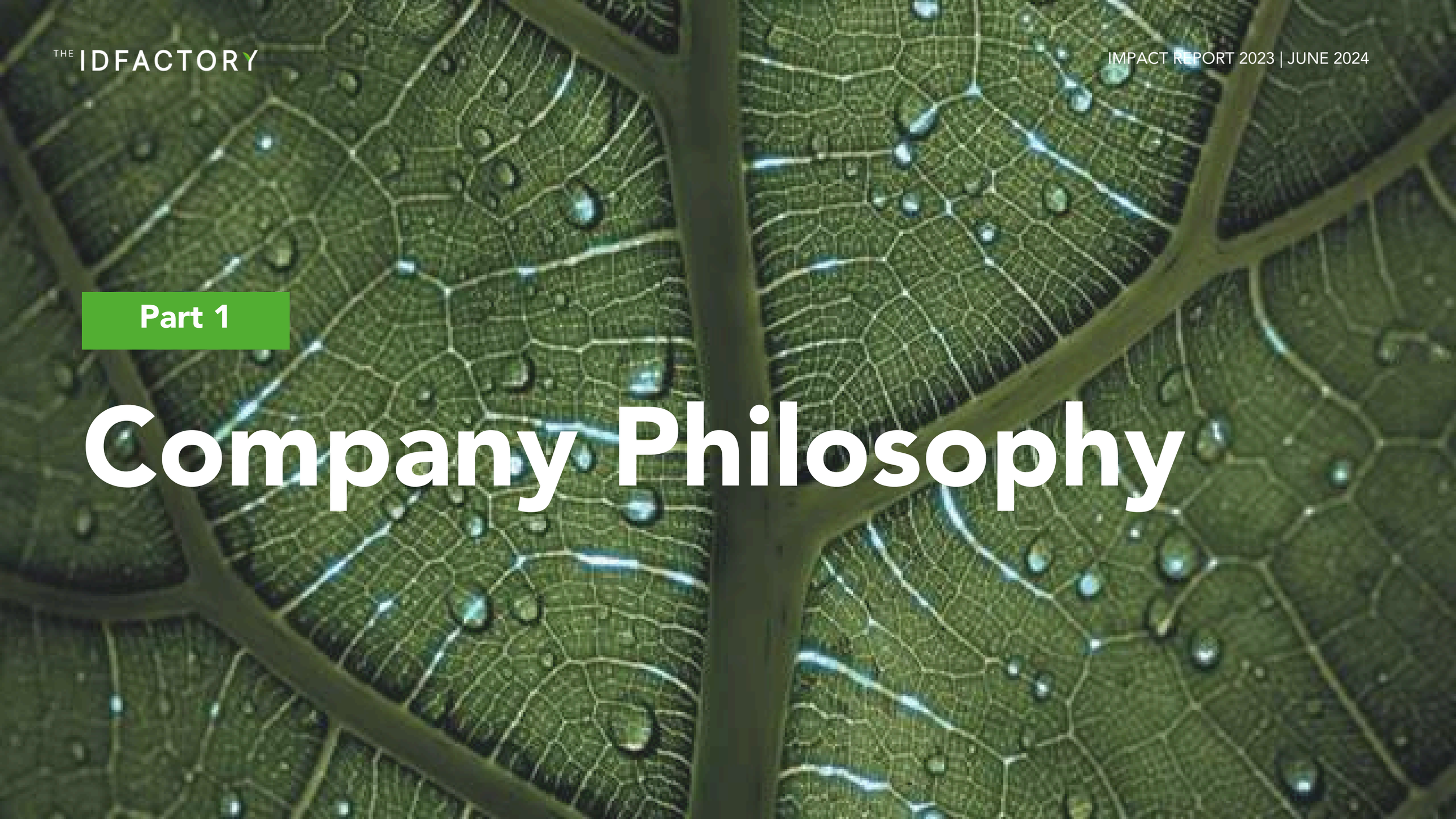


Part 1

Company Philosophy

Who we are

“Without data, you are just another person with an opinion.” - William E. Deming

If we want to measure the impact of our actions, data are essential.

The data itself aren’t good or bad – it’s just a matter of choosing how to use them. We can continue to use them to defend ourselves from external attacks, or we can be proactive and start putting them in support of strategic choices.

In 2015 The ID Factory was born.

The ID Factory is a supply chain traceability platform that, through the creation of a product passport, allows fashion companies to gain end-to-end transparency over their global supply chain.

Our mission is to empower brands in making timely, informed, and data-driven decisions that are the most effective for their business.

Only by having structured information and complete visibility along the supply chain we can understand where there are areas of improvement and where we can solve critical issues to have a positive impact.

