



Sustainability report

Consolidated declaration
of a non-financial nature in compliance
with
Articles 3 and 4 of Legislative Decree
254 of 2016







Ratti Group 2019

Sustainability report
Consolidated declaration of a
non-financial nature

in compliance with Articles 3 and 4 of Legislative Decree 254 of 2016

















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Letter from the Chairman

For the third consecutive year, we are publishing our sustainability report. This work has been carried out following a model that seeks to highlight the quality of relationships, within a context that includes not only financial, but also social and environmental aspects.

The objective of this document is to reflect more deeply on the projects carried out and the choices made, and on the values that have guided our actions and the relationships that we have constructed, not only within the company, but also externally.

On the seventy-fifth anniversary of our foundation, I would like to underline significant features of our identity, established, right from the start, as a home to creativity and beauty. We are talking about fundamental elements of our daily life and our work. A reason for pride and for responsibility in following our goals and bringing to fruition the projects that this document narrates.

My personal thanks go to the commitment shown by all our staff. We are confident we will be able to achieve new goals, in the knowledge that there is still much work to do, but we are equally aware that with commitment, talent and creativity we will continue along the path we have taken.

Letter from the CEO

Our sustainability report confirms, for the third year, this important process of providing information of benefit to all our stakeholders, with the aim of raising their awareness of the impact our Group has not only on a financial, but also on an environmental and a social level. This is precisely the goal of this document – to make transparent and give greater visibility to the activities carried out and increase their legitimacy and approval from a perspective of responsible business strategy.

By means of our latest report we wish to provide concrete evidence of the process of innovation and development that is under way in the company, and to explain all our projects, seeking to respond to old needs and new to construct, together, a new chapter in the history of Ratti. In order to achieve all of this, significant production and organisational changes have been implemented in order to maintain the right balance between economic sustainability and the practical realisation of ideas and projects.

All choices made and all changes implemented always aim to support growth and, at the same time, ensure that we never reduce our focus on the people who, through their work and their creativity, contribute to everything we will describe in these pages. It is, indeed, through a responsible contribution from everyone that Ratti, again in 2019, has been able to grow and to remain a leading player through its art of savoir-faire. On the occasion of our seventy-fifth anniversary, the past, present and future represent the levels at which one measures the credibility of our responsibility in a process that involves us all, with the objective of constructing a Group in which each of us can express our potential and our own creative flair with regard to neighbours and the environment that surrounds us.

SUSTAINABLE OFFER

RECYCLED AND ORGANIC ARTICLES IN ALL RATTI COLLECTIONS













2013

Ratti obtains Oeko-Tex ® Standard 100 certification for certain raw materials. 2015

Ratti SpA obtains the following certifications: SA8000:2014 for corporate social accountability, ISO14001: 2015 for environmental accountability

2016

The Tunisia company (*Creomoda*) obtains SA8000:2014 certification 2017

The Responsible
Collection is launched;
Ratti SpA obtains
certification
OHSAS18001:2007
relating to health and
safety in the workplace,
and publishes a certified
environmental declaration
in accordance with
ISO14021:2016

2018

The Responsible
Collection adds four
new materials;
Ratti obtains Seri.Co
certification and
becomes a member
of the BCI (Better
Cotton Initiative)

2019

Ratti grows in Tunisia through the company La Maison des Accessoires and takes a stake in the share capital of Marielle (Florence); it obtains GOTS, RCS, ISO50001 and ISO9001 certification; it becomes a ZDHC contributor.

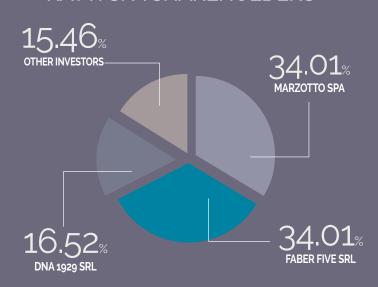
RATTI CHOSEN BY DELOITTE

For its research into Made in Italy and the Italian excellence of the title "Making IT – fitting the future".

For over seventy years, in fact, the Group has represented one of the most significant voices in the panorama of printing, a point of excellence for creativity, professionalism and sustainable responsibility.

It is precisely because of this approach that it has been selected, in order to tell the story of a prowess and beauty that is deeply rooted in people and their talents.

RATTI SPA SHAREHOLDERS



5+million
METRES OF FABRIC
SOLD BY THE RATTI
GROUP

1million
THE DESIGNS AND
FABRICS THAT THE
RATTI GROUP HOLDS
IN ITS ARCHIVES

12%

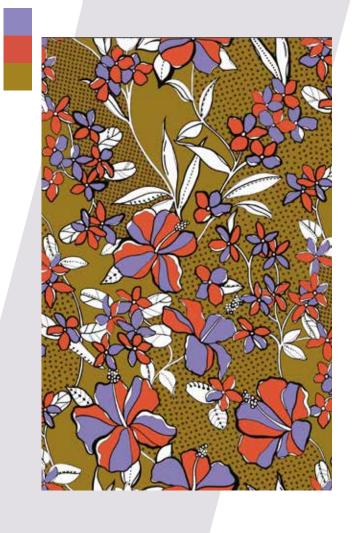
THE PERCENTAGE OF REVENUES INVESTED IN RESEARCH AND DEVELOPMENT ACTIVITIES

116.3 million EURO INVOICED BY THE RATTI GROUP IN 2019

THE RATTI GROUP

To Ratti SpA (Italy), Textrom Srl (Romania), Creomoda Sarl (Tunisia), Ratti International Trading Co Ltd (China) and Ratti USA Inc were added, in 2019, La Maison des Accessoires Sarl (Tunisia) and an equity participation of 30% in the share capital of Marielle Srl (Italy).





CHAPTER 1

The search for beauty with a commitment to sustainability





Experiencing silk is an art, today as

1.1. The legacy of a great history

Ratti's history and the company today

"Experiencing silk is an art, today as it was yesterday" Antonio Ratti.

This is the motto, the objective of the Ratti Group, the expression of an intuition that flows from decades-long work on this precious material. Since 1945, for Ratti, silk has represented an evocation of beauty. This has become a daily commitment involving everyone working within the Group, and balancing innovation and practicality, while always fully respecting the prowess of our professionals, protection of the environment and, last but not least, the principles and values on which Ratti is based.

In a world built on the search for beauty, in which elegance and style are part of existence, Ratti proceeds with its mission of taking care of and enhancing its cultural heritage, offering, time and time again, designs and prints in an unexpected medley of forms, spaces

and colours that become the preferred choice of major fashion houses throughout the world.

Every collection presented by Ratti becomes, in practice, the engine of this passion, which draws inspiration from its exclusive archive, culminating in exceptional care of every detail with which all fabrics and accessories are created, and which weave together aesthetic formulas, codes and designs with a strong Italian footprint. Ratti fabrics, with their elegance and artistic refinement are, more than anything else, the perfect embodiment of the spirit of this Group: a tribute to tradition as the starting point in the creation of a new language imprinted on a sinuous and noble material such as silk.

Over the years. Ratti has been notable for its attention to detail and an international outlook, to the point where it has become one of the largest Italian fabric manufacturers and was listed, in 1989, on the Italian stock market (Meracto Telematico Azionario, MTA).

Towards the end of the 1990s, the industrialist and philanthropist, Antonio Ratti, decided to pass the baton to the next generation. His daughter Donatella took the helm of the company, confirming her prowess in the art of printing, and adding to the sensory, artistic and aesthetic value that underpins each piece of work. In the years that followed, the Group continued to

Beauty provides an infinite source of creative stimuli that recount a freedom of expression



From Ludovico il Moro ("the Moor") to the industrial revolution to Made in Italy

The history of the Ratti Group is symbiotic with the centuries-old history of Como, city of silk

The development of artistry in silk in the Como area dates back to the XV century, a golden age when Italian manufacturing became oriented towards refined and exclusive products, something for which our country is still famous throughout the world, so that the expression ouvrage de Lombardie has become synonymous with an object of precious craftsmanship.

The manufacture of silk had been brought to Europe from the Orient a few years before that, risking the death penalty prescribed by the Chinese and Japanese emperors for anyone betraying the secret techniques used to manufacture the precious fabric.





Ratti SpA is a member of organisations including

Confindustria (Unindustria Como and Sistema Moda

Italia) and Centro Tessile Serico. In 2018 it also became a

member of the BCI (Better Cotton Initiative, an association

consisting of producers, intermediaries and non-profit

groups) to promote the cultivation of sustainable cotton
that respects the environment.

largest manufacturers in the world of fabrics with a high

The other companies in the Ratti Group are not members of any national or international associations.

Mission, vision and values

technological and creative content.

In a world that is built on the search for beauty, Ratti operates by taking great care of and enhancing its work.

It was Ludovico Sforza, the Duke of Milan, who accelerated the growth of the world of silk, obliging the local peasants to plant mulberry trees throughout the kingdom and, in this way, favouring the development of this new textile and replacing traditional wool production.

This was a forward-looking vision which, according to many historians of economics, represented the first seeds of Lombardy's characteristic entrepreneurial spirit.

The start of this trend in the seventeenth century meant that Italy, and Como in particular, became a centre of excellence in the production of wonderfully designed and coloured fabrics.

The industrial revolution, between the eighteenth century and the first half of the nineteenth century, spread twisting and spinning machines throughout the area. Growers of mulberry trees and producers of spinning machines became entrepreneurs in the most modern sense of the word – they were able to create a new culture as they were the unique custodians of a wealth of knowledge and inimitable craftsmanship.

The twentieth century then became the century that consecrated Italian style throughout the world, with Como at the forefront of the great Italian and international luxury and fashion groups.

Ratti chosen by Deloitte

Ratti has been chosen by Deloitte as part of its study of "Made in Italy" and Italian excellence. The study is titled "Making IT – fitting the future".

This survey, which was presented to the European Parliament in Brussels, is a collection of interviews aimed at deepening knowledge of the fashion industry from the experiences of 25 entrepreneurs who form part of Made in Italy – their norm.

The book, produced by Deloitte with assistance from Scuola Holden in Turin, places an emphasis on the points of strength of the sector, as it does on the challenges that are leading the sector as a whole to consider how to do business in Italy. The analysis showed that the fashion sector represents the excellence of Made in Italy at international level. Its reputation

is based not only on the quality of materials but also on intangible aspects of production such as creativity and the savoir-faire of craftsmanship.

In this context, Ratti was chosen because for over seventy years it has represented one of most important voices in the world of printing. It is one of the few points of excellence in terms of creativity, professionalism and sustainable responsibility.

Since 1945 it has, in fact, encapsulated a world of aesthetic and ethical values in which style is a natural dimension. It is this working approach that led to Ratti being selected for this survey, with the aim of telling a story of expertise and beauty that is deeply ingrained in its people and their talents.











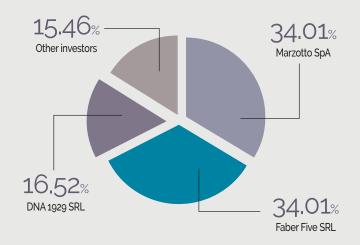
Ratti collections describe printing and weaving as a testament to dreams roots and the future in which heritage is seen not only in stylistic choices but also in the immense knowledge of these arts, concrete expressions of talent, ritual discipline and, last but not least, in constant stylistic and technological innovation.

Study, research and experimentation permeate the traditional printing rooms as they do the adjoining digital printing rooms and the weaving rooms. The main aim is to breathe life into masterpieces that are the fruits of a creative project that not only showcases the vivacity of the design, but also the expertise behind each creation. In this way Ratti collections become the means for recounting a new beauty and exalting the business

potential of the Group. This is how it manages to install a dialogue with its customers in a collective endeavour that makes visible an intersection of different DNAs and knowledge so that each product becomes a unique cultural and artistic artefact. This is the modus operandi the Ratti Group uses to offer an exclusive personalisation of the product.

This is a world of values based on certainties and which recounts from time to time, new stories through fabrics and printing. It is a journey that often references classicism to the point at which this gives rise to an extreme minimalism, showing a technological and ecofriendly inclination, so that nothing is left to chance and performance is a fundamental component of a commercial choice.

Ratti SpA shareholders



At 31 December 2019, Ratti SpA, the Group's centre of excellence for silk, is owned jointly by Marzotto SpA and Faber Five Srl. They each hold a 34.01% stake. Donatella Ratti (DNA 1929 Srl) holds 16.52% of the share capital, while the remaining 15.46% is held by other shareholders

1.2 The elegance of innovation

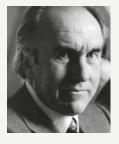
Innovation is a tool that safeguards and increases competitiveness through the transformation of ideas into new and better products and services.

Creating a working environment that favours innovation, that is open to contributions from managers and staff members is, for companies, an objective of critical importance.

In Ratti innovation contributes to the fulfilment of the company's strategic plan. It envisages a company that is sustainable, digital, circular, a leader in design, continually seeking to broaden and develop its offer, highly reactive and proactive in its relations with customers and the market.

In Ratti innovation comes both from a continuous improvement in practices, processes, products and services, as well as industrial research projects,

TIMELINE



1945

Antonio Ratti sets up "Tessitura Serica Antonio Ratti" in Como, for the creation and marketing of silk fabrics and scarves. The first headquarters are in Viale Varese



1954

He begins his industrial activities, opening his first factory, printing silk fabrics at Bulgarograsso, in Como province.



1958

The factory at Guanzate opens, with its integrated production cycle process, for manufacturing silk from yarn to finished product, through the phases of weaving, dyeing, photoengraving, printing and finishing.



1961

The fabric line for women's clothing is launched.



1968

The first major expansion of the Guanzate complex takes place.



1973

Ratti USA Inc. is established, with offices in New York.



1974

The fabric line for furnishings is launched



1975

First expansion abroad: sales offices are opened in Paris and New York.



1985

Antonio Ratti Foundation is set up to promote initiatives, research and studies of artistic, cultural and technological interest in the area of textiles and contemporary art.



1989

Ratti SpA is listed on the Milan stock exchange.



1992

Ratti buys Creomoda Sarl, a company dealing with hemming and textile accessories, with headquarters in Tunisia.



1995

With a contribution from the Antonio Ratti Foundation, the Metropolitan Museum of Art in New York opens the Antonio Ratti Textile Center, one of the biggest and most technologically advanced centres for the study and conservation of fabrics.



1999

The Guanzate plant is completely renovated – the project is managed by the architect Luigi Caccia Dominioni.



2004

Ratti buys Textrom Srl, a company located in Romania that specialises in the printing of finished garments, knitwear and leatherwear.



2010

Ratti becomes part of the Marzotto Group.



2011

Ratti embarks on a virtuous path of sustainable development, in economic, environmental and social terms.



2013

Ratti obtains OEKO-TEX ® Standard 100 certification for certain raw



2015

Ratti SpA obtains the following certifications: SA8000:2014 for corporate social accountability, ISO14001: 2015 for environmental accountability



2016

The Tunisia company (Creomoda) obtains SA8000:2014 certification



2017

The Responsible Collection is launched; Ratti SpA obtains certification OHSAS18001:2007 relating to health and safety in the workplace, and publishes a certified environmental declaration in accordance with ISO4J021:2016



2018

The Responsible Collection adds four new materials; Ratti obtains Seri.Co certification and becomes a member of the BCI (Better Cotton Initiative)



2019

Ratti grows in Tunisia through the company La Maison des Accessoires and takes a stake in the share capital of Marielle (Florence); it obtains GOTS, RCS, ISO50001 and ISO9001 certification; it becomes a ZDHC contributor.





experimental development, and technological innovation, which mostly originate in its network of relationships.

Ratti is a member of the Lombardy Region clusters "AFIL - Associazione Fabbrica Intelligente Lombardia" (Lombardy Association of Intelligent Manufacturing) and "Chimica Verde" (Green Chemicals). Ratti is on the Board of the ETP, the European Technology Platform of Euratex, the "Confederazione Europea delle Aziende del Tessile e dell'Abbigliamento" (the European Confederation of Fabric and Clothing Companies).

The CEO of the Company is responsible for the area of research and innovation of SMI ATI, the national association of textile and clothing companies, and is the President of the Made in Italy cluster.

This is a public-private alliance for cooperation between the worlds of research and business in fashion, and aims to achieve sustainable growth in the sector, in alignment with the European Union's strategic agenda.

Ratti has three targets for its innovation:

Sustainability: this regards the development of plans that aim to achieve a sustainable offer, sustainable manufacturing, a reduction of consumption and waste. the reuse and recycling of discarded fabric, and the control of chemicals.

Product innovation: this is based on the solid foundations of Ratti's recognised supremacy in stylistic and creative innovation. Its range of action extends to new materials and new products, including those originating from circular economy initiatives.

This context also includes actions orientated at enhancing the cultural resources of the business which.



Antonio Ratti: a patron with a vision

Beauty provides an infinite source of creative stimuli that recount a freedom of expression that avoids banality and overcomes preconceptions.

An archive of images, designs and colours that are values infused in the DNA of the company and its founder

Nominated Cavaliere del Lavoro (knight) in 1972 and appointed Honorary Trustee of the Metropolitan Museum of Art in New York, Antonio Ratti was one of the greatest exemplars of Italian entrepreneurship, in addition to being one of the most enlightened patrons, both nationally and internationally. His search for beauty went beyond his passion for silk, the fulcrum of his business activities, to embrace the world of art in all its manifestations, and his name was linked with some of the most prestigious cultural institutions, including the Guggenheim, the Museum of Modern Art, the Metropolitan Museum of Art in New York, Palazzo Grassi in Venice, Palazzo Reale and the Padiglione d'Arte

"Antonio Ratti was not a typical collector of contemporary art. Instead of possessing it, he wanted to live it himself" Lorenzo Benedetti



ITEMS INCLUDING FABRICS, PAPER DESIGNS AND DIGITAL FILES



4thousand BOOKS IN THE LIBRARY as the centre of the Ratti world, express themselves most obviously and recognisably in the accumulated heritage of the Company.

A vital resource for product innovation, the Ratti archives contain over one million items including fabrics, paper designs and digital files..

Processes and Advanced Manufacturing: this relates to the development of projects that involve both internal processes as well as manufacturing and external processes, whether upstream or downstream of the current industrial perimeter.

In such an environment Ratti's production process is subject to the requests and changes required by the "Advanced Manufacturing" model (better known by the name "Industria 4.0"), which marks the transition from automated manufacturing to digital and intelligent manufacturing.

With regard to digitalisation, the company is receiving attention and interest from big data, robotics and artificial intelligence. Of no less importance, in such an environment, are the initiatives which have been undertaken with suppliers in a context of cooperative research. These are aimed at improving technology and developing plant and equipment, also from the perspective of sustainable manufacturing.



The birth of silk

Legend has it that...

the empress Hsi Ling Shih was sipping tea in the shade of a mulberry tree swarming with silkworms.

A silkworm's cocoon fell from the green leaves into the steaming cup.

The empress watched, astounded, as the cocoon in the tea took on the appearance of a mass of threads. She took hold of the end of one, and the thread unravelled to an interminable length.

So the legend recounts the origin of silk at the dawn of Chinese civilisation, three thousand years before Christ, along with the inseparable link between the silkworm and its only food – mulberry leaves.

Contemporanea (pavilion of contemporary art) in Milan. Blessed with a heightened proclivity for innovation and non-industrial research, in 1985 Antonio Ratti created, in Como, the Foundation bearing his name. The foundation is fully dedicated to cultural and historical research in the world of textiles (a collection of ancient fabrics, themed exhibitions and fora), and to the promotion of the most talented visual artists.

On the back of this initiative Antonio Ratti decided, in 1995, to finance, at the Metropolitan Museum of Art in New York, a centre set up to conserve, restore and catalogue the textile collections owned by the museum. And so the Antonio Ratti Textile Center was established – it is, today, one of the most significant centres open to the public inside an art gallery. It is perfectly equipped for research and for the conservation of fabrics. November 1998 saw the opening of the Museo Tessile (textile museum) of the Antonio Ratti Foundation – subsequently renamed Museo Studio del Tessuto. This museum houses the collection of antique fabrics that he collected with passion and foresight throughout the whole of his life. The collection is now looked after, with the same passion, by his daughter Annie Ratti.