CLIENTS & PARTNERS

HUGO BOSS

TEDDY GROUP

TOMMY HILFIGER

Calvin Klein

apparel impact institute

United Nations Global Compact

smi SISTEMA MODA ITALIA FEDERAZIONE TESSILE E MODA

Textile Exchange

ROADMAP TO ZERO

GFA

Benefit Company & B Corp

At The ID Factory, we strongly believe in the power of fashion to inspire people.

For this reason, we want to support the transition to a more traceable and transparent industry that uses technology to connect suppliers, manufacturers, designers, and final users.

To share our story and commit ourselves to the greatest purpose, we decided to become a Benefit Company and to formalize our three main impact areas in our statue.

Since June 2021 we are also certified as a B Corp.
We earned an overall score of 100.1 out of 200, meaning that we are a regenerative business which gives back more value to its own stakeholders compared to the value it extracted.

We have also created several B Corp campaigns to promote the Fashion B Corp movement and to approach new people to this community.

Our B Corp recertification will be reviewed in 2024.

Part 2

Impact Areas

Impact Areas

TRACEABILITY

We want to help brands to trace the production phases and the actors of their supply chain so that the fashion industry is more transparent and consumers are more aware.

INCLUSIVE ORGANIZATION

We strive to create a safe and positive working environment that values the authenticity and unique contribution of each memeber of the team.

COMMUNITY SUPPORT

We want to generate a positive impact on the wider community with which we operate and share best practices to improve ourselves and support others.

TRACEABILITY

"We work to promote innovative traceability systems that make it easy and transparent to monitor the information and materials flows across global fashion supply chains."

By creating a data centric platform for the fashion industry we want to support brands to easily manage their supply chains and to gain end-to-end visibility over all materials. Transparency is the first step towards sustainability.

OUR COMMITMENT

The ID Factory is a supply chain traceability platform (SaaS) that, through the creation of a Digital ID, allows fashion companies to gain end-to-end transparency over their global supply chain.

We digitize operations like quality control, compliance, extended procurement and traceability through a dynamic database that can be integrated with any management system.
A product passport enabled by a physical and digital traceability at scale.

Our goal is to make the fashion industry as transparent and traceable as possible, for this reason we support and empower fashion brands and their supply chains in a co-evolution process towards a strategic commitment for continuous improvement and the creation of shared value.

Today one of the main problems in the fashion industry is the lack of transparency. Very few stakeholders have all the information below tier 2 and tier 3.

In 2023, for the first time, more than half (52%) of major fashion brands disclosed their first tier supplier lists, according to the Fashion Transparency Index,

The overall average score in the Traceability section, however, is 23% with nearly half (45%) of brands sharing little to nothing, scoring just 0-1% overall in this section.*

This year, we were able to o offer a more granular view of the supply chain through important developments of out platform.

*FASHION TRANSPARENCY INDEX 2023

Key Activities

- Engage New Brands
- Mapping and Trace Module
- Multi-Tier Traceability Module
- Enhancement of Existing Assets

Engage brands

The ID Factory has the vision to make the fashion industry as traceable and transparent as possible.

To achieve our purpose, we aim to partner with fashion brands, and to work with them to gradually onboard all the supply chain tiers, starting from the first one and going lower down to the farm.

Until 2023, we have been able to engage 20 international brands in the traceability process, including Geox, Tommy Hilfiger, Calvin Klein, Hugo Boss, North Sails, Calliope, Rinascimento, Terranova, and more than 800 stakeholders among factories and material suppliers.

We have promoted various initiatives to increase brand engagement, including creating promoters of The ID Factory within the brands, evaluating their degree of loyalty through Net Promoter Score tools and Brand user interviews. We are proud to have a retention rate of 100%.

The purpose of these activities is to increase the relationship between company and customer because it has been shown that customer satisfaction and loyalty are directly related to revenue growth.

Mapping and Trace Module

The "Mapping and Trace" module has been developed to differentiate the traceability capabilities of the platform.
The new module differs from the existing "Tracking Module" in several key ways:

- Interaction and Organization: It facilitates interaction with direct suppliers and organizes data from indirect suppliers in a structured manner, ensuring that all relevant information is collected and accessible.
- Real-Time and Ex-Post Mapping: This module allows for mapping both in real-time and retrospectively, ensuring the possibility to map materials as they move through the supply chain and also review and analyze past data.
- Vertical Solution for Traceability and Compliance: It represents a specialized solution tailored for traceability and compliance departments. This focus helps ensure that our products meet environmental and regulatory standards at every stage of production.
- High Flexibility: The module offers high flexibility in defining processes and tiers related to product genealogy. This adaptability allows us to customize the mapping process according to our specific needs and the complexity of our supply chain.

Multi-Tier Traceability

The "Multi-Tier Traceability" module has been created to offer a more granular view of the supply chain, extending beyond direct suppliers to include all tiers of production. This module tracks materials and components at every stage, from raw material suppliers to finished product manufacturers.

By providing detailed traceability across multiple tiers, this module helps in pinpointing issues quickly, facilitating better decision-making, and enhancing the integrity of the supply chain.

Enhancement of Existing Assets

- Graphical Refactoring of Portal:
  - The traceability platform has undergone a significant graphical refactoring of its portal. This involves a complete redesign of the user interface to make it more intuitive, user-friendly, and visually appealing.
  -
- Integration Process Restructuring:
  - The processes for integrating the traceability platform with external ERP systems have been restructured. This development ensures smoother, more efficient data exchanges between our system and external enterprise resource planning systems, enhancing the interoperability of our traceability system and reducing potential errors in data transfer.
- Development of Traceability Dashboard:
  - A new Traceability Dashboard has been developed to provide real-time insights into the supply chain. This dashboard offers a comprehensive overview of traceability data, including key metrics, performance indicators, and potential issues. It is designed to support decision-making by providing stakeholders with timely and accurate information, thereby improving the overall management and monitoring of the supply chain.

Measuring Progress

ACTIVITY	KEY OBJECTIVE	PERIOD (per quarter)
Engage New Brands	Two new brands have adopted our solution.	ALL YEAR LONG
Mapping and Trace Module	Facilitate real-time and retrospective material and product mapping and achieve transparency in the declared supplier chain.	ALL YEAR LONG
Multi-Tier Traceability Module	Improve supply chain visibility from tier 1 to tier 4.	ALL YEAR LONG
Enhancement of Existing Assets	Enhance user experience with a portal redesign, optimize ERP integration processes, and introduce a dynamic dashboard for real-time supply chain insights	GEN-MARCH / JULY-SEPT / OCT-DEC

INCLUSIVE ORGANIZATION

"We aim to Create a strong group identity that values the authenticity and unique contribution of each."

At The ID Factory, we cultivate an inclusive environment where every voice matters, embracing diversity as a cornerstone of our success.
We prioritize a collaborative culture that values work-life balance and encourages personal growth.

OUR COMMITMENT

Our Values

We strongly believe in the values of TRUST, RESPONSIBILITY and HAPPINESS.
For this reason, we are committed to promoting them among our people.

Giving trust increases autonomy and it's a great factor of motivation, innovation and experimentation.
Receiving trust facilitates employees' growth and allows them to build their own work independently.

Responsibility: having the freedom to make decisions, accepting the consequences of their mistakes and acknowledge them in order not to repeat them in the future.

Happiness: we believe that creating a peaceful environment can make employees happy and satisfied and that this contributes to make work more productive.

Those who work in an organization that has a corporate culture based on trust, responsibility and happiness work better, collaborate more and hardly leave the workplace.

Remote working

The ID Factory offers its employees the choice of whether they prefer to work from home or in the office.

Being free to work from anywhere in the world allows employees to:

- improve the work-life balance
- increase motivation and satisfaction
- reduce CO2 emissions
- reduce absenteeism

Even after the pandemic, we decided to keep using the smart working formula: 50% of the team decided to work from home instead of moving to Vicenza, which means that our company is spread throughout Italy with people from Lombardy, Emilia Romagna, Tuscany, and Marche.

To go beyond physical distance, we continue to value the identity of each of our people by building a strong, compact, and aligned team.

We promote a series of weekly and monthly activities that allow us to always stay in touch and share moments.

Key Activities

- Power Walking
- ID Days
- Butterfly Effect
- Sharing Company Results

Power Walking

The ID Factory wants to promote an alignment of the activities carried out by the whole team, but in an alternative way: walking while working makes people feeling better and more energetic.

The power walking is a bi-weekly meeting occurring on Friday morning where each member of the team shares the activities and projects he/she is working on while walking around during a Google Meet call.

ID Days

The ID Days consist in one or two days to stay in touch, to know each other, to do team building, to reflect on the past and plan the future TOGETHER, in different locations: it could be at the beach or in the mountains.

As our team is spread all over Italy, team building activities provide a platform for team members to get to know each other on a personal level, which is vital for building trust, improving communication and enhance the sense of belonging.