1.3 The Ratti Group today

The Ratti Group's activities

The Ratti Group is a leader in the creation and manufacture of printed, plain and yarn-dyed fabrics for clothing, ties, shirts, beachwear, underwear and furnishings.

Worldwide, it produces and distributes hemmed products, in particular accessories for men and women such as ties, shoes and scarves.

With a heritage that is closely linked to the manufacturing of silk, over time Ratti has perfected its **workmanship** with different natural **fibres**, composite fibres and technical fibres. Ratti manages and controls the full production chain: from the creative phase,

including the fabric design and production planning, to ennoblement processes (weaving, dyeing, printing and finishing) and hemming.

The company works with **leading** global luxury and prêt-à-porter **fashion houses**. Apart from Italy and Europe in general, the main markets served are America and Japan. Ratti customers from the fashion, luxury, fast fashion and furnishing sectors purchase textile accessories that are finished or still fabrics so they can proceed to hemming finished products (clothing or furnishings) that can be launched on the consumer market. For the licensing segment, belonging to Area Ratti Studio (cases in which Ratti – as the licensor – produces and sells textile accessories which sport a specific brand), customers are retailers. Its annual production exceeds five million metres of fabric.



12%

OF REVENUES INVESTED IN RESERACH AND DEVELOPMENT



849

TOTAL COLLEAGUES



116.3 million EURO INVOICED BY THE RATTI GROUP IN 2019



900thousand
FINISHED GARMENTS SOLD



5+million
METRES OF FABRIC
SOLD



TLAS AREA Fast Fashion* AREA Furnishings AREA Ratti Luxe **ARFA** Studio The manufacturing The manufacturing The manufacturing The manufacturing The manufacturing The manufacturing and marketing of and marketing of textile and marketing of and marketing of and marketing of retail and marketing of textiles and fabric textiles and fabric printed, plain and accessories through fabrics (mainly to textiles and fabric licence contracts or designers, quality accessories for the accessories for the yarn-dyed fabrics, alternative distribution high-end market mid market Fast Fashion segment for furnishings hemming and creators channels such as (Men and Women) of made-to-measure accessory dealers, fashion) uniforms and corporate aiftina, e-commerce and new retailers

'Fast Fashion: the clothing industry sector which produces collections inspired by high fashion but sold at reasonable prices and renewed rapidly.





RATTI SPA GUANZATE, COMO (ITALIA) VIA MADONNA, 30

> **CREOMODA** SARI SOUSSE (TUNISIA) ROUTE DE KONDAR -KALAA KEBIRA 4060 SOUSSE

> LA MAISON **DES ACCESSOIRES** SARI SOUSSE (TUNISIA) **ROUTE DE KONDAR -**KALAA KEBIRA 4060 SOUSSE

RATTI USA INC. NFW/YORK (USA) 8 WEST, 38TH STREET

RATTI INTERNATIONAL **TRADING** (SHANGHAI) CO. LTD SHANGHAI (CINA) ROOM 303B, N. 118 XINLING ROAD WAIGAOQIAO FREE TRADE ZONE

S.C. TEXTROM SRL CLUJ-NAPOCA (ROMANIA) FLORESTI, LUNA DE SUS, STR. HALA NR. 10

Corporate structure

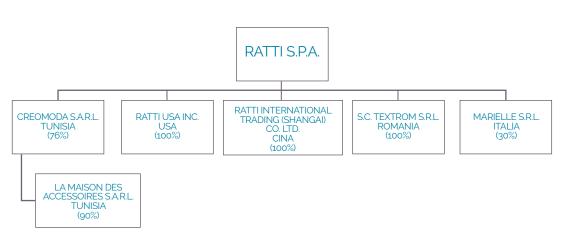
The Ratti Group consists of the parent company Ratti SpA (Italy), the subsidiaries Textrom Srl (Romania), Creomoda Sarl (Tunisia). La Maison des Accessoires Sarl (Tunisia), Ratti International Trading (Shanghai) Co Ltd (China), Ratti USA Inc. (United States) and an equity investment in Marielle Srl (Italy).

Ratti SpA holds 100% of the shares of Ratti USA Inc. Ratti International Trading (Shanghai) Co. Ltd and Textrom Srl. Creomoda Sarl, which is 76% controlled by Ratti, has a 90% stake in Società La Maison des Accessoires Sarl, which was established in March 2019 for the purposes of hemming, sewing, and making fabrics and other textile

On 16 July 2019 the parent company Ratti SpA finalised its acquisition of 30% of the share capital of Marielle Srl, the historical Florentine company specialising in the production of garments and knitwear for the world's main luxury brands .The headquarters are at

Guanzate (Como), as are the general management and the sales management. This is also the location of the manufacturing and marketing of printed and yarn-dyed fabrics in silk, wool, cotton, linen and other fibres for clothing, neckwear, furnishings and fabric accessories. The management, coordination and control of all the companies that make up Ratti SpA is carried out by the Parent company directly exercising the appropriate functions that have been identified.

There are two workshops at Sousse, in Tunisia, belonging to Creomoda Sarl and La Maison des Accessoires Sarl respectively. These are involved, in particular, in the hemming phase of women's accessories, while the Textrom Srl plant at Floresti (Romania) specialises in the printing of finished garments, knitwear and leatherwear. There is also a sales office in New York (United States) and an office in Shanghai (China), which deal with the purchasing and marketing of fabrics and finished products



Ratti makes an equity investment in the Marielle knitwear producer

Just as, for Ratti, the art of savoir-faire has always been an absolute priority in cementing the company's leadership position in the market, so the equity investment made in Marielle Srl, the historical Florentine knitwear producer, underlines this business policy and vision.

The operation to acquire 30% of Marielle, which was set up in the early 1960s and has always been a partner of the world's main fashion houses. will allow the Guanzate company to widen its offer and to satisfy its customer requests more broadly. This new Ratti operation represents an opportunity for the Group's development plan to bolster its offer, as an organisation that has always been in step with technological equipment innovation and extremely high standards of technical/specialist expertise. Contemporary style and fluidity in the creation of garments and accessories - these are the key

concepts of this Florentine company. The firm boasts a production network housed within plants specialised in the manufacturing of garments and accessories that are among the most sophisticated in all aspects of finery, made by employees and partners of proven experience and passion. "The Marielle operation commented Sergio Tamborini, CEO of Ratti - is an important step in our development policy. It will enable us, thanks to the high quality of the knitwear producer, to create new production synergies and to further improve links with the commercial network".

"This operation - declares Andrea Distante, CEO of Marielle - whereby the Ratti Group acquires shares, is essential for the long-term success of our organisation which, with its know-how, will be able to provide constant support in putting ideas and creativity into practice".

From the perspective of continuous development and diversification of offer the alliance between Ratti and Marielle is strategic in terms of growing the men and women's accessory business, and aims to cement the Guanzate company's leadership role in this area.





Faithful, since the beginning, to the values that have in heritage and innovation, as well as in mastery and quality their sublime expression, Ratti reaches, in 2020, its 75 years of production activity.

and excellence are the result of a constant work which melts past and present in the path of continuity and let the company cross time and trends to specialize in the printing art and go deeper into the knowledge of all the fibers.

Founded by Antonio Ratti in 1945. today the Group keeps on its production, working with passion to weave and print fabrics and accessories synonymous of style and creativity appreciated and requested by the most important fashion and design brands all around the world. Ratti experience

Ratti 75 anniversary confirms that innovation is often identifiable by tradition, making actual Antonio Ratti quote: "Experiencing silk is an art, today as it was yesterday", because materials, creativity and talent are the key to understand this important goal, giving it a new vitality.



In this section the Ratti Group commits to contributing towards achieving Sustainable Development Goals 3,4 and 10.

In order to do this, the Ratti Group:



- offers its employees a packet of services and benefits that makes it possible to improve the well-being of all;
- increases, from year to year, the number of hours of training given to staff;
- guarantees equal opportunities and decreases disparities in remuneration between its employees;
- invests all its energies in achieving the highest standards and corporate certifications, to guarantee its employees a working environment that is proper and ethical, and that resists any possible situation of exploitation.



SOME OF THE SERVICES THE RATTI GROUP OFFERS ITS EMPLOYEES

o KM **MARKET**

CAR **POOLING**

SUPPLEMENTARY HEALTHCARE

RECHARGING **POINTS FOR HYBRID VEHICLES**

POSTAL **AND** LAUNDRY **SERVICE**

ANTI-SMOKING COURSE

PROVIDED BY THE RATTI **GROUP TO ITS EMPLOYEES**

EMPLOYEES IN THE RATTI GROUP

Creomoda and La Masion: "Feminine" Companies

Creomoda and La Maison des Accessoires are controlled by the Ratti Group and specialise in the hemming of feminine textile accessories. Both companies have a majority of employees who are women; in Creomoda the percentage of women is 93.56% while in La Maison des Accessoires the percentage increases to 97.92%.

SA8000

Certification obtained by Ratti Spa, Creomoda and La Maison des Accessoires for safeguarding human rights.

OHSAS18001

Certification obtained by Ratti SpA (Italy), putting into place a management system for the health and safety of its employees.



CHAPTER 2

Uniqueness and talent, ingredients for **success**





"Metals recognise each other by sound,
while people recognise each other
by words and, most of all, by actions"

849 TOTAL WORKFORCE

565

YOUNG EMPLOYEES BELOW 30 YEARS

The value of people

In Ratti, as has always been the case, work is seen as a product with positive value, carried out with an awareness that derives from development that is social as well as personal, and which takes place through the influence of culture, art and personal experience. If it is true, as Baltasar Gracián y Morales, wrote, that "Metals recognise each other by sound, while people

recognise each other by words and, most of all, by actions."

then in the Ratti Group the latter represent, through their actions, the cornerstone of this firm's existence.

The quality of work is, in the Ratti Group, strongly linked to the value of people both in terms of cohesion and in terms of professional growth. In the latter case cohesion is created when expertise and experience are shared which, therefore, favours the growth of the Group: human capital that, as such, must be constantly protected and enhanced.

Human capital that finds maximum protection and expression in the Code of Ethics. A fundamental principle of the Ratti Group is to commit to enhancing its employees, encouraging them to develop their expertise and to grow professionally, in order to guarantee the satisfaction and wellbeing of those working on the production sites.

In addition, the Code of Ethics provides the basis for ensuring there are equal opportunities in terms of work and professional development for all its employees. This is done by enhancing their professional qualifications and performance, without any discrimination, given that the functions select, hire and manage employees exclusively on the basis of expertise and merit.

For further details of the GRI indicators regarding significant topics pertaining to human resources, please see the table in the Annex.

2.1 Ratti's employees

At 31 December 2019 the Ratti Group had 849 employees, the majority of whom are women (66.55%).

The workforce increased by 6.26% on 2018 and has grown by 12.45% since 2017. The positive staff growth rate mirrors the financial performance of the Group, since due to increasing work volumes, more staff have had to

The significant majority of women is linked to the historical characteristics of the sector



586 EMPLOYEES HIRED ON FULL-TIME CONTRACTS BY THE RATTI GROUP

94.79% EMPLOYEES HIRED FULL TIME BY THE RATTI GROUP

5.21% EMPLOYEES HIRED PART TIME BY THE RATTI GROUP

6.26% WORKFORCE INCREASED COMPARED TO 2018

GRAPH. 1 - Workforce of the Ratti Group by gender at 31.12 for the three-year period 2017-2019

	2017	2018	2019
Women	472	518	565
Men	283	281	284
Total	755	799	849







69.02% of the workforce are on permanent contracts, 28.15% are on fixed-term contracts, while the remaining 2.83% are employed through other forms of contract. 94.79% of employees are full time, while 5.21% are part time – an option chosen mainly by women in order to enhance work-life balance.

Table 2 shows the composition of the workforce on the basis of four contractual categories (executives, middle management, white-collar workers and blue-collar workers), by gender and age range (below 30 years, between 30 and 50 years, above 50 years) comparing the data for 2019 with that for 2018.

In 2019 it may be observed that **the number of female employees**, **for each of the four categories**, **is higher than it was in 2018**, while the figure for men remained fundamentally flat over the two years. The largest increases were recorded for women in the blue-collar category (*13.64%) and in the middle management category (*23.08%). With regard to age range, however, the most significant change between 2018 and 2019 was the figure for women below 30 years of age, which increased from 185 to 206 (*11.35%).

Romania, monitoring that makes a difference

ITextrom Srl, a company that is owned 100% by Ratti SpA, has a plant at Floresti in Cluj-Napoca in Romania, an area that has a developing fabric district.

The Romanian subsidiary specialises in printing finished garments. Although in numerical terms it represents only a marginal share of total production volumes, it plays an important role for specific product lines.

At 31.12.2019 the workforce consisted of 24 employees – 17 women and 7 men.

17
FEMALE EMPLOYEES IN
TEXTROM AT 31.12.2019

250

TOTAL CREOMODA AND LA MAISON DES ACCESSOIRES EMPLOYEES AT 31.12.2019

94.4% FEMALE EMPLOYEES IN RATTI OFFICES IN TUNISIA

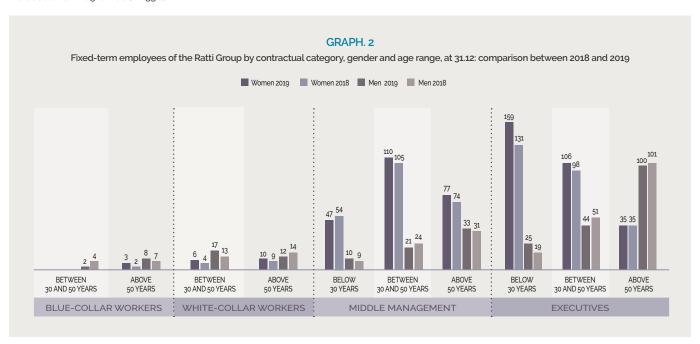
Ratti in Tunisia: two "feminine" companies

Acquired by Ratti in 1992, Creomoda is a company specialising in the hemming of women's fabric accessories. It is based in Sousse, in Tunisia – one of the countries which has been most successful in seizing the opportunities for change in the Maghreb in recent years.

Until the early 2000s, the company had around 30 employees, a number which increased to 142 in 2015, and to the figure of 200 professionals employed today.

In March 2019 the Ratti Group also set up La Maison des Accessoires Sarl, a company based in Sousse which deals with the packaging and the assembling of textile articles.

Both companies have a high number of female employees: while in Creomoda the percentage is 93.56%, in La Maison des Accessoires the percentage rises to 97.92%.





Enhancing the individual and safeguarding equal opportunities begins with the recruitment process, and then continues during

the journey of

personal growth



Since Ratti was established, its name has been synonymous in the collective imagination with a values outlook linked to concepts such as creativity, talent and expertise - all elements sustained by a web of experience and work, along with the rituals and the art behind which people's work manifests itself.

These represent, in all their diversity, the motor of creativity and competitiveness of the Group. Identifying and emphasising this narrative means keeping sight of the values outlook not only of this human capital but also that which today might be defined as the "continuous becoming" of this company.

This is why in Ratti enhancing the individual and safeguarding equal opportunities begins with the recruitment process, and then continues during the journey of personal growth that each person undertakes, thanks to continuous investment in training.

Welfare and benefit policies contribute to creating an environment in which every employee can find an effective answer to their specific needs, whether in terms of family management or mental and physical health.



The Group pays attention to the needs of employees with disabilities. In Ratti SpA all necessary measures have been taken to ensure ease of access to company spaces, with internal and external parking spaces reserved for people with disabilities, lifts that are suitable for ascending to the first floor of the building, and specially adapted bathrooms.

Any workers who have difficulty walking following surgery or other medical treatment are granted temporary access to parking spaces. In Textrom the principles of equal opportunity and diversity are applied in accordance with the Code of Work and the Code of Ethics, while Creomoda and La Maison des Accessoires also apply the SA8000 policy and the procedure against discrimination.

Safeguarding fundamental rights: the prevention of child labour

As set out in the Code of Ethics and in the Policy for Social Accountability, the Ratti Group is committed to opposing any situation that could potentially involve exploitation in the workplace.

As a guarantee of their respect for human rights, Ratti SpA, Creomoda and La Maison des Accessoires are SA8000 certified. In its recruitment policies, the Group also specifies its requirements regarding the minimum age of employees, in line with national regulations (18 years in Ratti SpA and in Textrom Srl, 16 years in Creomoda Sarl and La Maison des Accessoires) for all companies.

When interviews are conducted with minors below the age of 18, there is a specific procedure in place to assess the educational circumstances of the minor, so that the working commitment is not incompatible with the former, and to verify and monitor compliance with the conditions agreed when the contract is signed.

The verification of any risks inherent to non-compliance with respect for human rights is carried out periodically, during the process of updating SA8000 certification.

The provisions of the Group's Code of Ethics are further reinforced by the Suppliers' Code, which was introduced in 2018, and in which the Group requires its suppliers to respect national laws, any other applicable laws, and the principles stipulated by International Labour Law conventions, the Universal Declaration of Human Rights

The Ratti Group is committed to preventing and to opposing all situations involving exploitation in the workplace, and in particular child labour, not only in its production units, but along the whole of the supply chain.

and the OECD guidelines for Multinational Companies (see Chapter 3, paragraph 3.2 "A virtuous circle of good practice").

2.2 The process of selection and turnover

Each company autonomously defines its personnel selection and administration of policies on the basis of the principles and practices established by the Group's Management, according to its specific requirements.

As indicated in the Ratti Group's Code of Ethics, the selection of personnel is carried out by the Group's competent functions, and must fully respect the company's values, the ethical principles of the Code and all applicable legislation, whether at European or national level

The selection and administration of personnel is based exclusively on criteria of expertise and merit, and is carried out while fully respecting the rights of the individual, and condemning any form of discrimination. In applying the principles and values in the Code of Ethics, Ratti SpA, Creomoda and La Maison des Accessoires have a specific selection policy. For hiring by Ratti USA, Textrom and Ratti International Trading (Shanghai), the Parent company's polices are applied.

In accordance with the principle of developing talent and expertise in response to a hiring request or a need to manage staff turnover, an internal search is first carried out. A "vacant position" is created and is subsequently advertised internally as a job posting. If the internal search does not produce the required results, external selection channels are activated, including announcements on specialised websites, direct contact or by examining the database of CVs.

Every new-hire has a period of induction as set out in the welcome plan, together with his/her future boss. At the end of the induction period an evaluation is carried





period. For longer and more complex induction periods, an intermediate evaluation is carried out.

> In 2019 a total of 138 people were hired, 62.32% of whom were under 30 years of age. Also in 2019, 98 people left the company, 30.67% more than the previous year.

In 2019 the Group's total staff turnover was 28.61%. In particular, the incoming turnover rate had basically not changed since 2018 while the outgoing rate had increased - up from 9.55% to 11.88%.

The exit of workers concerned Ratti SpA, Creomoda, La Maison des Accessoires and Textrom; in Ratti SpA it was the over-50 age range that showed the greatest number of exits (19) - this was linked to retirement. In Tunisia the total turnover recorded was 57.20%, consisting of 89 new hires and 54 terminations; the high level of mobility is linked to the type of contract used there, i.e. a fixed-term contract, which signifies greater flexibility within the local labour market.

NEW/HIRES

62.32% NEW HIRES BELOW

28.61% OVERALL RATE OF





2.3 Training and developing talent

Each company in the Ratti Group autonomously defines its method of administration of personnel, as well as training and development policies that align with its own specific characteristics.

Every year Ratti SpA carries out a diagnosis of training needs for each organisational unit. In 2019, a training catalogue was used to plan training. This tool had been introduced in 2018 to gather together the most common training actions, subdivided by theme. Using this system, the heads of each business area transmit their needs to Human Resources.

These needs are then recorded in the analysis of training needs and are used to draw up the annual training



9.64%

INCREASE IN THE TOTAL HOURS OF TRAINING IN THE RATTI GROUP IN 2019 COMPARED WITH 2018

8.127 HOURS OF TRAINING CARRIED OUT IN 2019

1.398 MIDDLE MANAGEMENT AND EXECUTIVES

4,032 HOURS OF TRAINING FOR WHITE-COLLAR WORKERS

2,698 HOURS OF TRAINING FOR BLUE-COLLAR WORKERS plan. The training is financed, where possible, using corporate funds such as, for example, Fondimpresa and Fondirigenti.