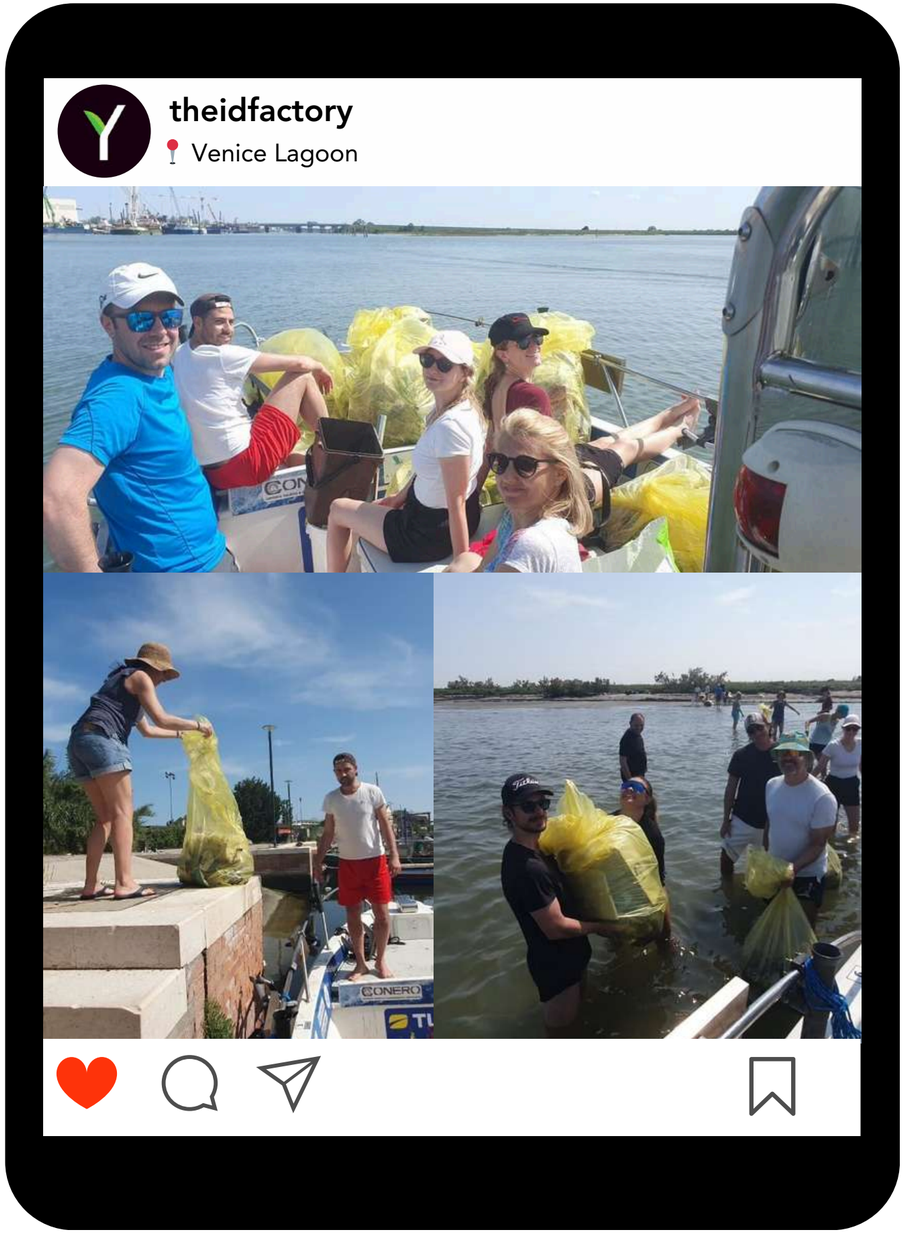
ID Days
May 2023

On May 30th and 31st, the entire team participated in the “Laguna Pulita” Project on the island of Aleghero, in the Venice Lagoon.

The environment in the island is very fragile, with extremely delicate natural balances.

In recent years, the island has been inundated with trash and floating debris brought in by marine currents.

Our team dedicated a whole day cleaning the lagoon and supporting the community.



ID Days
December 2023

In December we were thrilled to celebrate the holiday season alongside the incredible teams from Process Factory Srl, 4sustainability, and Ympact, all united under the YHub holding.

The gathering brought together numerous faces, each contributing to an atmosphere filled with joy and laughs.

Understanding the people behind our goals and strategies is fundamental. It's essential to recognize and appreciate their unique contributions and to cherish the experiences we share.

Butterfly Effect

Drawing inspiration from the butterfly effect, we understood that even the smallest actions in the present can have a profound impact on our future outcomes.

In 2023, we embraced the philosophy that achieving our goals requires collective effort and teamwork. We firmly believed in empowering everyone to effect change and drive improvement through their daily activities.

To realize this vision, we encouraged each individual to voice their opinions, take proactive steps, and actively contribute towards our shared objectives.

Sharing company results

To ensure transparency and alignment across the organization, we've established quarterly sessions where management updates all team members on our progress and accomplishments.

Under the Butterfly Effect initiative, we've established unique revenue and client acquisition targets for each team (IT, sales, operations, marketing, and finance).

Each team is provided with feedback on their performance, which will contribute to determining their individual bonuses.

Measuring Progress

ACTIVITY	KEY OBJECTIVE	PERIOD (per quarter)
Power Walking	Increased sharing within the team members.	ALL YEAR LONG
ID Days	We have created new links with team members working remotely and strengthened the existing ones.	APRIL-JUNE / OCT-DEC
Butterfly Effect	To empower every individual to make impactful changes through proactive daily activities and active contributions toward our shared objectives.	ALL YEAR LONG
Sharing company results	All the employees are aligned on the company results and partecipate in achieving the business goal.	ALL YEAR LONG

COMMUNITY SUPPORT

"We want to have a positive impact on the wider community with which we operate."

"Small steps all together drive us to walk long distances" is our motto.
We work with our technology providers and sustainability partners in fashion to deliver our values and educate people.

OUR COMMITMENT

In 2023, we aimed to educate professionals, students, and enthusiasts through a variety of events. We focused on raising awareness about data collection and its significance for making informed decisions within our customers' supply chains.

By collaborating with technology providers and sustainability partners, we were able to promote our values and educate the community.

We believe that knowledge and awareness empower people to advocate for sustainable development, human rights, gender equality, and a culture of peace. For this reason, we organized various training courses, webinars, and free digital events to raise awareness about traceability and sustainability topics. The ID Factory has been at the forefront in participating in awareness events related to these crucial issues.

Key Activities

- Participation in Sustainability Awareness and Traceability Events
- Yhub Group creation
- CIRPASS Project
- Uni Credit Start Lab

Participation in Sustainability Awareness and Traceability Events

The ID Factory is passionately committed to fostering community education and engagement, and this dedication drives us to organize and participate in a wide array of events.

Our mission is to illuminate the latest advancements in fashion tech, creating a vibrant networking hub where manufacturers, suppliers, and designers can connect and collaborate.

Through dynamic seminars, workshops, and presentations, we educate attendees on the latest industry developments, sustainability practices, and market trends, sparking innovative business strategies and partnerships within the fashion ecosystem.

Our events also serve as a platform to discover and connect with other Italian and European entities that champion the sharing economy.

We demonstrate how technology and QR codes can revolutionize the fashion industry, promoting transparency and traceability.

At The ID Factory, we believe that by sharing knowledge and building strong networks, we can collectively shape a more sustainable and innovative future for fashion.

Participation in Sustainability Awareness and Traceability Events

EVENT	YOONAVERSE	Berlin Fashion Summit	Global Fashion Innovation Expo Limitless	Texworld New York	Fashion Innovation	Kingspins Show di Sugar City
TOPIC	Hybrid conference (live and in the metaverse) focused on technology, innovation and sustainability in fashion	Sustainability in fashion	Technological innovations, including artificial intelligence, Web 3, virtual reality, and sustainability	Fabric and materials for fashion	Connects voices from the fashion & innovation ecosystems	Denim and jeans supply chains

Participation in Sustainability Awareness and Traceability Events

EVENT	E-Pitti Summit	EIIS Sustainability Summit	Smau London	Unicredit Start Lab	Expo Riva Shuh	GFS Copenaghen
TOPIC	Digital tools applied to the world of fashion and luxury	Innovation and sustainability	Italian Innovation Ecosystem, the Londoner Hub and UK Market.	Young entrepreneurs, innovation and new technologies.	International trade fair dedicated to footwear, leather goods and accessories	Sustainability in fashion

Participation in Sustainability Awareness and Traceability Events

EVENT	Sustainable Leather Forum Paris	UITIC International Technical Footwear Congress	Sustainable Apparel Coalition	GFS Boston	Textile Exchange Conference	GFS Copenaghen
TOPIC	CSR (Corporate Social Responsibility) in the leather industries	Technical knowledge in the footwear industry	Apparel, footwear and textile industry for a sustainable production	Sustainability in fashion	Solutions to overcome the climate crisis in the fashion, textile, and apparel industry	Sustainability in fashion

Participation in Sustainability Awareness and Traceability Events

EVENT	Sustainable Leather Forum Paris	UITIC International Technical Footwear Congress	Sustainable Apparel Coalition	GFS Boston	Ecomondo
TOPIC	CSR (Corporate Social Responsibility) in the leather industries	Technical knowledge in the footwear industry	Apparel, footwear and textile industry for a sustainable production	Sustainability in fashion	Promote sustainable practices and innovation in environmental sectors.

Yhub Group creation

Since over 80 percent of a brand's environmental impact comes from supply chain processes, new solutions are needed to trace, collect, and verify this data to reduce environmental and social impacts. One of the major challenges is collecting sustainability data along production chains, especially with incoming legislation.

The ID Factory, along with Process Factory and Ympact, create the YHub Group in 2023.

Yhub is the premier Italian holding company for innovative services and digital platforms, guiding brands and supply chain through the sustainable transition.

YHub is an integrated hub of skills, methods, and technology designed to effectively address the market's challenges. Our comprehensive approach ensures that brands can navigate the complexities of sustainability, making their supply chains more transparent and accountable.