Creomoda and the recent acquisition La Maison des Accessoires will also adopt a similar procedure to that used by the Parent company. Managers report the training needs of their staff, sharing this with senior management. They then decide on the training plan and the provider autonomously.

Textrom personnel periodically receive (from a specialised company) training covering health and safety at work and dealing with emergencies. Ensuring the effectiveness and quality of Ratti SpA's training policies is the responsibility of business area heads, the manager directly involved or the trainer who delivers the course. In the event of a negative evaluation or performance, Human Resources and the managers involved will identify precise and specific corrective actions.

In Creomoda, La Maison des Accessoires and Textrom, however, monitoring activities are carried out at the end of each training session by means of comprehension tests and verification.

> All internal training relating to SA80000 and health and safety is evaluated at the end of the course, in order to understand to what extent the training has been absorbed.

Type of training in the Ratti Group 4% IT - Information Technology 43% 21% Technical and financial expertise 11% Soft Skills 21% Languages Percentage by type of total hours of training at 31.12.2019

training involved safety in the workplace, 20.9% languages, 11.3% soft skills, 21.4% technical and financial competences and, finally, 4.1% IT, i.e. the management of information technology systems

In specific detail, in 2019 in Ratti SpA training was completed in **forecasting expertise** for the commercial function, in order to optimise the acquisition of fabrics and levels of stock in the warehouse. In addition, the company decided to proceed with the AEO course, investing in training for one employee to become professionally qualified as Head of Customs Issues.

Ratti SpA introduced a course for the heads of work teams, with the aim of spreading feedback culture. The objective was to raise awareness of the importance of managing feedback within the company, with the aim of introducing, starting from 2020, a **structured** performance evaluation.

Investing in the issue of sustainability, Ratti SpA organised specific training courses for the entire workforce with creative and commercial roles. Given the positive outcome of this initiative, the company then decided to further promote the culture of sustainability, widening the arena of participants.

In Tunisia 59% of training involved safety and 41% foreign languages, including a proposed Italian course aimed at improving communication and integration with the Parent company. A team from La Maison des Accessoires benefited from a first aid course, fire prevention training carried out by the civil protection unit, and a training session in coaching. In Textrom training concerned the topic of safety in the workplace.

Cross-fertilisation between art and fabric

Following a logic of growth and corporate enrichment, the Ratti Group pays particular attention to promoting the training and development of its employees.

Projects worthy of attention include "IL senso di Colore tra tessile e arte" (The meaning of colour between textiles and art), a guided tour organised by Ratti SpA for its creative team at the Museum of Silk in Como, during the Manlio Rho (1901-1957) exhibition, with a focus on textiles. The objective of the exhibition is to show the public the strong link between art and fabric in which Manilo Rho believed. The artist's works and materials demonstrate a skill in execution and technical expertise that allowed him to master textile printing design. This only became a cutting-edge technique after the 1929 crisis. Rho's work narrates reciprocal influences between different arts: geometry and abstraction. His pictorial works are best understood in the light of a continuous contrast between reflection and practice inherent to the construction of a textile pattern and to the forms and colours that constitute its

Overall, in 2019 the Ratti Group carried out 8,127 hours of training, an increase of 9.68% on 2018. Middle management and executives received 1,398 hours of training, while white-collar workers received 4,032 hours and blue-collar workers 2,698 hours of training. Overall the average number of hours of training increased for all categories.

With regard to training areas, 42.4% of Ratti Group

2.4 Health and safety

Safeguarding the health and safety of employees

Health and safety is one of the top priorities of the Ratti Group, which acts in the conviction that anyone who accesses our place of work should be able to perform their duties in a comfortable and safe space, and that this environment should be safeguarded in the interests of everyone and the Group itself.

The Group is committed to disseminating, whilst fully complying with the legislation in force with regard to health and safety in the workplace, a culture of safety, to developing risk awareness, and to promoting responsible behaviour.

The importance of this theme is illustrated by the presence of a paragraph dedicated to it in the Groups' Code of Ethics and by certifications. In 2017, **Ratti SpA** obtained **OHSAS18001** certification. At this point the document **Politica e Obiettivi di Sicurezza e Ambiente** (safety and environmental policy and objectives) was formalised. It includes the procedures set out in the OHSAS18001 Management System, which is currently applied at all company levels.

The adoption of this System was voluntary and allowed Ratti SpA to **improve performance** in the area of onsite health and safety and to adopt a system for continuously improving performance.

As of today, the total workforce of Ratti SpA, employees and others, is subject to the Health and Safety Management System.

During 2019, the OHSAS18001 Management System underwent various audits, including one carried out by an accredited third party, which confirmed certification. **Transition to ISO45001:2018 certification** is expected in 2020.

In Creomoda health and safety aspects were monitored and checked through **SA8000:2014** social accountability certification. The company commits to respecting all prevailing national regulations on this topic, and to adopting the recommendations of the SAAS (Social Accountability Accreditation Services) office and the ILO (International Labour Organization) relating to measures aimed at preventing fires and reducing risk.

In order to reduce fire risks and the direct impact on the health and safety of employees, workplaces are being evaluated, along with any associated risks, to that work can be carried out in a healthy and safe environment. Since 2015 there has also been a **Committee for health and safety at work** and, since 2016, a **manager responsible** for health and safety at work.

The Committee is invited to meet every two months to examine any developments in the matter, and once a year to discuss matters directly related to the standard of social accountability. The committee generally consists of one representative from the management, one occupational doctor and two representatives from the workers.

The Creomoda site **complies** with Tunisian regulations and with the standard SA8000:2014, and does not carry out any high-risk activities. In December 2019 an audit was carried out to renew SA8000:2014 certification for Creomoda. This was extended to **La Maison des Accessoires**. In Textrom the prevailing national regulations are applied and in October 2018 the **Policy for social accountability** was extended to include health and safety aspects. This policy specifically refers to ILO agreements and recommendations.

In order to ensure the safety of employees in the workplace, the **Prevention and Protection Service** at the Guanzate site ensures that the **Risk Evaluation Document** is always up to date. In particular, the Prevention and Protection Service is included in the definition of investments and their management, in such a way that any modification to installations that has a significant impact on safety can be evaluated and, if deemed necessary, added to the Risk Evaluation Document. In addition, the Risk Evaluation Document is updated both during applicable regulatory checks in the company, when new legal provisions impacting safety aspects are highlighted, and during periodic audits.

Plant in Romania and Turkey also have a Risk Evaluation Document; activities carried out onsite in Turkey are considered to be of low risk, given that their use of machinery and equipment is very limited. For this reason the Risk Evaluation Document is updated in conjunction with the Prevention and Protection Service of Ratti SpA, which monitors and supervises all aspects of safety. In Textrom the Risk Evaluation Document is updated by an external consultant.















Should members of the Group's workforce need to report risks or dangerous situations relating to work, there are procedures both in Ratti SpA and in the Tunisia companies relating to the Social Responsibility Management System, which allows workers to make anonymous reports and complaints. In addition, as set out in the prevailing legislation, workers can contact inspection bodies if they feel in danger or if they do not receive an immediate response from the company.

Ratti SpA has a Social Responsibility team which discusses any complaint relating to employee health and safety and, if appropriate, evaluates corrective actions. For Creomoda, in Tunisia, a Committee for health and safety in the workplace was set up in 2015, generally consisting of a management representative, an occupational doctor and two workers' representatives. This Committee meets every two months to examine all developments relating to health and safety. It also meets once a month to discuss matters directly relating to standards of social responsibility.

In addition, Ratti SpA guarantees all its employees that health monitoring is in place. It provides a company health service with opening hours that also allow late-shift workers to undergo any necessary analyses. Workers can ask for extraordinary appointments should there be any problems. The Doctor in Charge cooperates with the Prevention and Protection Service to ensure that the Risk Evaluation Document is updated. Creomoda and La Maison des Accessoires are also subject to health

In 2019, 7 accidents without serious consequences were recorded, of which 4 involved Ratti SpA staff, 1 involved a Creomoda employee, and 2 accidents were recorded among employees of external companies carrying out ongoing working activities at the Guanzate site. These consisted mainly of bruises and sprains relating to distractions or underestimations of danger. For these, corrective training measures have been implemented. As a consequence, the accident rate for the Group in 2019 (4.66) shows an increase in the data on 2018 (2.97).



THE NUMBER OF

COACH TICKETS PAID BY RATTI SPA FOR HOME-WORKPLACE TRANSPORT FOR ITS INTERNS



BUSES DEDICATED TO HOME-WORKPLACE TRANSPORT IN TUNISIA



TICKETS AVAILABLE TO EMPLOYEES OF RATTI SPA FOR USING SUSTAINABLE TRAVEL MEANS OF TRANSPORT

2.5 The welfare of our employees

Welfare in the Ratti Group

Alongside safeguarding the health and safety of its personnel, the Ratti Group pays particular attention to the wellbeing of its employees. Welfare has become a valuable tool for improving the internal environment – it favours talent retention, as well as the achievement of high production quality standards.

The issue of balancing working and private time thus becomes a priority in terms of guaranteeing personal satisfaction. It is precisely for this reason that in 2019 Ratti SpA created a **smart-working questionnaire** which was administered in certain - mainly administrative - areas of the company. The questionnaire verified levels of support for the initiative carried out in 2020.

Some services available to employees

- Parking reserved for staff and, specifically, pregnant women;
- Car pooling and financial incentives to encourage sustainable travel:
- Free-to-use recharging points for electric or hybrid cars;
- A postal service for receiving private letters and packages at the concierge area instead of at home;
- A laundry service with collection/ return of items twice a week;
- A "zero km" market once a week selling fruit and vegetables from the local region;
- Psychological support for employees;

- · A physiotherapy service inside the company, with an agreement with UniSalute:
- Supplementary healthcare covering specialist medical support;
- "CartAzienda Unindustria", offering agreements with shops and organisations in the local area;
- Holiday resorts (Villaggio Marzotto);
- · Christmas gifts for employees' children (up to and including 10 years old), and other communal events during the holidavs:
- Area Ludica: area for ping-pong and five-a-side football.







New services introduced during 2019

- Weekly yoga lessons, with an assigned and qualified teacher;
- Company Library: for swapping books and magazines, and open to all employees;
- · Subscriptions to "The province
- of Como", digital version;
- Readers' Corner: every day local and national newspapers are available at the company restaurant;
- Giving up smoking course: in partnership with Lega Italiana

Lotta contro Tumori (the Italian League against Cancer), employees who smoke are offered a free course which includes skin screening and individual motivational meetings with psychologists.

In 2019, Ratti SpA again proposed the "healthy work" project financed by Lombardy Region and coordinated by the Consorzio Servizi Sociali dell'Olgiatese (Olgiatese social services consortium) with the payment of €2,663 to 7 employees for looking after and providing assistance with small children, relatives with disabilities or the elderly over 65.

Ratti SpA offers its employees a **range of services and deals** from **medical to recreational**, as well as those services and opportunities that may be defined as **"time saving"**.

The Ratti Groups' main welfare initiatives for subsidiaries relate to home-workplace transport. Employees of **Creomoda**, **La Maison des Accessoires** and **Textrom** benefit from a shuttle bus service. Employees of Creomoda also benefit from financial incentives, such as support towards their children's education and help towards purchases of scholastic materials, as well as a prayer area open to all employees.

Ratti takes part in the programme "Workplace Health Promotion"

In 2019 Ratti SpA signed up to the **WHP programme** (Workplace Health Promotion), in partnership with Lombardy Region and l'Agenzia di Tutela della Salute (the Agency for Safeguarding Health) in Insubria.

The main objective of this programme is to ensure that "good practices" are enacted in the workplace in order to improve workers' health. This is a choice which confirms the centrality, for the Group, of human capital as the real driver of change and motivation processes. Ratti SpA has decided to specifically focus on the prevention of those behavioural factors that increase the risk of developing chronic and degenerative illnesses due, for example, to a poor diet, a sedentary lifestyle or use of tobacco.

In this context, Ratti Spa has decided to define, with the company and totally for the benefit of its employees, a

"In an economic and social context such as that we are currently experiencing it is vital for our company to underline that it is profoundly respectful of our craftsmanship and environmental heritage. guaranteeing not only the sublime quality of our printing but also a high level of attention to the environment that surrounds us" Sergio Tamborini CEO Ratti Group

Sustainability also depends on people

In order to cement its link with the local area, Ratti SpA has decided, in conjunction with Legambiente Lombardia, to dedicate a day of voluntary work to look after the green areas of Parco del Lura.

This initiative involved around 80 people, including employees and family members who, armed with rakes and brushes, involved themselves not only in collecting rubbish, cleaning embankments and maintaining forest areas, but also in creating large murals with an environmental theme. "In an economic and social context such as that we are currently experiencing declared Sergio Tamborini. CEO of the Ratti Group – it is vital for our company to underline that it is profoundly respectful of our craftsmanship and environmental heritage, guaranteeing not only the sublime quality of our

printing but also a high level of attention to the environment that surrounds us"

For Ratti, sharing the journey towards sustainability with its workforce contributes to developing more responsible people who, in turn, in a circular process, help to increase the responsibility of individuals. This commitment also includes giving a water bottle to each employee at the Guanzate site and installing water dispensers (natural, carbonated, hot and cold). This action will allow the supply of plastic bottles to be reduced. These will be replaced

by bioplastic bottles or aluminium. cans, to the benefit of customers and vicitors





scenario able to interpret changes and individuate topics and discourses relating to health, producing constant incentives and promoting, in this way, a pathway that fully benefits the wellbeing of its staff.

As a part of this project and from the perspective of Corporate Social Accountability, Ratti SpA, in partnership with Unindustria Como and in conjunction with IRaise e Dialogica Impresa Sociale, launched the initiative "teamwork: a strategy against gambling disorders".

This is a programme offered to workers which explains the **implications of gambling** and outlines, through discussion workshops and team building with the same workers, strategies for managing problem situations.



¹ Regional Action Plan for pathological gambling DGR XI/585, Lombardy Region ASTT Lariana, October 2018

All aboard for sustainability



In May the second Group Sustainability Report was delivered and presented to all employees at the Guanzate site, during a meeting held by CEO Sergio Tamborini. This provided concrete evidence that

the creation of sustainable value for persons and the environment represents a key element of the company's strategy.

The results and initiatives are born out of teamwork in which every idea, print or project has not just given life to an excellent product that is an expression of Made in Italy, but is the result of all those values in which the company still believes after more than 70 years in business.

As far as employees of the subsidiaries are concerned internal monitors were installed. These are connected with the Guanzate premises in order to share the Group's main news. In 2019 the Sustainability Report was also transmitted through information sent to the monitors.

According to data from the Agency for state property and monopolies, the impact of gambling is so great that it puts Italy among the main countries in the world in terms of frequency of the phenomenon and, in particular, the province of Como is high up the ranking in Lombardy in terms of spending on gambling per capitao1.

Another important initiative that Ratti SpA has chosen to introduce is a total smoking ban inside the perimeter of the Guanzate plant.

The main objective of contributing to a reduction in the number of smokers among its own employees, supporting those seeking to give up smoking, and offering them information on diagnostic/therapeutic dissuasion programmes, is to provide a reference model for a healthy lifestyle. 90 employees (out of a total of 130 smokers in the company) attended a cycle of training meetings organised by LILT (Lega Italiana Lotta contro i Tumori; the Italian League against Cancer) in which a doctor and a psychologist explained the damaged caused by smoking, providing, at the same time, advice on how to deal with nicotine dependency.

This initiative bears testimony to how it is Ratti's policy not just to limit itself to product research and innovation. but also to profoundly **enhance human relations** within the Group.

2.6 Communicating is the key to sharing

Internal communication

Internal communication is an instrument that is key to ensuring that all employees are aligned with the company's principles, values and business objectives. If it's true that communication is not what we say, but rather that which arrives from others, this discipline becomes a key tool in ensuring that all employees are aligned with principles, values and objectives.

Against this backdrop, a key role is played by the company's intranet. This is the Group's actual portal that manages the news, publishes shared documents and, last but not least, manages a number of internal processes.

The intranet area of Ratti SpA has a number of sections with a full range of informational and institutional content, as well as a news area with the latest news. Within this information it is possible to find new opportunities, sustainable projects, safety procedures for employees, the results of corporate climate surveys as well as deals that are currently active. In addition, another tool for sharing the news is the monitors located in the coffee areas of all departments.









Through the contents of this section, the Ratti Group supports reaching Sustainable Development Goals 8, 12 and 15.

In order to do this the Ratti Group:

- pays attention to selecting suppliers who comply with shared values for protecting the environment and human rights, and who have signed up to the Code of Ethics and the Suppliers' Code;
- has undertaken a journey that has allowed it to obtain major certifications that are continually updated and recognised at international level, covering areas such as safety in the workplace, social responsibility and environmental responsibility;
- is working to decrease and monitor, involving its suppliers, the presence of chemical products used during the phases of production.

84.52% THE PERCENTAGE OF SUPPLIERS FROM ITALY 69.35%
THE VALUE OF PURCHASES
MADE FROM SUPPLIERS
BASED IN LOMBARDY

THE CERTIFICATIONS AND STANDARDS OF THE RATTI GROUP



Ratti requires it suppliers of chemical products and dyes to:

- · Adhere to the Code of Ethics and the Group's Suppliers' Code
- Respect the REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) regulation for chemical products and dyes
- Conform with the MSRL (Manufacturing Restricted Substance List) for chemical substances in accordance with the ZDHC (Zero Discharge of Hazardous Chemicals) programme
- Comply with the requirements of Datasheet no. 24 of the Seri.co certification, which covers "safeguarding health in textiles"



CHAPTER 3

Material becomes creation



Heritage and modernity: a pair of words
that, in Datti, look back over seventy years
of history and merge into a heritage
that is driven, always, by the search
that is driven, always, by the search
for manufacturing excellence.



3.1 From creativity to the finished garment, a guarantee of quality

Talent that lends form to ideas

Design is an innate gift, linked to artistic sensibility, imagination and the ability of the designer to gather and give form to the customer's desires. It is a natural talent that cannot be taught.

What can, however, be taught and perfected is giving shape to ideas with the support of IT devices and graphics tablets, in order to best simulate working manually. Developing a complex prototype can require a full month's labour of a designer, fully dedicated and working with great **flexibility**, **creativity** and willingness, to give form to the wishes of a customer that is increasingly multifaceted.

The moment of design has always been one of the most crucial and delicate phases in Ratti's production process. This phase does not follow a specific procedure or a constant method in that, mainly, the process is based both on the requests put forward by individual

customers, and on the creativity of the designers, who let themselves be guided by various forms of inspiration. In this sense the final design that is printed on fabrics may be seen as a form of **meeting** between the end-customer, who may request a product which has exclusive technical characteristics and which reflects the values of its brand, and the creative power of individual designers.

In other cases, for specific and precise requests, the customer is offered a design from the Ratti **archive**, with the option of maintaining or modifying the various characteristics of the final product: from the design technique to the compositional pattern, to variations that could be added as the work is being produced. In the design phase a series of **prototypes** are created. These either propose a new edition of a previous project or a brand new design inspired by the selected sample. This is a road which is paved with perseverance, flexibility and innumerable attempts, before satisfaction is achieved with regard to the desired product.

In this phase, a crucial role is also played by the Product Manager or, in other words, the person who, right from the start, interfaces with the market and receives customer requests.

In order to ensure that the various product managers in the Ratti Group carry out an effective role of filtering customers and designers, this phase requires the intervention of Product Management who, on the basis







Creativity at the click of a button

The digital management of the creative archive is born out of a need to improve the effectiveness and the efficiency of the processes, integrating design and production and making it easier to safeguard the intellectual property of the designs and images of customers and third parties.

For its digital archive, Ratti makes use of an API (Application Program Interface) for image recognition, classification and research using a cognitive computing system. The project is articulated in four steps: the digitalisation of physical references; data cleaning and



of the abilities and stylistic characteristics of the various designers in the company, will pass the commission to the designer who is most suitable for carrying out this particular assignment.

One very important factor in this regard relates to the culture and origin of the designers within the company: Ratti has always sought to include within its staff people from **diverse cultures**, so that the collections can feel the effect of different influences and varied creative inputs. This makes an important contribution to the collection.