+60 | professionals

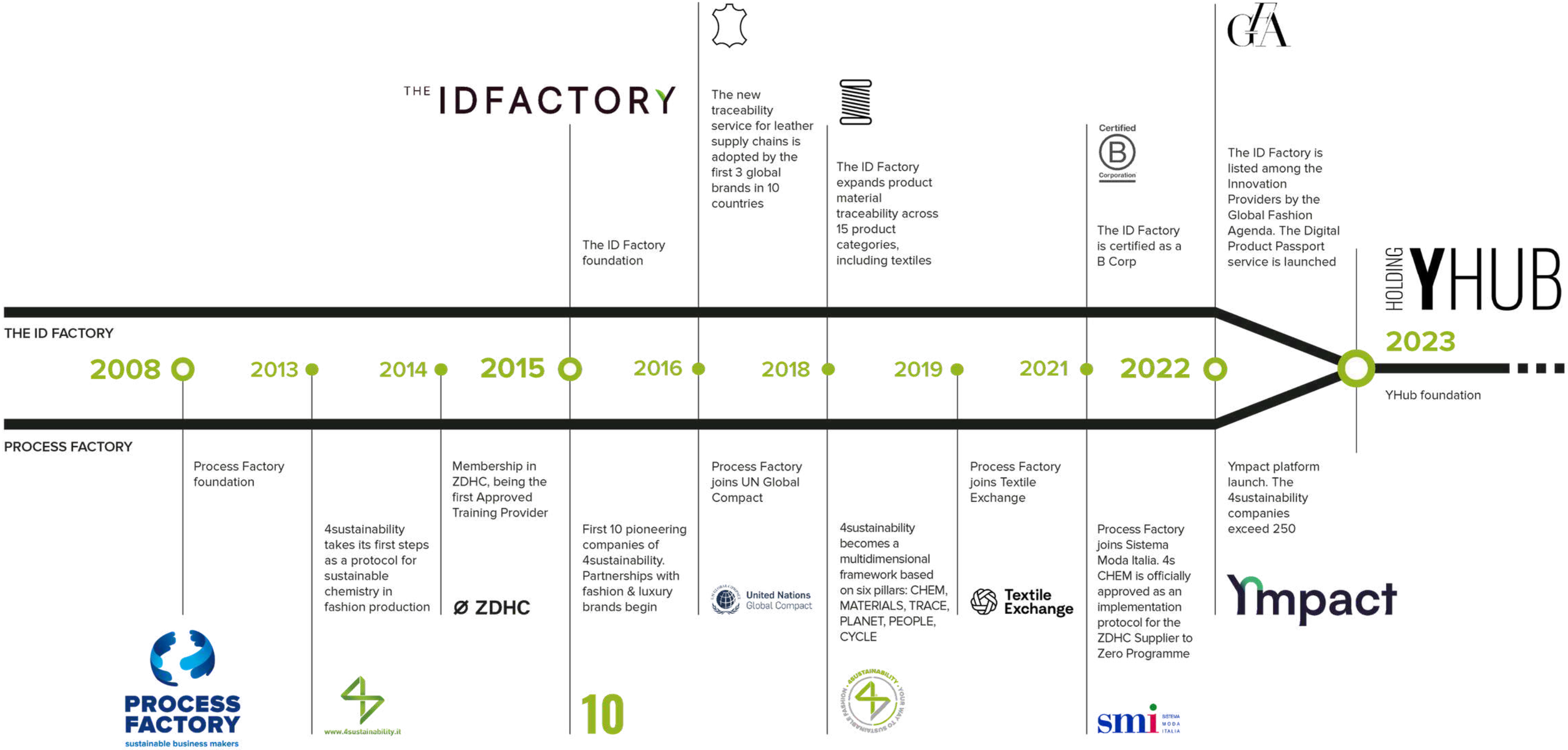
+50 | global brands

+80000 | suppliers mapped

+3000 | active users

22 | countries

1 bil | materials traced


THE IDFACTORY
The new traceability service for leather supply chains is adopted by the first 3 global brands in 10 countries
The ID Factory expands product material traceability across 15 product categories, including textiles
Certified B Corporation
The ID Factory is certified as a B Corp
The ID Factory is listed among the Innovation Providers by the Global Fashion Agenda. The Digital Product Passport service is launched
HOLDING YHUB
2023
YHub foundation
The ID Factory foundation
THE ID FACTORY
2008
2013
2014
2015
2016
2018
2019
2021
2022
PROCESS FACTORY
Process Factory foundation
4sustainability takes its first steps as a protocol for sustainable chemistry in fashion production
Membership in ZDHC, being the first Approved Training Provider
ZDHC
First 10 pioneering companies of 4sustainability. Partnerships with fashion & luxury brands begin
10
Process Factory joins UN Global Compact
United Nations Global Compact
4sustainability becomes a multidimensional framework based on six pillars: CHEM, MATERIALS, TRACE, PLANET, PEOPLE, CYCLE
Process Factory joins Textile Exchange
Textile Exchange
Process Factory joins Sistema Moda Italia. 4s CHEM is officially approved as an implementation protocol for the ZDHC Supplier to Zero Programme
smi
Ympact platform launch. The 4sustainability companies exceed 250
Ympact
PROCESS FACTORY
sustainable business makers
www.4sustainability.it

YHUB

Science-based transition for fashion and luxury industries.

THE IDFACTORY

The traceability platform.

4sustainability
your way
to sustainable fashion

The sustainability framework.

PROCESS FACTORY

The training and consulting partner.

Ymact

The impact measurement platform.

People

61	32	14	8	1
Team members	**Sustainability**	**Tech**	**Customer experience**	**Vertical industry**

CIRPASS Project

CIRPASS stands for “Collaborative Initiative for a Standards-based Digital Product Passport for Stakeholder-Specific Sharing of Product Data for a Circular Economy.”

Funded under the DigitalEurope program, CIRPASS aims to establish the groundwork for the gradual experimentation and dissemination of DPPs.

The goal is to frame existing initiatives related to DPPs and observe general macro trends and existing gaps in alignment with the objectives of the ESPR proposal.

CIRPASS is preparing the ground for the gradual piloting and deployment of the DPP, focusing on developing a roadmap for prototypes in three value chains, including textiles.

The ID Factory has been selected to be part of the "Textile Stakeholders Group" for CIRPASS-2.

Uni Credit Start Lab

The Start Lab program, organized by UniCredit, aims to support and promote innovative startups in the "Innovative Made in Italy" sector. It offers a range of benefits to the selected startups, including:

- Business Partnerships
- Investor Connections
- Startup Academy
- Mentorship
- Corporate Partnership Program
- Collaborations with UniCredit

The ID Factory has proudly been selected in June 2023 to be part of such program with several other companies that same as us want to unlock the change.

Measuring Progress

ACTIVITY	KEY OBJECTIVE	PERIOD (per quarter)
Participation in Sustainability Awareness and Traceability Events	Revolutionize the fashion industry by fostering education, collaboration, and innovation through events that promote sustainability, fashion tech and supply chain traceability.	ALL YEAR LONG
Yhub Group creation	Become the first italian holding supporting a science-based transition for fashion and luxury industries.	JULY - SEPT
CIRPASS Project	Frame existing initiatives related to DPPs and observe general macro trends and gaps in alignment with the objectives of the ESPR proposal.	MARCH - MAY
Uni Credit Start Lab	Establish new commercial, industrial, and technological partnerships, gain access to potential investors, and participate in coaching and mentoring programs.	MARCH - MAY

2023 Highlights and Milestones

"No improvement is possible without measurement and no measurement is possible without a tracking system."

Fashion Impact: EP SUMMIT, GFA, SLF & TE Conference

In 2023, we made significant strides by participating in key industry events and initiatives:

1. We joined leading professionals at the EP Summit, fostering collaboration and innovation in sustainable fashion.
2. Our involvement with the Global Fashion Agenda connected us with top sustainable solutions, pushing for a transparent fashion future.
3. SLF & TE Conference: We presented at the Sustainable Leather Forum & Textile Exchange Conference, sharing our advancements in supply chain traceability.

Transparency

In 2023, we continued our mission to make the fashion industry more transparent by offering valuable tools for both brands and consumers. We focused on simplifying our platform, making it more user-friendly, and redesigning it into modular components to facilitate widespread adoption. Every day, we are driven by the desire to create a more transparent, informed, and aware industry.

THE IDFACTORY

2023 Highlights and Milestones

Part 3

Next Steps

Objectives for 2024

This Impact Report is a continuous work in progress, a way for our organization to track our impact, make progress towards the goals and improve over time. This section outlines our strategy to continue the good work done so far.

- HR Policy Creation
- Formalize Carbon Neutrality Goal
- Traceability Masterclass Program
- BCorp ricertification: 110 points?

Human Resources Policy

As we embarked on the journey for our B Corp recertification scheduled for June 2024, we recognized the need to formalize our ongoing initiatives and introduce new ones.

Our commitment for 2024 is to develop a comprehensive policy for our human resources, aimed at solidifying and effectively communicating key initiatives that enhance employee well-being and promote diversity and inclusion within our company.

Our dedication to these actions is driven by our commitment to achieving three Sustainable Development Goals (SDGs):