Every designer has his or her own characteristic style, maybe more rigorous or more extrovert, which is made available to the team, turning their creative ability into a concrete solution. Although it is good practice to rotate designers to guarantee new stimuli, it may also happen that special relations may be established between some designers and customers, which consolidates their cooperation over time.

Design requests often interface with the demand for **sustainable fabrics** from customers who, increasingly aware and responsible, want to use certified organic and recycled yarns for their brand. In these cases requests

classification; searching for and comparing images; managing the archive. At this time around **347,000** images have been digitalised, and for these the search and comparison functions have already been activated. Future objectives include completing the digitalisation of the archive, and activating the management function using Digital Asset Management software. Ratti has also established the procedure for registering collection designs, with the objective of more effectively asserting and safeguarding its rights over these designs, as well as the associated interests of customers.



"Tessuteca Ratti"

In order to improve its relations with its customers on a daily basis, Ratti has opened a tessuteca (fabric boutique), with fabric bases always available in the warehouse.

This is an efficient and effective area – and also a service – which offers more than 400 tested bases that provide an irrefutable guarantee of an immediate printing sample, whether traditional or inkjet printing.

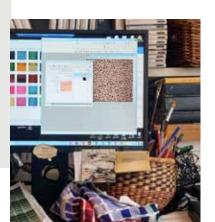
The categories of always-ready fabrics such as silk, cotton, linen, wool/ cashmere, viscose, synthetic fabrics, jersey fabrics, velvet and swimwear provide evidence that the company is leaning towards process innovation, improved logistics and quality service. The investment in the tessuteca, together with the company's ability to forecast purchasing criteria with the customer, represent a new business model in which delivery times are significantly reduced.

The Ratti Tessuteca has therefore become the basis of an increasingly close dialogue between ideas, production and delivery, where everything revolves around the

customer's forecasting ability and the company's speed of response.

are forwarded directly to the department which deals with the Responsible Collection which, in line with customers' requests, provides support to the printing phase (see Chapter 4, paragraph "The sustainable offer").

Ideas born out of internal proposals are developed most of all for **international trade shows**, which take place at pre-decided times for the summer and the winter collection, and during which Ratti presents its proposals. The customers in these cases are from the luxury sector, with "tailored" proposals demonstrating Ratti's *savoir faire* and using sought-after printing techniques. Alongside the fashion sector, Ratti presents itself to the mid-range market, as well as to the fast fashion sector, with a collection that is rich in proposals in addition to the shirt collection.



Ratti has always sought to include within its staff people from diverse cultures, so that the collections can feel the effect of different influences and varied creative inputs.



Thanks to a marriage between a proclivity towards innovation and complete management of the process, the Group is able to guarantee maximum product quality, whilst constantly refining its environmental and social sustainability profile.

The production cycle

The harmony in every cog in Ratti's production is also reflected in the printing of the fabrics. They have a balance of colours and fluidity, as they do in the sublime quality of this art which is an equilibrium between traditional craftsmanship and technological and design innovation.

Strengthened by a tradition born out of the manufacturing of silk, over time Ratti has transferred the specialist capabilities it has developed working with this fine fabric to different natural fibres, composite fibres and technological fibres. Heritage and modernity: a pair of words that, in Ratti, look back over 70 years of history and merge into a heritage that is driven, always, by the search for **manufacturing** excellence. A capital deriving from an aggregated knowledge of culture and craftsmanship that has made the company an undeniable point of reference in the art of printing.

The Group manages the entire production cycle, from the creative phase, including the fabric design and production planning, to the ennoblement processes and hemming. Three principal production cycles are carried out by Ratti:

- Weaving
- Dyeing and printing
- Hemming finished garments

The overarching theme in production processes is **innovation**: Ratti studies, experiments with and adopts new production techniques, new technologies and new printing processes. Thanks to a marriage between a proclivity towards innovation and complete management of the process, the Group is able to guarantee maximum product quality, whilst constantly refining its environmental and social sustainability profile.

Looking to the future in a sustainable manner, for Ratti, means not abandoning the past but, instead, continuing to build on it and invest in it to offer a highquality product. Ratti has conducted an internal study, verified by Bureau Veritas, regarding the different use of resources of the two printing processes, inkjet and table technology, comparing the use of electricity, water and chemical products.

The results obtained demonstrated how much more virtuous table printing was in that it used lower quantities of chemical products and less energy.

The validity of the results of the internal study were confirmed by its compliance with the standard ISO14021:2016. In addition, in 2019 a study was carried out with the aim of verifying the self-declared environmental claims of rotary printing in comparison with inkjet printing. Also in this case the result obtained was a demonstration of how much more virtuous rotary printing was due to its lower use of chemical products and energy.









Table printing versus inkjet printing				
	Energy saving (TEP/m)	Water saving (l/m)	Chemical products saving (g/m)	
SILK	-19%	4%	-40%	
COTTON	-33%	34%	-39%	
VISCOSE	-47%	-9%	-48%	

Source: Internal study verified by an independent body, 2017.

Rotary printing versus inkjet printing			
	Energy saving (TEP/m)	Water saving (l/m)	Chemical products saving (g/m)
COTTON	-33%	31%	-37%
JERSEY COTTON	-18%	26%	-64%
VISCOSE	equal	36%	-60%

Source: Internal study carried out in 2019 and verified by an independent body in 2020.

The New Deal project: the evolution of warping and wefting

Innovation deriving from its history of over seventy years, ecosustainable printing technology and creative talent crossing the boundaries of the Guanzate Group – these are the cornerstones of Ratti which, since 1945, has been creating and printing its fabrics on a weave created with elegance and absolute quality.

A profound knowledge of materials, together with an extraordinary synergy between the region and its resources, as well as state-of-the-art production, have enabled Ratti's style office to present, during the latest edition of Première Vision, "New Deal" trends in the world of warping and wefting.

New Deal puts into practice the idea of **printing yarn-dyed** designs onto wool, elevating this to a futuristic concept, and thereby offering an infinite range of possibilities that know no limits,

whether these be creative, linked to timescales or simply to length. With New Deal, Ratti unites its art of printing with a constant dialogue with the world of fashion houses, weaving together **experimentation and fashion trends** to produce a significant story for every creation.

With New Deal, the classical motifs of the archive rediscover an unexpected visual lightness which moves between lines of subtle graphics to checks in every dimension, rich with silent interference and shades that blur

with the infinite. Living alongside this are more transversal articles of urban style, sharply revealing the dynamism of printing emanating from animated surfaces from optical designs or imitation jacquard.

Once again, Ratti's style office has been able to find a new equilibrium between innovation and practicality, for a collection of printed woollen fabrics able to generate a dialogue between their contrasting elements as if they were the instruments of an unusual ensemble.

3.2 A virtuous circle of good practice

Selecting suppliers

For Ratti, managing the extended chain represents an opportunity to generate new value in the complex textiles-fashion supply chain, guaranteeing an excellent level of service and total customer satisfaction, using an end-to-end supply chain model.

Raw materials are purchased in an almost entirely centralised manner at the Guanzate premises (e.g. for all chemical substances and dyes), which manages purchases of materials that are then sent to the sites in Romania and Tunisia.

The remaining materials are purchased locally by the foreign companies in negligible quantities, following the recommendations of compliance with local regulations which favour the use of substances that have less impact on the environment and that are suitable for recycling, as set out in the Environmental Policy of the foreign companies.

In 2019 Ratti shared with its suppliers the updated version of its **Code of Ethics** (see Chapter 6, paragraph "The Code of Ethics") and the supplementary rules of conduct of the **Suppliers' Code**.

Suppliers' reliability and their ability to meet these requirements are key elements in guaranteeing the quality of the products and services offered.

With the aim of enhancing and monitoring the responsibility of its supply chain, Ratti SpA has implemented a **procedure for initial selection and regular assessment** in which, in addition to quality, service and competition criteria, specific parameters of suppliers' **social and environmental responsibility** are monitored.

The Suppliers' Code

In managing its business activities, the Ratti Group is committed to respecting ethical and moral values that are defined on the basis of probity, honesty and transparency, and requires its suppliers to act in line with the same principles when managing their companies.

The Ratti Group has worked to make the Suppliers' Code and the Code of Ethics an integral part of supplier contracts, and as a prerogative for continuing such relationships.

To ensure supplier compliance, the Group reserves the right to check that the principles stipulated have been complied with. The contents of the Suppliers' Code focus specifically on respecting human rights and working conditions, safeguarding the environment, the fight against corruption and respect for intellectual property.

Social responsibility of the supply chain

The standard requires procedures to be implemented that respect social responsibility requirements for direct workers and for the company's supply chain.

Compliance with the requirements relating to suppliers is ensured by obliging suppliers to sign a commitment to comply with the principles, by sending out a questionnaire and subsequently evaluating the responses, and by the supplier accepting the principles of the Suppliers' Code approved by the BoD of Ratti SpA.

With regard to **SA8000 certification**, a company must:

- Effectively communicate the requirements of the standard to the management of suppliers, contractors, or private employment agencies and sub-suppliers
- Evaluate significant risks of non-compliance by suppliers, contractors, or private employment agencies and sub-suppliers.
- Take reasonable steps to ensure that significant

Suppliers' reliability and their ability to meet these requirements are key elements in guaranteeing the quality of the products and services offered.



Ratti requests all suppliers of chemical products and dyes to:

· Sign a declaration of compliance with the REACH regulation, in accordance with the most up-to-date list of substances, with regard to the properties of chemical products, dyes, articles and manufacturing

REACH (Registration, Evaluation, Authorisation and restriction of Chemical substances) is an EU regulation covering numerous chemical substances, with the aim of providing information regarding the hazardous properties of products, the risks connected with exposure and the safety measures that need to be applied. According to this regulation, in order to produce, import or market chemical substances, producers and importers are obliged to gather information on the properties of the substances, so they can be managed safely.

This information should be forwarded to

the ECHA (European Chemicals Agency).

· Compliance with the Manufacturing Restricted Substance List (MRSL) of the Zero Discharge of Hazardous Chemicals (ZDHC), the international programme to eliminate harmful chemical substances. In order to be considered as qualified suppliers of customers who have signed up to the programme, organisations must show that they comply with the ZDHC. The type of substances which, according to the ZDHC may not be introduced into the production cycle and for which specific limits have therefore been set, are placed on the Manufacturing Restricted Substance List. In becoming a ZDHC contributor, Ratti has invited its suppliers to register in the gateway dedicated to its chemical products and dyes, so that it can obtain, during 2020, an inventory (In Check

Inventory Report) in order to check that compliance of chemical products and dyes is as complete as possible. The request to implement the ZDHC programme was also extended to all suppliers of articles and manufacturing processes in order to work with Ratti towards the gradual elimination of the intentional use of the substances included on ZDHC's MRSL list.

 Compliance with Technical Datasheet no.24 of the Seri.co certification, whose objective is to "safeguard health in textiles" and which defines the ecotoxicological specifications of products, formulates and dyes. For the Ratti Group, compliance with this Technical Datasheet will be required for all raw materials purchased and will require high standards to be maintained in product formulation



risks are adequately dealt with by suppliers, contractors, or private employment agencies and sub-suppliers, and that subsequent action is taken with the appropriate priority.

Take action to monitor and track the performance of suppliers, contractors or employment agencies and sub-suppliers, with the aim of ensuring that their significant risks are effectively dealt withe.



To ensure the above, the Group follows specific procedures which govern the initial choice of suppliers and regularly assess whether said suppliers are complying with the standard SA8000.

With regard to procurement from countries considered to be critical in that they lack regulations and laws that safeguard workers, even against child labour, Ratti

> Spa has found it necessary to limit procurement from Bangladesh, Iran, Kenya, Guatemala, Honduras, the Philippines, Venezuela, Laos, Bolivia, Vietnam and Pakistan.

The only case of supply relationships with suppliers in a country at risk is that of a Pakistani company, whose compliance with SA8000 standards has been assessed.

Ratti has therefore limited its procurement activities in such

countries: the only case of supply relationships with suppliers in a country at risk is that of a Pakistani company, whose compliance with SA8000 standards has been assessed.

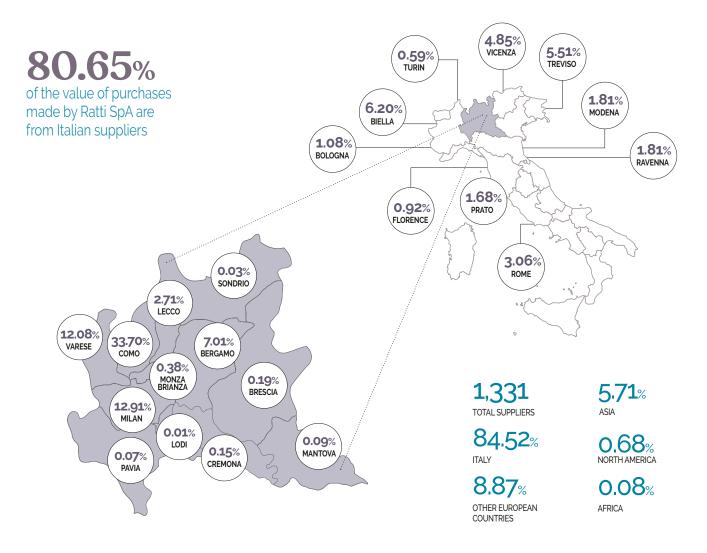
In addition, for suppliers considered to be **strategic** and/or critical in terms of social and/or environmental



accountability, there are provisions for a further assessment with regard to compliance and a further assessment of service and quality performance. For Ratti, a factor of crucial importance, which is expressed in the considerable investments made in order to strengthen analysis and the internal laboratory, is **chemical compliance** (see box Ratti requests all suppliers of chemical products and dyes to).

At 31 December 2019, Ratti SpA had 1,331 suppliers; of these 84.52% are from Italy, 8.87% from other European countries, 5.71% from Asia, 0.68% from North America and 0.08% from Africa.

To confirm the social-historical characteristics and Ratti's strong link with the local area, it is worth underlining that 80.65% of the value of purchases made by Ratti SpA are from Italian suppliers, an increase on 2018 (75.24%). Of these, in particular, 69.35% were made from suppliers based in the provinces of Lombardy.



3.3 A commitment anchored in the most advanced standards

Standards and certifications

For Ratti, the art of savoir-faire represents an immense heritage of creativity and craftsmanship and, as such, must be protected and enhanced. Only in this way can a Ratti fabric or print represent a real competitive advantage.

In the economic and social context that prevails today, it is vital for Ratti to confirm that it is deeply respectful of its environmental and craftsmanship heritage, guaranteeing that its work is of the highest quality. In the textiles sector, user safety is linked first and foremost with products' compliance with **environmental and chemical** regulations.

Against this backdrop, the main policy of the Ratti Group for safeguarding consumers is the guarantee that all products comply with the **regulations governing the environment** and **chemical compliance**. The company makes a great effort in this area, especially in the form of **investments** aimed at improving quality control and product safety, including investments earmarked for the internal laboratory, as well as by constantly requesting compliance by its suppliers – raw materials, processing and chemical products – as well as investments in analytical tests carried out in **accredited external laboratories**.

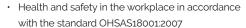
The company has made a strategic decision to develop an **integrated management system** that ensures total control of all aspects of its business processes and contributes to their consolidation. In line with this, Ratti has undertaken, starting with the Parent company, a journey that has led it to obtain **important certifications**, recognised internationally, relating to environmental management, safety in the workplace and social accountability:

- Social accountability in accordance with the standard SA8000:2014
- Environmental protection in accordance with the standard ISO14001:2015
- Environmental labelling and declarations in accordance with the standard ISO14021:2016

The main policy of the Ratti Group for safeguarding consumers is the guarantee that all products comply with the regulations governing the environment and chemical compliance



During 2019 Ratti SpA obtained four new certifications, as it had implemented procedures complying with with the following Management Systems: Quality, energy, Use of recyclable material and the certification **GOTS**



- · Oeko-tex standard 100 Class, extended in 2019 to new product types.
- · The Seri.co mark

In addition, during 2019 Ratti SpA obtained four new certifications, as it had implemented procedures complying with the following Management Systems:

- · Quality in accordance with the standard ISO9001:2015
- Energy in accordance with the standard ISO50001:2018
- · The certification GOTS Global Organic Textile
- · Use of recyclable material in accordance with certification RCS - Recycled Claim Standard

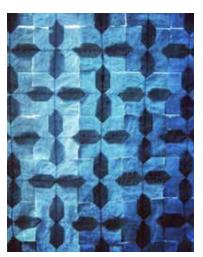


SA8000 is the main international standard suitable for companies of any size or sector, and sets out the relevant requirements, for all parties involved, that guarantee the appropriate management of social accountability in the company.

In 2015 Ratti SpA obtained certification in accordance with the standard SA8000:2014 Social Accountability, with the aim of attesting that the corporate system conforms with the principles of social accountability (freedom of association, the rejection of forced labour, health and safety in the workplace, improved attention to the needs of all interested parties, etc.)

The same SA8000'2014 certification for Social Accountability was obtained in 2016 by the Tunisian subsidiary, Creomoda and, in 2019, by the company newly acquired by the Group, La Maison des Accessoires. SA8000 certification is one of the international reference standards for managing social accountability and rights in the workplace, based on ILO (International Labour Organization) conventions, the Universal Declaration of Human Rights, and the United Nations Convention of the Rights of the Child.









ISO14001, the environment is safer

The international standard ISO14001:2015 is a management system recognised throughout the world. It provides a structure for managing and improving environmental performance.

In 2015 Ratti SpA obtained certification in the Management System for Safeguarding the Environment. ISO14001:2015 is a certifiable standard which confirms that corporate operations comply with the requirements laid down in terms of principles, systems and techniques that support appropriate environmental management. One of the main challenges the business faces in terms of sustainability is, indeed, to limit the impact of its activities on the environment and to achieve sustainable organisational growth.

ISO14021. declared assumption of responsibility

On 15 December 2017 Ratti SpA obtained, for three of its products, compliance with the standard ISO14021:2016, which involves companies making self-declared environmental assertions about their products, in particular with type II environmental labelling claiming: "Reduced use of resources, energy and water, and chemical products in the two types of printing (table and inkjet), within Ratti SpA".

The standard is a **key tool** for companies to communicate - in the best way possible - the sustainability of their products. It provides a list of general requirements, describes terms commonly used and supplies the conditions for their use. It also describes a **general methodology** for evaluating and verifying the self-declared environmental claims.

OHSAS18001:2007, health and safety at work

With OHSAS18001 certification, Ratti SpA has brought into being a solid system for managing the working environment, through the creation of formal procedures









for identifying and managing risks and dangers to safety in the workplace, and guaranteeing the best working conditions possible for the health of its employees.

This international standard defines the best practice requirements that should be applied in respect of health and safety, with the aim of eliminating or minimising operational risks and dangers.

The OHSAS18001 standard makes it possible to:

- · Identify risks and initiate controls to manage them;
- Create the best possible working conditions within the company:
- Lower the number of accidents and illnesses at the workplace with a consequent fall in employee inactivity;
- Involve and motivate staff thanks to better and safer working conditions;
- Certify, to customers and suppliers, compliance with an international standard.

Oeko-Tex® Standard 100: ecological requirements based on scientific evidence

In 2013 Ratti SpA obtained the certification **Oeko-Tex® Confidence in Textiles Standard 100** for fabrics and tulle in polyamide and polyamide/elastane, printed using inkjet printing with acid ink, in various colours.

Over the years this certification has been extended to new types of products, which in 2019 also included, in addition to the types certified in previous years, jersey cotton/elastane and polyester/elastane transfer printing. In 2019 Ratti also requested certification for cotton fabrics/viscose inkjet-printed using reactive inks.

Standard 100 by Oeko-Tex® is an independent and internationally uniform testing and certification system with test criteria, limit values and scientifically based test methodologies, covering the **humanecological requirements** for raw materials, semi-

finished and finished products in the textile sector at all manufacturing stages, as well as for the accessories materials used. For articles consisting of more than one part, the premise for certification is that **all components** must satisfy the requirements laid down.

Checks for **potentially toxic substances** are generally designed to take the intended use of the fabrics and materials into account. The closer the product's contact with the skin and the more sensitive this is, the stricter the human-ecological requirements to be respected.

Seri.co certification

Seri.co is a system of **product and process certification**, awarded to Ratti SpA in 2018 by an independent third party, and whose main purpose is to provide the maximum guarantee in terms of production process, textile product and toxicological properties for a chemical/formulate/dye product.

Seri.co guarantees the **quality characteristics of a textile product**, both in terms of technological and
performance attributes and in terms of **ecotoxicological properties**. In addition, it guarantees that the fabric does
not contain any released substances that are harmful to
the health of the user. In order to ensure the compliance
of a product, it must comply with the requirements of
Technical Datasheet no. 24 for raw materials purchased
and external manufacturing. The purpose of Technical
Datasheet no. 24 is to safeguard health with regard to
textiles and to define the ecotoxicological specifics of
products, formulates and dyes.

In 2019 Seri.co certification was renewed for all 24 datasheets, and in October 2 new datasheets were added, one regarding social accountability, the other regarding environmental protection.

In addition, to ensure that finished products comply with the standards, analyses are carried out on samples of fabrics and chemical products in accordance with a specific risk plan. This applies to production sites in both

Ratti has undertaken. starting with the Parent company, a journey that has led it to obtain important certifications, recognised internationally, relating to environmental management. safety in the workplace and **social** accountability



Italy and Romania, given that they use the same raw materials, while in **Tunisia** no wet production is carried out that uses chemical products or other additives that are subject to analysis.

In 2019 two sets of samples were taken to analyse MRSL parameters (Manufacturing Restricted Substances List, as set out in the ZDHC protocol) on industrial wastewater at the Guanzate site, in order to demonstrate elimination of MRSL substances from the production cycle.

ISO9001:2015, quality management

During August of the reporting year, Ratti SpA obtained certification of the Quality Management System in accordance with the ISO9001:2015 standard.

This certification sets the minimum requirements that an organisation's Quality Management System must satisfy to guarantee the level of product and service quality it claims to have. ISO9001:2015 is the internationally recognised reference standard for managing quality for all those organisations, public and private, of whatever economic sector and size, that intend to respond simultaneously to the need to improve the effectiveness and the efficiency of internal processes. It is an organisational tool used to reach objectives and respond to increasing competition in the marketplace by improving customer satisfaction and loyalty.

For Ratti SpA, this certification represents an opportunity to create a Management System that takes all businesses processes into consideration. This is to ensure the optimum use of all its resources, to reduce production costs, to achieve expected objectives and to maintain a constant quality level for its product in order to improve customer satisfaction.

Through obtaining ISO9001 certification, Ratti Spa assures its customers that it is working to achieve continuous improvement in its business processes, which is reflected in an improvement in the quality of its goods and services.

ISO50001:2018, energy efficiency

During 2019 Ratti SpA's Energy Management System was certified in accordance with ISO50001:2018. In particular, the certification contains an energy analysis and an energy diagnosis based on consumption for 2018. The objective of the ISO50001 standard is to enable organisations to create and maintain an Energy Management System (EMS), allowing them to continuously improve their energy performance.

The standard sets the requirements applicable to the use and consumption of energy, including activities relating to the measurement, documentation, planning and acquisition of equipment, as well as the processes and personnel that contribute to determining energy performance.

RCS certification for recyclable material

During 2019 Ratti SpA obtained RCS (Recycled Claim Standard) certification for certain polyester items containing recycled polyester. RCS is a standard which has been promoted to international level by Textile Exchange, one of the most important non-profit organisations at international level for promoting and responsibly developing sustainability in the textile sector. RCS certification demonstrates the recyclable material content of products (whether intermediate or finished). It provides an environmental declaration that has been verified by a third party.

In order to obtain this certification, Ratti SpA underwent a process consisting of three consecutive phases. The first of these consisted of an evaluation of products and the production process, and involved an assessment of the composition of products for which certification had been requested, and of compliance on the part of raw materials and suppliers.

Subsequently, an onsite inspection was carried out and, finally, after a process of evaluation and verification of the information and data gathered, the final phase included the issuing of a Certificate of Compliance.

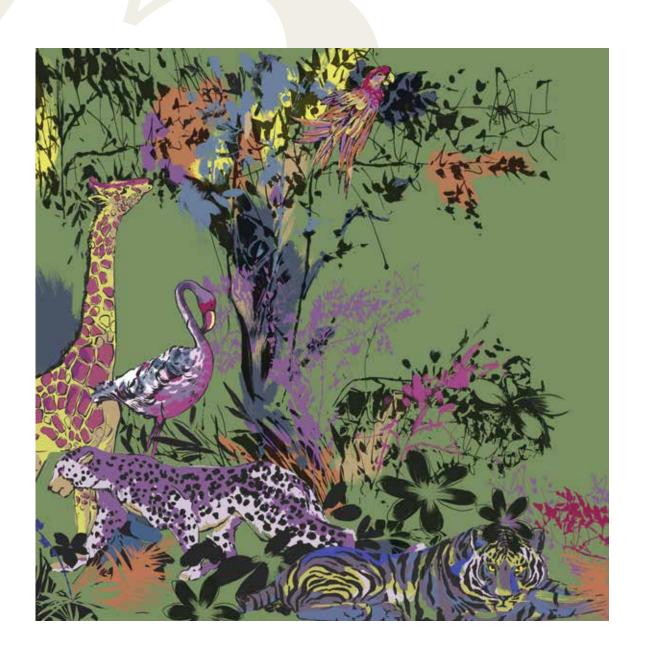
The certification GOTS - Global Organic Textile Standard

The Global Organic Textile Standard was developed by leading international organisations in organic farming, with the aim of reassuring the consumer that organic textile products have been obtained in compliance with stringent environmental and social criteria applied at all levels of production, from harvesting natural fibres in the field to subsequent manufacturing phases, to the labelling of the finished product.

The standard establishes that all manufacturing processes can be certified, including dyeing or printing carried out in compliance with the requirements set by GOTS and using chemical products approved by the standard. The evaluation of a chemical product is based mainly on verifying its toxicological and ecotoxicological characteristics

For textile products, this regards products containing at least 70% of natural fibres from organic farming (fibres, yarns, fabrics, clothing, textile accessories and others). In 2019 Ratti SpA certified the following types of fabric: silk, cotton and silk/cotton, printed in a single colour.







84%
THE INCREASE IN
PACKAGING PURCHASED
BY RATTI SPA FROM
SUSTAINABLE SOURCES,
COMPARED WITH 2018

THE DECREASE,
IN WATER CONSUMPTION
PER METRE OF FABRIC
PRODUCED INTERNALLY,
COMPARED WITH 2018

76%
TOTAL GROUP WASTE
DESTINED FOR
RECYCLING

THE PERCENTAGE
DECREASE IN CHEMICAL
PRODUCTS USED PER
METRE OF FABRIC PRINTED,
COMPARED WITH 2018

+41,441kWh
THE INCREASE IN
ELECTRICITY PRODUCED
FROM PHOTOVOLTAIC
SOURCES, COMPARED
WITH 2018

50,795km THE DISTANCE COVERED BY ELECTRIC COMPANY CARS

8.71tCO₂
CO2 SAVED
THANKS TO ELECTRIC
COMPANY CARS



In this section the Ratti Group commits to making a contribution to reaching Sustainable Development Goals 6,7, 12 and 13.

To do this, the Group:

- promotes sustainable mobility initiatives to its personnel
- commits to reducing environmental impact in terms of chemical products used, energy and water consumption, and CO2 emitted;
- thinks strategically through circular economy projects

TOWARDS A **FULLY SUSTAINABLE** OFFER:
80+ ARTICLES FOR THE
RESPONSIBLE COLLECTION



ZDHC, The programme that eliminates harmful chemical substances

An international programme whose goal is to limit pollution caused by textile industries, promoting the progressive elimination or replacement of all harmful chemical substances in production processes.

In 2019 Ratti became a contributor to ZDHC, offering itself as a leader in a sector undergoing significant transformation.

A **Second Life** for materials

Giving a second life to materials, producing "circular materials". The Ratti Group has launched various circular economy projects. In 2020 it presented a new product (padding for lining finished garments), that is based on re-using and recycling silk. A project is currently under consideration for reconditioning finished garments.





CHAPTER 4

Ratti's environmental commitment



Since 2011 the Ratti Group has undertaken the journey Ratti for Responsibility, making significant investments in order to optimise production processes, replace machinery and reduce the amount of resources consumed.

4.1 **Sustainability** in textiles: challenge accepted

From the point of view of continuously improving its environmental performance, since 2011 the Ratti Group has undertaken the journey Ratti for Responsibility, making significant investments in order to optimise production processes, replace machinery and reduce the amount of resources consumed: in just five years investments have exceeded €20 million.

In carrying out its activities, the Ratti Group promotes safeguarding the environment and contributes to spreading a culture of sustainability among those who enter into a relationship with the Group.





With ambitious objectives for continuously improving performance, in addition to initiatives seeking to improve the efficiency of consumption in the production process, the Ratti Group is enhancing its textile ecosustainability offer, carrying out circular economy projects, reducing scraps during production through reusing and recycling textile scraps.

In order to achieve results in improving its environmental performance which can be implemented in practice in consumption reduction programmes, during 2019, at the Guanzate plant, Ratti carried out an organisational LCA (Life Cycle Assessment) drawn up in accordance with the standard UNI EN ISO14040:2006. The objective

The Ratti Group's environmental policies

Ratti, Creomoda, La Maison des Accessoires and Textrom are equipped with environmental policies which aim to steer business processes towards solutions that ensure greater protection of the environment and a reduction of consumption in the name of sustainable development.

In particular, Creomoda updated its policy in October 2019 to include the activities of La Maison des Accessoires, while the Textrom site, in Romania, has implemented its feasibility study for rationalising the production site.

TO CHOOSE and use equipment, resources, materials and substances in a rational manner, taking into consideration their impact on the environment and their potential risks to health and safety, with particular regard to mechanical, chemical and manual handling risks;

TO FAVOUR the use of technology products and services, whenever these are available, that have the least impact on the environment;

TO OPERATE with the logic of a circular economy, limiting the use of natural resources and the production of waste, focusing instead on the reuse and/or recovery of materials:

TO SELECT suppliers/subcontractors on the basis of their ability to supply goods and services in compliance with the requirements and principles of the management system;

TO PROMOTE organisational growth and orientate business systems towards solutions that best protect the environment, reduce the consumption of energy and water, reduce the amount of waste produced and manage waste responsibly;

TO DEVELOP and extend information, communication and employee training processes to raise awareness of environmental sustainability and promote dialogue with internal and external stakeholders to guarantee the effective and efficient application of the company's management system;

TO PREVENT any form of pollution, in particular air and water pollution;

TO DEVELOP and update the management procedures for emergency situations and the criteria for evaluating risks to health and safety at work and to the environment.

Ratti participates in the Festival of the Green Week Economy

The eighth edition of Green Week was an event dedicated to sustainability and the green economy.

From 1 March to 3 March 2019 it drew to Trento entrepreneurs, experts and various other operators to examine sustainable development. In the days leading up to this Ratti, along with around 20 companies from Lombardy, opened their doors to "Factories and sustainability". Among other new developments this year, in Rovereto the opening event was "SetaTech, le nuove vie della seta" (SetaTech, the new Silk Road), whose guests that evening included Sergio Tamborini, Ratti's CEO. The SetaTech project was launched with the objective of

stimulating the rebirth of silk production in Italy, making use of uncultivated ground to grow mulberry trees.

A type of agriculture with a high added value – silk, in fact, has extraordinary properties that can be exploited not only by the textile sector, but also by medicine, pharmaceuticals and indust

of applying this LCA methodology is to record the environmental impact of the activities over which Ratti has direct control. The analysis of environmental performance is concentrated mainly at the **Guanzate** site where, in comparison with Textrom, the Group's production activities with the greatest environmental impact are carried out. Meanwhile, the impact of the activities carried out at Creomoda and La Maison des Accessoires may be considered negligible in this regard, given the absence of industrial production and the prevalence of craftsmanship activities.

The Group's environmental policy, which is included in the Corporate Policy of the Integrated Management System, was updated in 2019 in order to add references to two new certifications obtained following a great effort made by Ratti SpA: ISO9001 for quality and ISO50001 for energy management.

In order to manage and reduce the environmental impact of the use of energy and water, as well as emissions of polluting gases or gases with a greenhouse effect, each company in the Ratti Group operates autonomously, in accordance with its business model for managing and organising its activities and in accordance with its environmental policies, and in compliance with the local regulations governing environmental protection.

The sustainable offer

To respond to growing market needs, Ratti is showing that it is increasingly attentive and committed to sustainable fabrics.

The goal Ratti has set itself is to develop a sustainable offer within all collections: clothing for men and women,



men's shirts, accessories, beachwear and furniture. Each product line has been analysed and evaluated according to sustainable logic, with the objective of transforming Ratti's textile offer into articles that are 100% recycled and organic.

The choice of a responsible collection is moving in harmony with the certifications Ratti acquired during the year (see Chapter 3, paragraph 3.3 "A commitment anchored in the most advanced standards") to safeguard the company's immense heritage of creativity and craftsmanship, paying increasing attention to its environmental impact during the phases of production.

Confirming its decisive response to market challenges that are increasingly attentive to sustainability and product traceability, in 2019 Ratti widened the offer of raw materials in its Responsible Collection, ramping up the production of ecosustainable fabrics to almost twice 2018 levels and introducing new materials to continuously broaden its offer.

While in 2017 the Responsible Collection consisted of 16 articles with traditional printing designs in six different ecosustainable fibres, the third edition of the Collection has been enlarged to the point at which it has reached nearly 80 ecosustainable articles. These were presented during 2019 at major trade fairs such as Premier Vision and Milano Unica.

ORGANIC COTTON

46%

POTENTIAL GLOBAL WARMING REDUCTION THANKS TO REDUCED AGRICULTURAL INPUT

26%

POTENTIAL REDUCTION OF EXCESSIVE FERTILISATION THANKS TO REDUCED NITROGEN AND PHOSPHORUS DEPOSITS IN WATER

The savings relate to a kg of organic cotton in comparison with traditional cotton. (Source: Textile *Exchange*)

NEW LIFE RECYCLED POLYESTER FROM POST-CONSUMER PLASTIC BOTTLES

-94%
WATER CONSUMPTION

-60%

CONSUMPTION OF ENERGY RESOURCES

Water and energy savings relate to the production of 1 kg of New Life fabric compared with the production of a virgin polymer. (Source: *Sinterama*)

REGENERATED NYLON

-7
BARRELS OF CRUDE

-5.7_{tons}

-101.2 MJ MJ OF ENERGY SAVINGS

Each ton of Nylon regenerated (Source: Acquafil)

New materials added To the Responsible Collection in 2019

FSC VISCOSE CERTIFICATE

A GUARANTEE OF RESPONSIBLE FOREST MANAGEMENT;

ONOVA

RECYCLED NYLON FROM GRS-CERTIFIED SPINNING SCRAPS;

ECOVERO

A CELLULOSE FIBRE WHICH INVOLVES THE TOTAL RECYCLING OF SOLVENT DURING THE PRODUCTION PHASES; EVO

A HIGH-TECH YARN THAT IS BIO-BASED AND PRODUCED FROM THE CULTIVATION OF CASTER-OIL PLANR SEEDS.

The natural colours used in printing derive from animal and vegetable extracts used in the food. pharmaceuticals and cosmetics industry, following a process that envisages an ad hoc formulation for each extract.

The new ecosustainable fabrics added by Ratti in 2019 regard the viscose range with FSC (Forest Stewardship Council) certification.

This guarantees the provenance of fibres from responsibly managed forests. The various proposals include a version with **Ecovero**, a cellulose fibre that involves the total recycling of solvents during the production phases. With regard to nylon type there is QNOVA, which is nylon recycled from spinning scraps and is GRS (Global Recycle Standard) certified, and Evo, a high-tech yarn that is bio-based and produced from caster-oil plant seeds.

Dyes and chemicals, the new frontier of sustainability

For all its fabric products, Ratti is committed to reducing the quantity of substances used, through ad hoc research projects and the implementation of cutting-edge experimental projects which challenge standards of production in the textile sector.

As far as fabric ennoblement processes are concerned, the most significant development for Ratti's 2019 offer is natural dyes: a natural yarn dye used to create yarndyed woollen articles, together with natural printing dyes used to create articles in printed silk.

The yarn dye used in the range of yarn-dyed woollen articles is completely natural, of vegetable origin, and is made following eco-compatible processes, paying attention to the management of chemical products. The advantages of this natural dyeing process are, first and foremost, its biodegradability, its low toxicity and the absence of allergic skin reactions. The yarns produced



are available in an original and wide-ranging colour card, which ranges from sandalwood to blueberry, touching the tonality of turmeric and liquorice, presenting, at the same time, good characteristics of resistance and robustness to washing and to light exposure. The natural colours used in printing derive from

animal and vegetable extracts used in the food, pharmaceuticals and cosmetics industry, following a process that envisages an ad hoc formulation for each extract. It is silk, the base on which all tests have been carried out which have produced good results in terms of appearance and uniformity of tone.

In addition, 2019 saw the elimination of the EDTA sequestering agent, a chelating compound known for its low biodegradability which can lead to it accumulating in wastewater. In order to achieve continuous improvement in the management of chemical products and dyes, 2019

> also saw the implementation of software used to manage compliance with the Manufacturing Restricted Substance List of the Zero Discharge of Hazardous Chemicals

This was achieved by adding to the management system a section dedicated to this information, as well as to security and technical profiles, and all the other ecotoxicological information for the supplier (see also the box "ZDHC, the international programme for eliminating harmful chemical substances").

Careful management of discharges

With regard to the quality of wastewater, Ratti SpA monitors its parameters,

carrying out three-monthly analyses of the water, in addition to the twice-yearly analyses required by the Autorizzazione Unica Ambientale (single environmental authorisation).



ZDHC, the international programme to eliminate harmful chemical substances

The Zero Discharge of Hazardous Chemicals (ZDHC) is an international programme born out of various studies on the pollution caused by industrial textiles, tanneries and the footwear sector – suppliers of major global brands. It applies both to the brands and to the companies that form part of the production chain.

The type of substances which, according to the ZDHC may not be introduced into the production cycle and for which specific limits have therefore been set, are placed on the MRSL (Manufacturing Restricted Substance List).

Companies which comply with the ZDHC programme must manage their wastewater in compliance with the concentration limits set by the Wastewater Guideline for wastewater originating from production processes.

Chemical substances must be handled in an appropriate and organised manner, and an audit protocol is in place to assess this aspect.

Finally, in order to replace particularly hazardous chemical substances with those that are ecologically superior, a company must implement a system to research and develop alternative substances.

During 2019 Ratti became a contributor to ZDHC, which made it possible for it to participate in ZDHC working groups and to influence choices directly.

In addition, as a contributor to this programme, Ratti can be identified as a leader in a sector that is undergoing significant transformation, creating networks with the main players involved and accessing a range of best practices for chemicals management.

In the Textrom plant in Romania, the analyses of wastewater quality are carried out annually, as prescribed. In 2019, the activities which led to greater efficiency for water resources used in the process, which as a consequence involved a greater concentration of substances in wastewater, caused, in a limited number of cases (4 values out of 292 in Italy and 1 value out of 7 in Romania) the prescribed values to be exceeded. These episodes did not, however, impact the quality of surface water bodies, thanks to the treatment carried out by purification plants downstream.

In March and again at the end of July 2019 Ratti SpA also conducted the water campaign requested by the ZDHC (Zero Discharge of Hazardous Chemicals) protocol, which involved the analysis of MRSL (Manufacturing Restricted Substance List) parameters and others that the ZDHC programme considers to be fundamental (see the box above).

The analyses show that MRSL substances have been eliminated from the production cycle.

For Ratti SpA, the procedure for managing water deriving from manufacturing carried out at the plant, including that from bathroom facilities, requires it to be channelled through the internal collection network, where it is filtered (through bar screens) in a number of phases and pumped into the accumulation basin of the system, before being subsequently sent to the purification consortium, as per the Autorizzazione Unica Ambientale (single environmental authorisation).

During 2019 a study was carried out which led to a technical-financial initiative to reinforce the plant used to treat industrial wastewater.

The goal of the plant upgrade would be to achieve a reduction in the values of COD (Chemical Oxygen Demand), in surfactants and in the reduced forms, in particular the nitric forms.