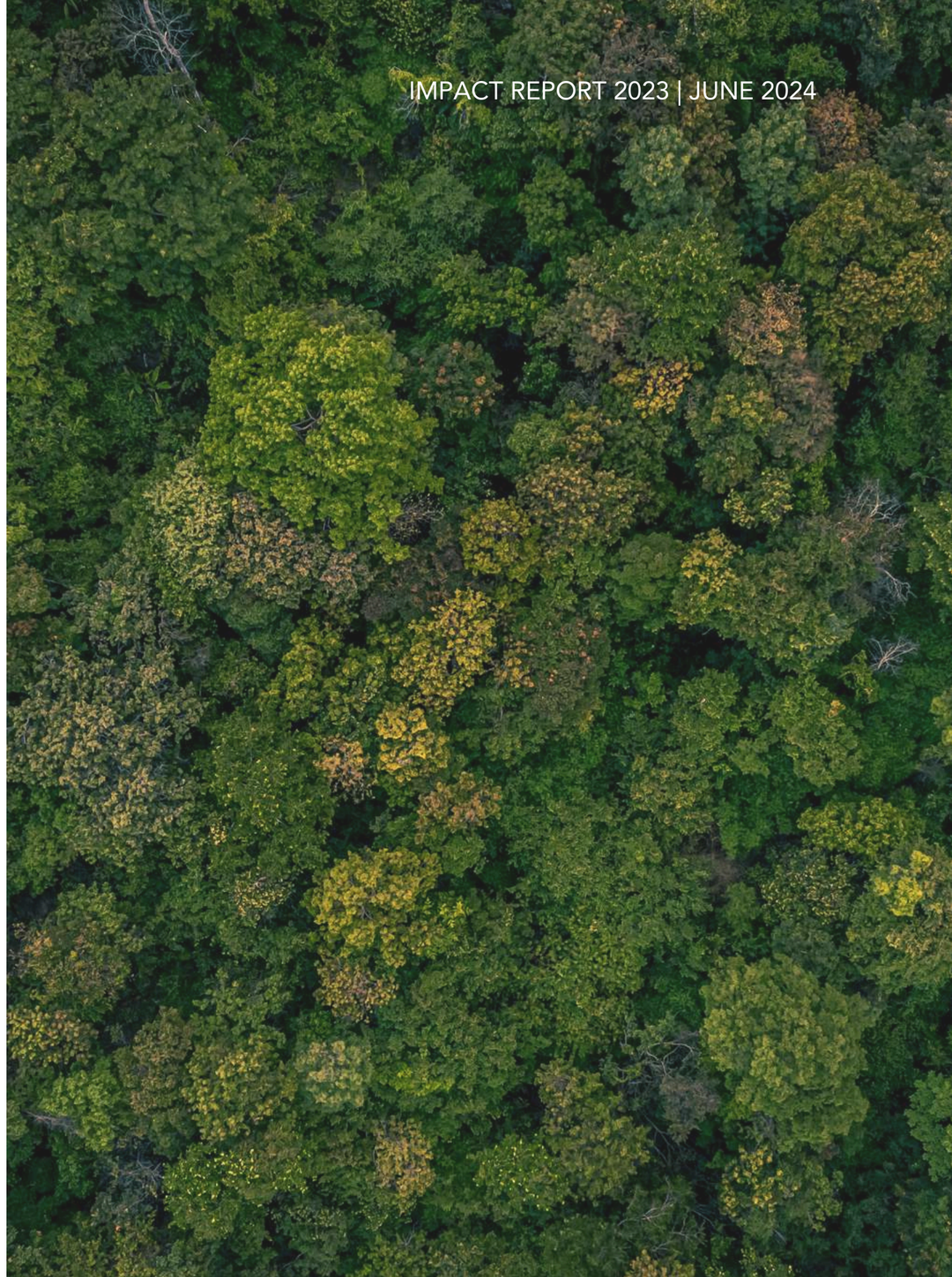
- 5 (Gender Equality),
- 8 (Decent Work and Economic Growth),
- 16 (Peace, Justice, and Strong Institutions).

Carbon Neutrality Goal

The Co2alizione for Europe is a group of important Italian companies that decided to address in a concrete way the issue of zero emissions, formally committing themselves to the explicit integration of a goal of climate neutrality.

After joining CO2alizione in 2022, we are ready to take the next step and officially formalize our commitment to becoming carbon neutral.

In 2024, we will commit to writing into our statute the goal of eliminating our CO2 impact by 2030.



Traceability Masterclass

In 2024, we aim to engage our network through a series of live demos and masterclasses.

Each session will cover important topics such as the upcoming EU Green Deal legislation, the EU Textile Strategy, and technological advancements like Digital Product Passport case studies, Mapping, and Tracking.

Featuring special guests who are experts in their fields, these demos will offer participants valuable insights and practical knowledge to help them navigate the evolving fashion industry.

BCorp: reach 110 points!

In 2021, The ID Factory proudly achieved B Corp certification for the first time, earning a score of 100.1. The scores for each pillar were as follows:

- Governance: 15.7
- Workers: 30.3
- Community: 21.9
- Environment: 12.4
- Customers: 19.6

With our recertification scheduled for June 2024, we aim to reach and surpass a score of 110 points, further demonstrating our commitment to social, environmental and governance excellence.

THE IDFACTORY | Certified B Corporation

THANK YOU!

The ID Factory Srl Società Benefit Unipersonale

L.go Danilo Danieli, 9,

36071 Arzignano, Italy

Phone: +39 0444 451789

P.IVA e C.F. 03970050245

info@theidfactory.com

www.theidfactory.com