In the production plant in Textrom in Romania, industrial

wastewater is channelled into a decantation tank in order to separate and subsequently remove the solid part. It is then sent to the relevant purification plant, as authorised and regulated by the contract.

Water deriving from civil use is, however, stored in a reservoir, drained off and disposed of. In the first half of 2019 testing was concluded of the chemical product treatment for reducing the amount of volatile organic compounds in the decantation tank.

However, at the Tunisia plant, water is not used for production – it is only for civil use.

4.2 Less resources consumed, a better future

The management of water resources

In order to optimise water consumption, the Ratti Group is launching a process which reduces water consumption during the phases of the production process. This will start with the Guanzate plant, which draws its water resources mainly from dedicated wells.

For a number of years the Group has regularly verified water consumption by using a range of meters. This measurement network currently consists of meters that must be read manually. In order to make it easier to monitor consumption, during 2019 a number of **electronic meters** were installed for the main water distribution targets, seeking, in recent years, to extend the network further.

In comparison with 2013, the year in which major investments began in machinery for washing, water consumption recorded over the last three years has shown a stable trend of a decrease in water withdrawal per metre of fabric produced, which from 2018 to 2019 fell by 5.19%.

-5.19%

WATER WITHDRAWAL OVER METRES OF FABRIC PRODUCED COMPARED WITH 2018

-1.44

CONSUMPTION OF ELECTRICITY OVER METRES OF FABRIC PRODUCED COMPARED WITH 2018

+41,441_{kWh}

INCREASE IN ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN 2019 COMPARED WITH 2018

29,745kWh

PHOTOVOLTAIC ELECTRICITY
PROVIDED TO THE NATIONAL GRID

+33%

COMPARED WITH 2018

314 tons
TONS OF CO2 AVOIDED IN 2019

TONS OF CO2 AVOIDED IN 201 THANKS TO PHOTOVOLTAIC ENERGY





The energy

are directly

linked with

improving

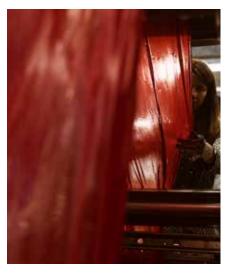
the systems

that control

and measure

consumption.

efficiency actions



With the objective of reducing future water consumption, in 2019 Ratti made a number of investments in factory service equipment.

Monitoring energy consumption

The investments made in 2019 have led to the optimisation of the Ratti Group's production processes, concentrating on improving the system for monitoring consumption at the Guanzate premises, which account for most of the Ratti Group's energy consumption.

During 2019 Ratti SpA concluded activities for certifying the Energy Management System according to the standard ISO50001:2018, carrying out energy analysis on the basis of 2018 consumption.

The energy efficiency actions are directly linked with improving the systems that control and measure consumption. For a number of years Ratti SpA has regularly verified electricity consumption by using a monitoring system based on a number of meters that the company has increased over time.

In 2019, this measurement, which included the main sources of consumption relating to production (transformers, control panels in the electricity cabinets, control panels in the departments, the principal machinery), was further widened to include the monitoring of individual users, with data gathered on a daily basis.

In this way, at the Guanzate site, Ratti ensures compliance with the applicable authorisations, laws and regulations, and that the environmental performance of specific KPI parameters is monitored by surveillance plans that are defined and managed in accordance with the appropriate procedure. With the goal of developing a consumption monitoring system that is increasingly extensive and integrated, Ratti SpA has set itself the objective over the next few years of increasingly measuring individual users.

Since 2014, the major investments made in the

Guanzate plant by replacing old machinery and installing a machine that recovers heat from vapour, have facilitated a significant decrease in the consumption of electricity and methane, making the departments more efficient. The replacement of the old washing lines and the installation of a system recovering heat from wastewater has also led to a reduction in both water and energy consumption. This is thanks to reusing energy to heat the in-flowing water that replenishes the tanks that form part of the washing line.

The main actions carried out in 2019 to optimise energy consumption include:

- · the replacement of machinery in the Finishing department with new equipment that includes a heat pump;
- · the installation of an LED lighting system for the offices (on a surface area of around 4000m2) and the warehouse for semi-finished products;
- the replacement of some older-generation batteries and battery chargers with new, high-efficiency batteries, guaranteeing a 30% saving in energy used to recharge batteries;
- the replacement of the room housing the data processing centre's machines with air-conditioned cupboards, guaranteeing improved efficiency.

The Ratti Group has also paid particular attention to optimising the consumption of methane, investing in the replacement of machines that consume this gas indirectly. In 2019, all methane gas meters were replaced by the latest generation of systems that allow (from 2020) remote reading, so that consumption data can be recorded more frequently.

With regard to the air-conditioning and heating systems, the Guanzate plant follows a specific procedure for managing air-conditioning systems and for managing emissions into the atmosphere, that ensures compliance with the Autorizzazione Unica Ambientale (single environmental authorisation).

In particular, in order to reduce polluting emissions into the atmosphere, in 2019 a burner in the power plant was replaced by a latest-generation burner, guaranteeing lower emissions of nitric oxide..

Energy production from renewable sources by photovoltaic systems at the Guanzate site made it possible, during 2019, to produce 873,976 kWh of









electricity, an increase of 4.98% on the previous year. A part of the energy produced was released to the grid avoiding, thereby, the emission of 314 tons of CO2. In addition, from 2020 electricity purchased by the Guanzate site will be 100% from renewable sources, and certified by a Guarantee of Origin.

This will significantly decrease emissions of CO2 relating to the purchase of electricity by the Group.

Travel better to consume less

Not only what one does in the company but also how one gets there can contribute to a better environment.

To encourage a move to more sustainable travel, the company has gradually replaced a number of company cars with electric vehicles, along with five charging points available to employees who decide to acquire electric or hybrid cars.

According to the policy governing the company's car park, employees should prioritise the use of electric cars for journeys up to a total of 100km.

Ratti SpA also encourages employees to make journeys using public transport, combining this with the pre-existing shuttle bus to and from Lomazzo station.

Financial incentives have also been offered to promote car pooling by employees who share similar journeys to and from work. A shuttle bus has been made available for the Creomoda and Textrom sites

For more sustainable mobility, the company has gradually replaced some company cars with electric cars, preparing 5 recharging points.

SUSTAINABLE TRAVEL



Car Pooling

- · Parking places reserved for work teams
- · Company cars available when overtime is required
- * Special end-of-year bonuses for work teams who have performed well in terms of average presence and reduction of ${\rm CO_2}$ emissions .

40 PEOPLE INVOLVED OVERALL IN 12 TEAMS DURING 2019



TONS OF CO2 AVOIDED THANKS TO SIMILAR WORK-HOME JOURNEYS BEING SHARED THROUGH CAR POOLING

(-49% compared with theoretical emissions from participants' vehicles)



Electric cars

Recharging points for electric cars available to employees who decide to acquire an electric or plug-in car.



The company car park has 4 electric cars, which in 2019 were used to travel 50,795 km



Reserved Parking

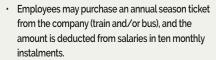
PINK > pregnant women

VERDI > car pooling

CYCLES > bicycles and motorbikes

Local public transport

Through an agreement with ASF (the company which manages public road transport in Como province)), the route linking the Company with the Trenord station Fino Mornasco and Como was diverted.



Company cars available when overtime is required



5
PEOPLE INVOLVED
IN THE PROJECT

Shuttle bus

Creomoda and Textrom have organised an efficient and safe transport service that may be used by all workers

+200

MORE THAN 200 PEOPLE INVOLVED IN CREOMODA

19

PEOPLE INVOLVE



Bicycles

Numbered and personalised racks with locks

31

PEOPLE INVOLVED IN 2019



OF HAZARDOUS WASTE IS DESTINED FOR RECYCLING

OF NON-HAZARDOUS WASTE IS DESTINED FOR RECYCLING

4.3 Objective: the reduction, reuse and recycling of waste

The management of waste

Ratti considers the production of waste to be one of the main indicators of corporate sustainability. It has set itself the goal of reducing the quantity of this, including through circular economy projects involving the reuse and recycling of discarded material from the production process.

As in previous years, Ratti is continuing to monitor waste production according to KPIs on a quarterly basis, starting with the Guanzate plant. Ratti has achieved a

more advanced level of detail, monitoring discarded textile fibre by department.

This action has facilitated the development of an initial sample analysis on a range of textile scraps, identifying any action that could be taken with regard to the excess quantity of fabric used. On the basis of these results Ratti intends to widen this analysis in order to include further efficiency enhancement actions.

During 2019 the Group focused on the possibility of initiating the reuse and recycling of a part of textile scraps. This activity is currently in an experimental phase, with attention on prevailing regulations and how these are evolving with the implementation of the European Package for the Circular Economy.

In 2019 Ratti launched the "Second Life Fibers" initiative, for the reuse and recycling of silk in new products (the lining of finished garments), for proposal to the market, and carried out a study aimed at reconditioning finished garments (the sustainable restoration of their water-oil repellence function).

Most of the Group's waste products are recorded at the Guanzate plant, where action to reduce these is concentrated. With regard to its subsidiaries, and including the Tunisian sites, Ratti monitored the quantity and type of waste products, making a commitment to weigh, trace and account for waste of the main types paper, plastic, textiles and unsorted waste. As there is no production plant in Creomoda, the discards produced by subsidiaries are, in any case, minimal and are disposed of using specialised companies, in accordance with local applicable regulations. Both the Tunisian sites have started separate waste collection for certain types of scraps from manufacturing, ahead of future projects for fabric recycling from a circular economy perspective. At the Textrom site in Romania, finally, waste disposal takes place in accordance with local regulations, reporting the principal categories of waste and their destinations and having launched a study of projects aimed at improving performance.



From discards to inspiration

Over the last two years Ratti has been in partnership with Kapdaa - The Offcut Company, with a view to recovering fabric scraps and developing new creative projects.

The venture is devoted to sustainability, and partners with designers and manufacturers to minimise waste in the fabrics field, using scraps to create new design products

The project made it possible to recover fabric scraps from the production phases and transform these into elegant and coloured notebooks, which are on sale in the company Outlet. Ratti is also a partner of Carmina Campus, whose mission "save waste

from waste" focuses squarely on the use of industrial materials commonly considered to be scraps as a source of inspiration and as a secondary raw material, and which, in the hands of expert Italian craftsmen, takes on new life as part of a design object.









In this section Ratti commits to reaching Sustainability Development Goals 4, 9 and 10.

In order to do this, the Ratti Group:

- promotes the enhancement of the local community and area;

 invests in the future for the vounger general community.
 - invests in the future for the younger generation, partnering with national and international schools and universities;
 - works with partners to help the most disadvantaged social categories;
 - commits itself to innovation, participating in various projects to promote the importance of creativity and development, so that it stands out in the market.

1₹1

Believing in talent, investing in the future



Since 2019 Ratti has been a partner of the Accademia Costume e Moda, supporting the "Final Work" projects of the students of the Master in Alta Moda (High Fashion).



Ratti is partnering with IED (Istituto Europeo di Design) in order to support a course in

semiotics, design and communication for African Wax fabric and to reveal the new global language of fashion.

Ratti is partnering
with ISIS Paolo
Carcano to train a
professional in the
creative and industrial area.
This will be through synergy between
classroom-based training and
on-the-job training in the company.

Ratti also received an award in 2019 from the **Social report Library** for its Sustainability Report

+30

the number of projects and social initiatives undertaken by the Group in 2019

Partnership in innovation





Sponsor of the XIth edition of TEDxLakeComo and ComOn, to contribute to the dissemination of "creative ideas".



Ratti has chosen to be a technical partner of the World

Manufacturing Forum in order to disseminate the culture and innovation of Italian manufacturing.

SMART4CPPS, for the integration of plant and machinery with



IT systems and the traceability of the product during the process.



Digital FOAM, project to improve the sustainability of digital printing.

Antonio Ratti Foundation

Enhances the history and trends in the world of costume and art, promoting initiatives, research and studies.

Partnerships that do good

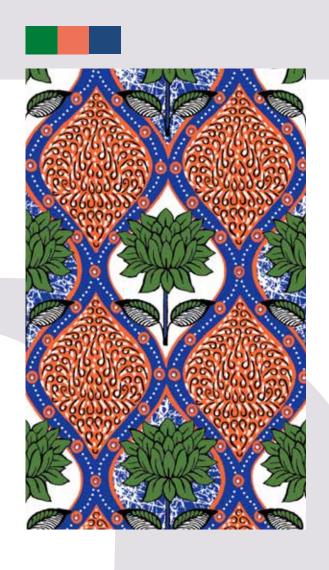


Collaborates with Bollate Prison and with Como Prison, setting the objective of involving the inmates in extra activities, such as the project "Leonardo, prigioniero del volo" (Leonardo, prisoner of flight).

New partnership with the Ethical Fashion Initiative (EFI), putting into contact the most talented people in the global fashion world with small craftsmanship organisations in the poorest areas that are developing

Bulgari project with SavetheChildren: "Punto luce" (point of light) to "illuminate" the future of many children and young people between the ages of 6 and 18.





CHAPTER 5

Ratti, adding value to the community and the region



I took a moment to admire the glorious view surrounding me and to take a look at where I had come to. But I don't want to linger, my long walk is not yet over

Local connections but strong internationalisation of competences, because it is only through encountering, relating to and exchanging cultures and knowledge that a product can be obtained which can satisfy the tastes of the principal fashion houses of the world.

Nelson Mandela said: "I took a moment to admire the glorious view surrounding me and to take a look at where I had come to. But I don't want to linger, my long walk is not yet over". It is this thinking that Ratti, since it was founded, has always adopted, investing in new organisational models, in new professional roles and in specialisation, in order to encourage economic and social development in its local area. Ratti's objectives, in fact, are not limited simply to safeguarding the craftsmanship and manufacturing heritage which constitutes the essence of the brand, with printing and fabrics that marry local experience and the strong internationalisation of culture and know-how but, by choosing to push itself further, seeking to safeguard the area and its resources.

The attention Ratti pays to enhancing the area in which it operates has become a 360-degree commitment, thanks to significant partnerships and institutional initiatives. There is also a constant effort within the organisation and in its daily operations to try to stimulate local growth and optimise the use of resources.

For the Group, talking about people and the region translates into the protection of know-how and experience that are part of the company's DNA and that since 1945 have added lustre to Made in Italy.







5.1 At the forefront of communicating sustainability

Against a backdrop of a clear and linear pathway, aware that it is impossible to stop and admire the results that have been achieved, during 2019 Ratti took part in a series of meetings and training sessions with local schools, partner companies and other organisations in the sector.

For the Group, sustainability is strongly linked to the values of a business and, like these, must be communicated and shared.

Recognition given to the Sustainability Report

The Biblioteca del Bilancio Sociale is a collection at national level of sustainability reports.

It is a documentation centre that can be accessed by anyone (associations, consumers, students, universities, the world of information, institutions and companies) who, over time, want to understand and evaluate all the information contained in these documents.

This association has set itself the goal of sharing the data and news published in the reports to an increasingly wider audience, representing a meeting point that encourages and makes it possible to consult, at national level, the social, environmental and sustainability reports produced by Italian companies.

Every year the The Biblioteca del Bilancio Sociale presents an award to the company that has distinguished itself in the area of sustainability through its reporting instrument. The event, which had its sixth edition in 2019, was held on 5 December at the Fondazione Ambrosianeum in Milan.

The Biblioteca del Bilancio Sociale selected Ratti on the basis of its transparency, which today is increasingly synonymous with competitiveness, and for operating within ethical and respected parameters.

A glance at the Ratti world

Every year, Ratti throws open the doors of its premises, organising ad hoc company visits. The idea is to explain the complete production cycle: from initial design to









printing the fabrics. Tours are guided directly by plant managers and are aimed at Italian and international fabric institutes as well as universities and fashion academies from around the world

In addition, Ratti participates in training events to stimulate relations with students, as was the case during the course on corporate strategy that is part of the Executive MBA of the **Business School of Il Sole 24 Ore**, and which Ratti was invited to attend.

Ratti and Open Factory

Ratti, as an advocate for Made in Italy and a reference partner for the major fashion houses of the world thanks to its inexhaustible creativity – the offspring of freedom of invention and a certain touch of eclecticism

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- took part in the OPEN FACTORY project, along with "L'Economia" (of "Il Corriere della Sera").

Attentive, as always, to enhancing its heritage and its history, Ratti chooses to present and represent the values of the area in the best way it can, by opening the gates of its production site, and allowing all guests to take a look behind the scenes at an organisation that is the cradle of elegance and style in the world of printing.

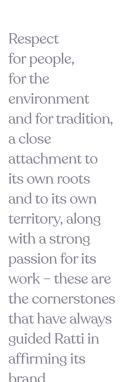
Every department, every print and every design must be closely observed by someone who has taken onto themselves the codes and aesthetic graphics of this strong Italian "stamp". This is a connotation which includes, at the same time, harmony, wise elegance and the unique style of this company. Respect for people, for the environment and for tradition, a close attachment to its own roots and to its own territory, along with a strong passion for its work – these are the cornerstones that have always guided Ratti in affirming its brand.

In 2019, Ratti opened the gates of its production site on 24 November in order to show visitors the excellence of its printing and fabrics. During the day, visitors were able to move between the various departments of the site and to admire the historic archive with over 1.000.000 fabrics and designs and 14,000 volumes, warping and its wefting annex and, last but not least, the exclusive printing activity which, since 1945, has produced masterpieces that are appreciated and requested by luxury fashion houses and pret-à-porter organisations around the world. For Ratti, the objective of this initiative was not only to show off its history and its production with pride but, at the same time, to involve all the guests through an experience narrated by those who live this story themselves, while also hoping to stimulate in some the desire to be a part of this world.

Club IACDE Italia

On 5 April 2019 Ratti opened the gates of its site to members of **Club IACDE** (the International Association of Clothing Designers and Executives) Italia which, for the first time, visited the entire Guanzate site. For the participants of this initiative, the visit inside the company was a unique opportunity, allowing them to discover the various spaces that make the Ratti Group a leader in the creation and production of printed fabrics. During the day, the members of Club IACDE were able to familiarise themselves with and observe up close the workshop and its print screens, the dedicated areas where creative workers design fabrics, and those areas destined for printing designs.

For members of the Club, this opportunity was extremely stimulating and fascinating, not only thanks to the Ratti Foundation's impressive historical archive that was shown to them, but most of all due to the impression of great passion and a strong corporate culture that was noted by all participants. Also during







The experience these young people have had will help them in their professional choices precisely because they have shared with their group the atmosphere that pervades the company, and they have learned to appreciate our art and our values, acquiring an awareness of knowledge and abilities that up until now may have been dormant.

this visit, a debate was organised directly by Club IACDE Italia in the Ratti Foundation, led by Dr Gian Mario Borney, Fashion Strategies Advisor. Participants included Sergio Tamborini, CEO of the Ratti Group, Giorgio Todesco, CEO of Marzotto Wool Manufacturing and Simone Visani, Head of Sales & Marketing at FPMA Italia. A clear takeaway from the event was the trend of great changes that companies will need to face in the near future: the evolution of consumers and markets, transparent business models, innovation in processes and organisations, exploiting the potential of new technologies, more speed and flexibility on the industrial front, product quality, safeguarding the environment, safety and social accountability.

5.2 Believing in talent, investing in the future

Schools, universities and training

The Ratti Group, as a part of its profuse commitment to developing talent, annually designs a programme of on-the-job training and training aimed at the younger generation. Simultaneously, it continues to partner with schools and universities both in Italy and abroad.

These ideas and projects are born out of a synergy between Ratti and the schools who are, collectively, seeking to launch a new fashion paradigm with a more responsible and sustainable focus.

The company cultivates its relationship and strengthens its cooperation with fashion and design institutes

through taking on talented young people as interns with competitions and project work, supporting undergraduates during their thesis projects, supplying fabrics for laboratories or courses and as a technical sponsor of events, exhibitions and competitions organised by schools and universities. Internships and other opportunities for growth in the company are explained in the relevant section Young Talent on the website, where aspiring candidates can fill in a contact form to register as candidates.

Young people from Italy and all over the world participate in the workshops, which offer a unique training experience thanks to their mix of applied creativity, inspiration from the past and the latest technology. The designers learn directly in the departments to acquire operational autonomy, to choose fabrics and materials for the future and to liaise professionally with the customer, facing the problems of the sector. Company visits offer a chance to consult the archives and to observe, close up, the creative journey and the production cycle.

Ratti is once again partnering with "Setificio" ISIS Paolo Carcano on the ITS course. The objective of this course is to train professionals in the creative and industrial area (the high-level technique of production and process in the designing and planning of textile, clothing and fashion articles), through a powerful synergy between classroom training (1100 hours) and working in the company (900 hours). Ratti supports the project by welcoming youngsters to the company by offering them high-level training apprenticeships.

Another partnership launched by Ratti is with Liceo Artistico del Centro Studi Casnati di Como. This involves producing videos for the company's social platforms. The project, which was launched in November 2018, has been followed by teachers and students of the Audiovisual and Multimedia course. It also benefited from the presence of a teacher/trainer from Istituto Marangoni, which is a partner of Centro Studi Casnati. The main focus of the project was Instagram, the social













media platform in which the company believes it should invest, through communication that is fresher and closer to its followers. The best video project produced by the fifth edition received a prize during the **Casnati Fashion Show**, which was held on 1 June 2019. The prizes, worth €15,000.00 each, were disbursed by Paolo Meroni, Director of the prestigious Milanese fashion school, and were awarded to three different students for the courses in Architecture, Multimedia and Fashion respectively.

Through training courses, internships, study bursaries, and competitions to reward the best projects, Ratti also partners with the best schools, universities and fashion and design institutes, whether locally or internationally, such as **Accademia del Costume**, **IED – Istituto Europeo di Design**, **Setificio di Como**.

Since 2019 Ratti has been a partner of the Accademia Costume e Moda, which this year has decided to present, during the third edition of Fashion Graduate Italia, the "Final Work" projects of the students of the Master in Alta Moda (High Fashion). Ratti is one of the companies which has helped the students to bring the projects to fruition. Fashion Graduate Italia offers a varied cultural context, in which Fashion Shows alternate with talks, panels and workshops, in order to discuss and communicate with regard to trends in a sector that is crucial for the production of fabric in Italy and abroad.

As partners the event had Regione Lombardia (Lombardy Region), Comune di Milano (Milan Municipality), Confindustria Moda, Banca Intesa San Paolo and In-Lombardia.

Also with the Accademia Costume e Moda, Ratti partnered in a training project, financing a **study bursary for the Master in Fabrics Innovation Design**, the I level Academic Master recognised by the Ministry of Universities and Research. The Master seeks to offer a programme based on culture, on knowledge, on the development of creativity and the use of innovation in order to create new designer and professional roles that could offer important support to creative directors in developing collections and that will be able to dialogue effectively with textile and manufacturing companies.

The mission of this specialisation is to offer graduate professionals all the tools they need to create new materials, and to use processes and techniques to generate fabrics following a sustainable and innovative approach. Through this initiative, Ratti has been able to organise lessons on the specifics and the excellence of its activities in the area of textiles, and has been able to arrange some company visits for students, also supporting internships as part of the curriculum.

The division Ratti Art has launched a **programme with IED of Milan** in order to develop a course in semiotics, design and communication for African Wax fabric. The objective of the course is to analyse the culture and the symbols related to the Wax world and to study a new stylistic and creative approach in more detail. This is closely linked to these fabrics, and seeks to put together African traditions, Ratti's expertise and the new languages of the fashion world.



Ratti, training school for Setificio Paolo Carcano di Como

Fondazione Setificio, in partnership with textile companies in the Como region, organised a course to update teachers in the area of textiles from Istituto Setificio Paolo Carcano di Como. The programme, which has been in place for a number of years, brings to the school the latest updates to production methodologies in the sector.

Textile companies from the Como region offer their support in order to offer practical lessons to teachers, directly on their production sites. These start with the subject of textiles, before moving on to the chemical laboratory, dyeing and textile printing.

The lessons take place directly on the premises of textile companies in the Como region, which have been contacted

thanks to the coordination efforts of Fondazione Setificio. The teachers spend a day with the company's technicians who, following an introduction of the topics of the day, accompany the teachers in the departments so that they can follow the practical work of the various plants.

Ratti took part in the programme by offering updates and specialisation in the area of textiles, and also included the areas of chemicals, dyeing and textile printing in specific projects. **Sustainability** was also one of the themes addressed. Fondazione Setificio has already given space to this through meetings with experts, and today finds itself at the centre of the renewal of industrial processes throughout the textile sector.



EFI chose Ratti because of its focus on and experience of bringing creative potential to fruition and because of its know-how in supporting EFI's activities under the aegis of the United Nations.

With an eye on the future from an international perspective, Ratti sponsors TexSelect, which every year invites the tutors form graduate courses and Master's degrees to select the most creative students of the year. The 24 best graduates selected are presented to buyers, to the press and to the sponsors at **TexSelect** London Preview and the Première Vision Paris trade show. The worthy winners of this mentorship programme have earned not only an excellent first experience in the textile-industrial field, but also an opportunity to collaborate with the most prestigious Italian textile companies and to be taught and updated on the use of CAD software.

5.3 Partnerships that do good

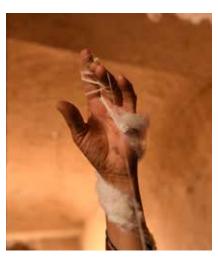
Ratti is seeking to become a point of reference for all organisations that promote projects that fit the theme of sustainability, by developing a plan of transversal initiatives to support the evolution of policies and to safeguard the values and objectives relating to social sustainability.

With the aim of dedicating special attention to those less fortunate. Ratti works with Quid, an ethical and sustainable fashion brand which produces handmade garments and accessories, created with end-of-line fabrics made available by textiles companies. Hemming is carried out through tailoring provided by 20 women from disadvantaged groups.

The company is also partnering with Made in Carcere (Made in Prison), a not-for-profit social cooperative that helps 20 inmates to manufacture accessories which give a second life to fabric scraps from textile companies. The company is constantly donating fabric scraps to Italian fashion schools so they can carry out internal work and projects. In addition, the company supplies fabric every year and follows students as they make their collections for their final theses.

The project "The peace scarf" involves more than 30 silk producers in the area of Shekiban in the province of Herat in . Afaanistan





Finally, Ratti is in partnership with Siticibo, a programme of the Banco Alimentare Onlus Foundation, that was set up in Milan in 2003 to collect excess food from canteens. It is also a partner of an initiative organised at the social theatre in Como to collect funds for the Umberto Veronesi Foundation. Ratti also participated in an initiative organised by Associazione Cometa at the Palazzo della Borsa (stock exchange) in Milan, in order to gather funds for the project "Aiutami a crescere" (Help me to grow) to assist 30 children from the day centre "Una Casa per Crescere" and to support 80 young people from the school "Oliver Twist" with training and recruitment.

The company also partners with **Bollate Prison** and with Como Prison, setting the objective of involving the inmates in extra activities that mean they do not have to remain in their cells. The aim of this initiative is to teach the inmates small "tricks" for sewing, cutting and working with sewing machines. The material used - extremely fine fabric - was donated by Ratti, who, on a regular basis and for more than a year, has supplied the material used to make bags of various types as well as some garments. The proceeds from the sale of the bags were used to purchase consumables, through a type of selffinancing.

At Bollate, however, the material from the Guanzate site, in addition to being taken to a tailors' workshop managed by a cooperative, was distributed to the young women in the prison who, in their free time, were able to express their creativity by designing suits, scarves and jackets. Within this fashion team, some inmates made, in addition to fashion garments, a number of dolls made from fabric. They were thus able to produce a new and unique collection.

Another significant partnership launched in 2019 was that between the Ethical Fashion Initiative (EFI) and Ratti. EFI was launched with the aim of putting into contact the most talented people in the global fashion world with small craftsmanship organisations in the poorest areas that are, however, developing.

Under the hashtag "no charity, just work" the programme seeks to improve creative and sustainable cooperation between the brands and local craftsmen, while fully respecting people and the indigenous production environment, paying attention to centuries-old craftsmanship linked to local traditions.

From this perspective, EFI chose Ratti because of its focus on and experience of bringing creative potential to fruition and because of its know-how in supporting EFI's activities under the aegis of the United Nations. Specifically, the project "The peace scarf" involves more than 30 silk producers in the area of Shekiban in the province of Herat, who follow the complete production

chain from growing mulberry trees to breeding and producing silkworms, through to the weaving and dyeing of fabric. The EFI's project with Ratti commits to placing value on the ethics of beauty. It seeks to create quality products that recount a story that emphasises not only manual labour but, at the same time, the story of these women themselves, of their culture and traditions that stretch back to the times of the Silk Road. This is a project that has the general ambition of reconstructing the social fabric, supporting an alternative economy which is also based on the production of opium and, not least, preserves the skills of traditional craftsmanship by means of authentic creations made by hand.

Once again with regard to partnerships that do good, Ratti participated in the **Bulgari project with SavetheChildren: "Punto luce"** which was inaugurated on 11 November in Ostia, to "illuminate" the future of many children and young people between the ages of 6 and 18. A space for hosting creative workshops and training courses in the awareness of how much art, creativity and education regarding beauty are key to boosting self-esteem and the expressive capacity of the young.

An educational initiative that involves every year around a thousand young people who are given the possibility of receiving help with their homework or being able to attend courses in painting, pottery and sporting activities, while for older children the arts programme consists of three areas: cinema, photography and social design. For the project, Ratti has chosen fabrics from its Domus division, hemming cushions and coverings for furniture which will be used to enrich the structure. This partnership represents an attempt to combat educational poverty and to offer a valid alternative, through personal and cultural growth, and the acquisition of working competences, for young people in areas that face difficulties.

Ratti is a partner of **Afwm (Afro Fashion Week Milano)**, an event that shines a spotlight on African designers and the style inspired by that continent. There were various







events during Afro Fashion Week: On 19 September a conference was organised at Università Cattolica in Largo Gemelli, which was preceded on 18 September by a trip made by designers from Afro Fashion Week to Ratti in Como. On 20 September, at Fabbrica del vapore in Milan, there were fashion shows from Sassape, Afroots and Wanki couture, while on 21 September at the same venue Afroots returned with an opening show, followed by Ethnic Revival by Marc Bell, Nebua and Djuije. As the president of **Afro Fashion** explained: "The intention is to tell the story of an Africa that is far away from the stereotypes that identify it exclusively as a poor and needful area, while failing to understand that there is much more behind the scenes. A "mother continent", a cauldron of ideas from which creative people – local but not only local - draw stimulation and inspiration". These include Ratti, which in its fabrics interprets

wax – the distinctive sign of the highly coloured and flamboyant African cloth, using cotton that is 100% Made in Italy and thereby gives life to "Italian wax".

Ratti, in its fabrics interprets **Wax**- the distinctive sign of the highly coloured and flamboyant
African cloth, using cotton that is 100% Made in Italy and thereby gives life to "Italian wax".

The project "Leonardo, prigioniero del volo"



Together with Bollate Prison, in 2019 the project "Leonardo, prigioniero del volo" (Leonardo, prisoner of flight), was launched, in partnership with Teatro della Moda (Theatre of Fashion). This brought together a number of designers, planners, patternmakers and painters to pay homage to Leonardo da Vinci, the great genius inventor. In this context, Milan/Bollate Prison, held up as a model institution with regard to the re-education and the reintroduction

into society of its inmates, chose Ratti as its partner for technical consultancy for materials. It involved the style and communication office in its choice of these fabrics. The garments produced were displayed from 11 December 2019 to 5 January 2020 at Palazzo Morando in Milan and, later, were sold at auction in order to support Casa del Sollievo Bimbi, the first children's hospice opened by Vidas in Lombardy, which looks after seriously ill children.





At the same time, Made in Italy fashion exports increasingly to Africa. Over the next few years the increase in sales of our products to South Africa should reach 33%, and even 40% in Nigeria and 52% in Angola. An exchange that moves in more than one direction, and involves creative inspiration that affects the production of raw materials.

Around 40 African countries are, in fact, specialised in the cultivation and manufacturing of cotton, with Kenya and Ethiopia in pole position. However, investment in partnership with the African continent also has a humanitarian aspect, in that it helps the local population in terms of practical gestures - such as the building of a health clinic and a well, with 10 litres of drinking water guaranteed to each person per week.

A partnership in innovation

As a strong believer in the talent and ideas of everyone who wishes to "improve reality", once again Ratti took part as a sponsor of TEDxLakeComo, encouraging interested employees to participate.

TEDxLakeComo, now in its tenth edition, represents an unmissable opportunity for those seeking to challenge themselves and open themselves up to highly stimulating themes in order to rethink the world in which we live. Thirteen/fourteen speakers make presentations on topics that vary, ranging from science to technology to society. The eleventh edition of TEDxLakeComo was held on Saturday 9 November 2019 in the

Ratti at the World Manufacturing Forum 2019

Cernobbio, September 2019 - After the success of the previous editions, Ratti chose to be a technical partner of the World Manufacturing Forum which, for the second time, took place in Lombardy.

During the two working days, the international speakers who took to the stage included leaders from the manufacturing and digital industry, representatives of institutions, policymakers and experts in the sector, mapping out new routes for the transformations and future challenges faced by the world of manufacturing. Ratti chose to be among the speakers because, right from the beginning of its journey, it has always focused on concepts such as innovation and quality of work, because it is not always possible to rest on the laurels of results already achieved. Fashion is an industry that is continuously changing, so Ratti needs to be able to read trends and data, interpreting them and being ready to satisfy requests arriving from the

market. To do all this, it is also necessary to pay attention to the smallest details. to encourage the welcoming of new specialisations and talents that can be amalgamated with the Group's experience, always seeking to reach perfection. The other factor is quality, not only of the product but also of work: this is an element in which Ratti profoundly believes, because it represents without doubt the basis on which it can build and grow.

The Ratti Group attended the World Manufacturing Forum with the primary aim of contributing to the diffusion of the culture and innovation of Italian manufacturing, in order to trigger significant transformations and to enable the sector to make a leap in

splendid Centro Internazionale Congressi (international conference centre) of Villa Erba at Cernobbio. The theme was "US (Sapiens), THE PROGRESS".

Ratti is also a partner of COM ON, a project launched in 2008 thanks to the passion of a group of Como entrepreneurs who, with the support of Unindustria Como, gave life to a true "European creativity hub" in order to foster the dissemination of "creative ideas", not only by bringing the most talented graduates from the most prestigious design schools to companies in the business region of Como, but also by promoting an interaction between various entrepreneurial organisations, universities, training schools, young students and professionals – testimonials and authorities - in a permanent training and fusion laboratory. Every year Ratti hosts talented young interns, giving form to the interaction between entrepreneurial organisations and training schools, in an intersection of creativity, experience and feelings.

As a part of the **DIGITAL FOAM** experimental development project, financed by the Lombardy Region through the "Smart Fashion and Design" tender (DDUO 3169/2016), Ratti participates as an end user in a partnership whose leading players are a research centre (Innovhub - Stazione Sperimentale della Seta), a chemicals company, a textiles machinery company and two end users. The project derives from a need to improve the sustainability of digital printing and seeks to develop, within an existing production line, integrated machinery for the preparation and functionalisation of the fabric substrates of various fibres destined for inkjet printing, thanks to experimentation with innovative technologies that have a lower environmental impact.

The project ended in October 2019 with the completion of a prototype for new machinery. The project may be viewed at: www.digitalfoam.it.

Conceptualised by the working group "Smart Manufacturing" of AFIL, the SMART4CPPS (Smart Solutions for Cyberphysical Production Systems) project is a partnership financed by the Lombardy Region (Call Agreements for research and innovation POR FESR 2014-2020, Project ID 236789). The players are companies and research organisations (Milan Politecnico, University of Bergamo, University of Brescia).

The project sets out the paradigms that underpin Industria 4.0., according to which ICTs not only support production processes, but are also integrated into components, machines and environments that thus become CPS (Cyber - Physical Systems) that are intercommunicating and intelligent. The development of this working programme involves industrial research,

8

experimental development and innovation. Ratti is involved in the "PILOT 6" of the project, which involves the integration of plant and machinery with IT systems and the traceability of the product during the process. The project was launched in April 2018 and will end in September 2020.

This programme envisaged the carrying out in Ratti of activities to map production processes, infrastructure analysis activities, and RFID scouting activities for product traceability. Details of the project may be viewed at: www.smart4cpps.it.

The Company is developing, in partnership with a team of data scientists, software to analyse demand based on stochastic analysis and neural algorithms. At the same time Ratti continued its meeting and relationship-building activities with the leading players in sericulture (silk farming), agro-industrial activities that result in the production of silk yarn. These activities, which include mulberry/silkworm cultivation, the reeling and spinning of silk, began mainly in China. Ratti, in cooperation with companies and research centres, has undertaken a series of research studies and projects in sericulture that serve in the acquisition of knowledge and to launch experimentation. In 2019 Ratti has continued with its activities to acquire knowledge and support such initiatives.

5.4 Ratti and the Foundation supporting culture

Ratti supports the Antonio Ratti Foundation in the promotion of initiatives, research and studies with the objective of spreading the culture of beauty as the first source of creativity.

The **Antonio Ratti Foundation** was founded in 1985 and is chaired by Annie Ratti. It is a not-for-profit institution that disseminates culture, history and global trends in



textiles and contemporary art. Thanks to its calendar of courses and exhibitions, the Foundation's goal is to promote research and studies that will enable researchers and artists to produce new and ambitious works that have been specifically conceptualised. With the objective of spreading the culture of beauty to the public at large to enrich the creativity of new languages and new experiences, the Foundation makes available the antique textile collections from its archive to the increasingly numerous exhibitions organised in Italy and abroad.

The antique textile collection of Antonio Ratti

The Foundation preserves the antique textile collection of Antonio Ratti; they are considered to be of exceptional interest by the Italian state – they number more than 400,000 fabrics that illustrate the history of fabric from the III to the XX Century. The collections up to the 1980s have been subject to research and promotion by the Foundation through courses, publications, themed exhibitions, and the involvement of some scholars in the field of the history of global fabric.

Antique fabrics, given their fragility, need to be conserved in accordance with specific rules; for this reason the Foundation is moving ahead with a photographic campaign and the electronic filing of the items in its textile collection. Through the Foundation's website it is possible to access, free of charge, the Multimedia Catalogue and to consult the collection virtually without damaging the textiles.

There are currently around 30,000 files, a figure which is constantly being updated.





400thousand
FABRICS FROM
THE III TO THE XX CENTURY

7,800
BOOKS AND A RICH COLLECTION
OF FASHION MAGAZINES IN THE

30thousand

computerized Fabric Sheets

on the Multimedia Catalogue

Ratti supports
the Antonio Ratti
Foundation in
the promotion
of initiatives,
research and
studies with
the objective of
spreading the
culture of beauty
as the first source
of creativity.









Added to this heritage is a library of more than 7,800 books specialising in textiles, fashion, visual arts, applied arts, and a rich collection of magazines. In 1995 the Foundation also contributed to the creation of the Antonio Ratti Textile Center at the Metropolitan Museum of Art in New York, with a space of 2,300 m³

housing the fabric collections of the American museum.

The promotion of visual arts

Since 1995 the Foundation has organised the CSAV (Artists' Research Laboratory) programme, a workshop that seeks to deepen knowledge in the field of art

Pattern books project

The Fondazione Provinciale della Comunità Comasca ONLUS (non-profit organisation) selected and co-financed the Ratti Foundation project for the restoration of ten pattern books that form one of the most important focal points in the textile collection.

The pattern books represent a corpus that is one of the largest in the textile collection of the Antonio Ratti Foundation, spanning from the middle of the 1800s to the 1980s.

Their content is extremely varied, ranging from textiles for women's garments to ribbons, neckwear and miscellaneous volumes. With regard to textiles for garments, the books often belong to very well-known manufacturers and cover the entire span of production, both with regard to the historical period and for the various phases of manufacturing.

The state of conservation of the volumes was extremely fragile, and without dedicated action there was a risk of losing this heritage. The object was to restore their structural integrity and reinstate the words, so as to bring newly to fruition, from the point of view of collective sharing, wisdom and knowledge.

The restoration, which has received

approval from the relevant superintendent, concerned seven volumes from the Lyon company Chavent Père et Fils, whose pattern books the ARF possesses from the 1865 to the mid 1930s, with sketches, test cards and textiles, as well as a number of volumes from the Alsace region.

The work was carried out by specialised restorers and involved various phases: from dry cleaning the samples to repairing tears and closing gaps, from restoring the parchment to retouching the decorated paper, to reinstalling the spine to sewing the booklet together.

The success of Antonio Ratti Foundation's candidacy in the tender would not have been possible without the generous donation received from Ratti SpA which, right from the start and with enthusiasm recognised the value of the restoration project and supported it, sharing the costs and, in this way, making financing possible.



from both a theoretical and a practical point of view, supporting experimentation amongst young artists from all over the world in dialogue with established artists. The Ratti Foundation has also launched, in partnership with Ratti, the FAR Artist Limited Series for a series of editions limited by artist. The artists involved in the project are internationally famous.



Ratti hosted the installation "Iconostase" by Yona Friedman

Ratti underlined its status as spokesman for values that safeguard and enhance the historical and artistic heritage by hosting "lconostase", an architectural structure, a mobile and modular museum located in its park between the buildings of the offices and the plant. and creating an ideal extension of the architecture of the company.

The structure is an artistic and architectonic work in progress. Composed through "improvisation" and applying the Space-Chain Techniques of Yona Friedman, it enhances concepts of autonomy, adaptability, sustainability, self-organisation and self-planning. In welcoming into its production reality the work by Yona Friedman, Ratti reaffirms its link with the world of art, renewing, also thanks to the aforementioned Foundation, those values which form part of the tradition and the history of the company.

Yona Friedman was one of the most significant exponents of radical architecture in the post-war period. He supported the principles of an architecture that is able to comprehend the continuous transformations that characterise social mobility, based on "infrastructures" that envisage dwellings and urban planning regulations that can be created and recreated according to the needs of the occupants and the residents. His thinking on architecture and urban planning was always sensitive to the characteristics of the social, economic and environmental context

The Group's heritage has been consolidated over the years by a notable drive towards craftsmanship excellence. Its origins lie in a complex of knowledge that, since 1945, has delineated a new creative model of style.



Working group on sustainability

In March 2018, the Sustainability Committee assumed the designation, the characteristics and the functions of the "Working Group for sustainability". The Group has the task of planning and putting into practice actions relating to social and environmental sustainability. In 2019, the Group carried out studies of new products and sustainable services, obtained new product certifications, promoted an organisational LCA, and carried out sustainability training courses for Ratti SpA staff.

THE BODIES AND INSTRUMENTS THAT MONITOR CORPORATE ETHICS



THE RATTI GROUP'S SUPPLIERS' CODE

The companies of the Group ask its suppliers to act in accordance with certain principles, respecting and adhering to the same management philosophy.

The areas dealt with by the Suppliers' Code are:

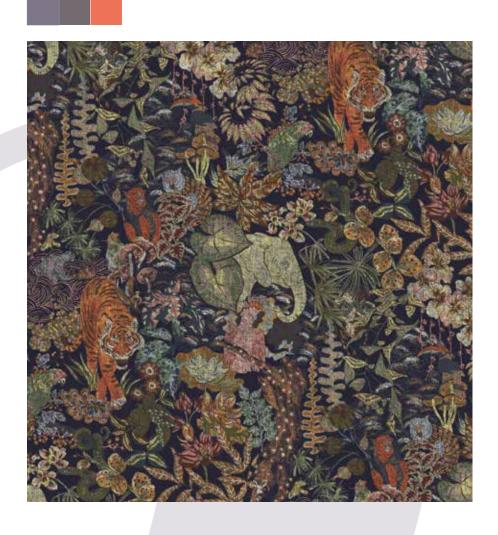
- Requirements and Responsibilities in relation to working conditions
- · Environmental Protection
- · Management of Business Affairs
- · Intellectual property
- Privacy

Sustainability integrated into the management of risks

FOR THE AREAS:

- · of an environmental character
- of personnel management
- against corruption
- · of a social character
- of safeguarding human rights





CHAPTER 6

Governance and monitoring of corporate ethics and risk management

The Datti Group has adopted a governance structure and specific support tools to guarantee the ethical and transparent to governance of its activities.

6.1 The governance structure of the **Group**

The Parent company Ratti SpA is a limited company that has been listed since 1989 on the Italian stock market (Mercato Telematico Azionario, MTA). It has a system of corporate governance which complies with the Code of Conduct of the Italian stockmarket and is organised in accordance with the traditional model of administration and control which requires a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

The company has a Supervisory Body and centralises the Internal Auditing function. The reporting activities are audited by an independent third-party company. Ratti SpA carries out **strategy**, **coordination and control** activities in accordance with Article 2497 of the Italian Civil Code; for that reason all the Company's operations of particular strategic and financial significance are subject to the collective examination and the exclusive approval of the Company's Board of Directors.

The members of the BoD of Ratti SpA, as well as some executives who cover strategic roles, are involved in

the administration of other companies in the Group, ensuring the appropriate participation of the associates in governance decisions.

In particular:

- · Ratti International Trading (Shanghai) Co. Ltd has Alice Canella as sole director, who exercises all powers of administration. The sole director's mandate does not have a pre-defined expiry date;
- Textrom Srl has Donatella Ratti as sole director, who exercises all powers of administration. The sole director's mandate does not have a pre-defined expiry date;
- Creomoda Sarl and La Maison des Accessoires Sarl both have Thierry Cusinato and Ali Ghedamsi as directors, while for La Maison des Accessoires Sarl Béchir Tlili is also expected to take part. These directors will exercise all management powers, while the three-year mandate will expire in 2021 for Creomoda and in 2022 for La Maison des **Accessoires**:
- · The governance structure of **Ratti USA Inc.** consists of Sergio Tamborini (Director), Michael Marchese (Director and Vice President), Paul Guggi (Director

The Ratti Group has adopted a governance structure and specific support tools to guarantee the ethical and transparent governance of its activities.

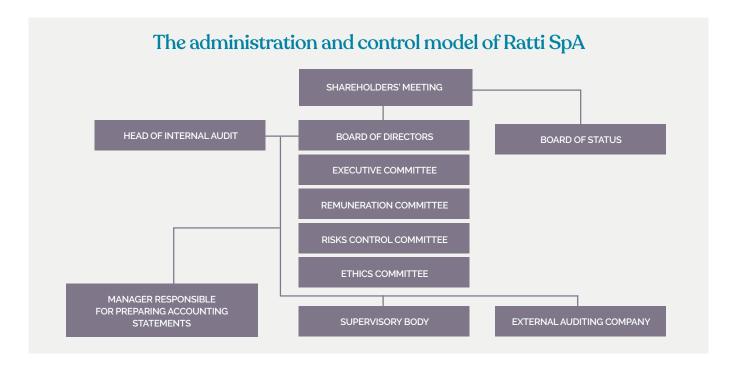
The Group has a Code of Ethics, which was updated in 2018, a Group's Ethics Committee and a Suppliers' Code. The specific Organisation, Management and Control Model (MOG 231) for Ratti SpA was updated in 2018 with the policy relating to Whistleblowing, which protects

employees who report offences or irregularities in the working environment.

The Suppliers' Code represents an expression of the principles of probity, honesty and transparency, in compliance with the standards in force at national and international level, with regard to working conditions, environmental protection, business management, intellectual property and privacy.







and President), Claudio D'Ambrosio (Treasurer) and Liberio Romano (Secretary), who exercise management powers. The mandate expires on an annual basis.

The Board of Directors of Ratti SpA

Appointed by the Shareholders' Meeting, the **Board of Directors** (BoD) is the corporate body responsible for managing the company. It consists of the **Chairman**, the **Deputy Chairman**, the **CEO** and **six directors**, of whom two are independent.

General duties relating to management powers are attributed to the BoD, leaving responsibility to the shareholders' meeting for actions such as appointing and removing directors, approving the financial statements and amending the by-laws.

Directors remain in post for three years (except in the case of shorter periods stipulated by the shareholders' meeting at the time of appointment), cease to hold office or are replaced according to the law, and may be re-appointed.

COMPOSITION OF THE BOARD OF DIRECTORS AT 31-12-2019 THE BOD WAS COMPOSED OF:

Donatella Ratti Chairman Antonio Favrin Deputy Chairman Sergio Tamborini CEO Andrea Paolo Donà dalle Rose Director Federica Favrin Director Independent Director Sergio Meacci Carlo Cesare Lazzati Independent Director Davide Favrin Director Giovanna Lazzarotto Director

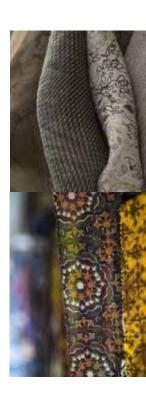
The Board of Directors appointed an **Executive Committee** consisting of three members elected by the Board of Directors, including the office of Chairman of the Board of Directors and the CEO of the Company, plus a third member to be appointed by the Board. It may be convened either by the Chairman of the Board of Directors or by a member of the BoD or the Board of Statutory Auditors.

It is this Committee's duty to supervise management performance and to decide on all matters and/or business of significant importance to the Company or the Group, according to the criteria laid down by corporate governance.

Governance for sustainability issues (Legislative Decree 254/2016)

With regard to sustainability issues, the strategy and coordination of activities are within the remit of the Parent company Ratti SpA. In particular, the BoD of Ratti SpA defines the Group's strategic choices in accordance with the contents of Legislative Decree 254/2016, based on knowledge of the processes in other Group companies and the integrated system for managing risks (see the paragraph "The management of sustainability risks"), with the aim of providing a line of conduct to follow in the operating activities of the Group.

From March 2018, the Sustainability Committee set up in Ratti SpA, which meets regularly to develop plans and proposals for the Group, has assumed the designation, the characteristics and the functions of "Working Group for sustainability". The Group, coordinated by Ratti SpA's Innovation Manager, reports to the CEO of the Company and has the task of planning and putting into practice actions relating to social and environmental sustainability.





With increasing monitoring of aspects of sustainability, Ratti SpA has adopted a range of polices and instruments, that have been communicated and implemented by the various companies of the Group according to the specific needs and various contexts in which they operate.

With increasing monitoring of aspects of sustainability, Ratti SpA has adopted a range of polices and instruments, that have been communicated and implemented by the various companies of the Group according to the specific needs and various contexts in which they operate.

In particular, Ratti SpA, Creomoda, La Maison des Accessoires and Textrom have adopted their own social accountability policy and safeguard the fundamental rights of persons, with a particular focus on forced and compulsory child labour, health and safety in the workplace, and no discrimination against workers during the recruitment phase and following hiring (see Chapter 3, paragraph 3.3 "A commitment anchored in the most advanced standards").

With regard to environmental aspects the Group's companies have adopted an Environmental Policy with the aim of safeguarding the environment and promoting a sustainable development agenda, both in terms of making company processes more efficient and in terms of using products and services with a lower environmental impact, focusing attention on the selection of suppliers (see Chapter 4, Box "The environmental policies of the Ratti Group"). In 2019. Creomoda updated its environmental policy to include the activities of the new company La Maison des Accessoires

The management of personnel and the respect for human rights are covered in the personnel and selection policies of Ratti SpA, Creomoda, La Maison des Accessoires and Textrom. No discrimination of any type is tolerated and selection is based exclusively on merit and the equitable treatment of candidates. Particular attention is given to practices of verification and hiring with regard to minors (see Chapter 2, paragraph 2.1 "Ratti's employees").

The Working Group for sustainability

As the engine of sustainability in Ratti, the Working Group plans and puts into practice, in line with the Group's policies, and in accordance with the guidelines, programmes and actions of environmental and social sustainability.

Coordinated by the Group's Innovation Manager, the Group avails itself of contributions from leaders and specialists in Human Resources. Communication, Chemicals Management, Sales and Operations.

The Group operates on the basis of timed action plans, and in 2019 carried out a feasibility study on new products and sustainable services, launched new product certifications, promoted the organisation's Life Cycle Assessment, developed a sustainable offer, organised training course on sustainability for the Company's personnel, participated in external communication initiatives, and cooperated in the drawing up of the sustainability report.

With regard to social themes, managing the health and safety of consumers is important. This aspect is linked to the quality of the product and the possible negative impact of the use of chemical substances related to the production processes. Both Ratti SpA and Textrom monitor the chemical substances used to guarantee compliance with the prevailing regulations and the customers' specific requests, as stipulated in the certifications obtained by Ratti SpA, such as Seri. co, Oeko-Text, RCS and GOTS. The same attention is requested of suppliers, e.g. the request to comply with the REACH regulation (see Chapter 3, paragraph 3.3 "A commitment anchored in the most advanced standards").

With regard to corruption, Ratti SpA has Model 231/01, updated to November 2018 and integrated with the Whistleblowing Policy. As required by the Model, there is also a **Supervisory Body** (see paragraph 6.2 "The bodies and instruments that monitor corporate ethics"). For the Group's other companies, the main monitoring methods are the Code of Ethics, whose purpose is to receive and manage any reports of violations, including those relating to conduct that could violate the provisions of the Code (see the paragraphs "The Code of Ethics" and "A management of risks that includes sustainability").

6.2 The bodies and the instruments that monitor corporate ethics

Ratti SpA's Board of Directors has formed a Risks Control Committee and a Directors' Remuneration Committee from among its members, and in 2018 also appointed a **Group Ethics Committee**. The other supervisory bodies for laws and regulations relating to financial and social matters are the Board of Statutory Auditors and the Supervisory Board.

In their turn, these control bodies have access to a number of instruments and policies that ensure compliance with the Standards and appropriate Group behaviour, i.e. the Code of Ethics and the Suppliers' Code adopted by all the Companies of the Group, Model 231 and the Social and Corporate Accountability Policy (which includes aspects of safety, the environment, energy and quality) in Ratti SpA as well as the **Environmental and Social Accountability Policies** active in Creomoda, La Maison des Accessoires and Textrom.

The Ratti Group guarantees that it complies with applicable legislation with regard to its operations, through the activities and checks carried out by accredited internal offices (e.g. legal office, financial

The Group's ethical principles

The 9 principles of the Code of Ethics which underpin the governance and the management of the Group's activities

- · Legality, loyalty and probity
- Respect for the individual and development of our
- Safeguarding health and safety and the environment
- Social Accountability
- · Safeguarding the trademarks, patents and original works
- Prevention of conflict of interests
- · Integrity and the fight against corruption
- · Transparency and anti-money laundering
- · Freedom and duty to report violations

The Code of Ethics may be consulted by accessing the Procedures area of the Company's intranet or the website www.ratti.it in the section:"Investitori / corporate governance / procedure e codici" (Investors / corporate governance / procedures and codes).

administration and control, internal audit, the technical office, the internal laboratory, the prevention and protection service, human resources and management systems). The Group uses specialised external consultants to meet its needs.

Where the internal functions mentioned are not present the subsidiaries Textrom, Creomoda and La Maison des Accessoires assist the equivalent offices in Ratti SpA by means of consultancy services managed either remotely or in person.

The Code of Ethics

The Group's Code OF Ethics, updated in 2018, summarises all elements on which the company's identity and culture is based, and to which all subjects must adhere who act in the name of or on behalf of the Group and, in various ways and at various levels, maintain relationships with the various companies. The main recipients, who are explicitly referred to, are: the Directors, the Statutory Auditors, all the employees of all the companies in the Ratti Group, all freelance workers, all external collaborators (consultants, trading partners, agents) and suppliers.

The Code stipulates the rules of conduct that recipients must follow when conducting corporate business and activities, and when managing people and information. In order to manage any reports of violations of the Group's Code of Ethics a procedure has been defined that is valid for all the Group's companies. This identifies the operating modality and the rules to follow.

The Remuneration Committee

The Directors' Remuneration Committee, in accordance with the Code of Conduct, consists of non-executive directors, the majority of whom are independent. It

evaluates the consistency and application of the policy for remuneration of directors and executives with strategic responsibility, formulating proposals or expressing opinions on the matter.

The Ethics Committee

In order to reinforce the role of the Code of Ethics, Ratti has a Group Ethics Committee, which guarantees the consistent application of the Group's ethical principles, examines and deals with any reported violations of the Code of Ethics, or requests for clarification.

The appointment of the members of the Ethics Committee depends on the satisfaction of the individual requirements of honesty, integrity, respectability and independence, as well as the absence of any reason for incompatibility with the appointment in question, such as, for example, a potential conflict of interests with the role and the duties associated with the position.

The Board of Statutory Auditors

The Board of Statutory Auditors is the internal body that monitors the application of all corporate governance principles and ensures compliance with regulation and legislation. It also ensures compliance with the principles of the by-laws and guarantees that the



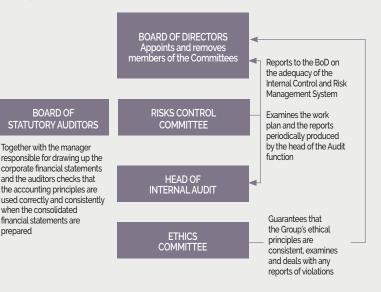
Monitoring the governance of the Ratti Group

The Risks Control Committee monitors the observance and periodic updating of the Corporate Governance rules. In particular, it assists the BoD in carrying out the duties the Code assigns to it in matters of internal control and risk

The Group's Ethics Committee provides the Board of Directors with information relating to notifications or opinions

prepared

requested at least twice a year, and on an occasional basis to the other supervisory bodies where applicable. The Board of Statutory Auditors, in the event of any complaints regarding the balance sheet, the accounting, the internal controls and the financial audit, may request further clarification from the Group's Ethics Committee







principles of proper administration are adhered to, with a specific focus on the functioning of the organisational, administrative and accounting structure.

The Organisational Model and the Supervisory Body

Since 2006, Ratti SpA has had an organisational, management and control Model which complies with Legislative Decree 231/2001 (MOG231/01) and has appointed a Supervisory Body. The Organisational Model and the related attachments (the Group's Code of Ethics, the Suppliers' Code, the Whistleblowing Policy), were updated at the end of 2018. All the Company's subsidiaries have subsequently adopted the Code of Ethics and the Suppliers' Code.

The Model consists of twelve parts: a general introductory part and eleven special parts which describe the details of the offence, recipients, general principles regarding behaviour in the areas of activity at risk, as well as sensitive activities, control protocols and, finally, the duties of the Supervisory Body.



The role of the **Supervisory Body** is to continuously oversee the principles of autonomy and independence, professionalism and continuity of action of the Organisational Model. It verifies observance, effectiveness, actuation and updating with regard to modifications to the structure or to the rules. With regard to the actuation of the model, the Body highlights any critical points, through two lines of reporting: on an ongoing basis, directly to the Board of Directors and to the Risks Control Committee; on a six-monthly basis, with a written report given to the Board of Directors and the Board of Statutory Auditors. The Supervisory Body is obliged to promptly inform the Board of Directors, the Board of Statutory Auditors and the **Risks Control Committee**, with regard to provisions within their remit, of any transgressions, infractions and non-compliant behaviour that have been observed, and to suggest revisions, amendments and additions that could prevent the above.

Since November 2018 the Supervisory Body has also managed the reporting flow from the new Whistleblowing procedure.

6.3 Managing risks to include sustainability

The internal control and risk management system

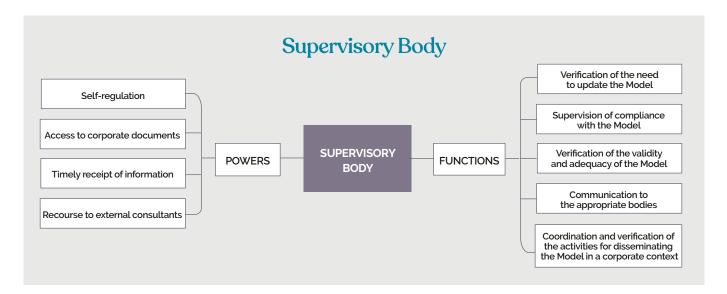
Ratti SpA has an internal control and risk management system (ICRMS) which complies with the Code of Conduct of Borsa Italiana (Italian stock exchange), to which it adheres voluntarily.

The ICRMS focuses on the Ratti Group, although its activities also relate to the subsidiaries. The ICRMS of Ratti SpA is represented by the sum total of the rules, procedures and organisational structures whose purpose is to allow the identification, measurement. management and monitoring of the principal risks, including those relating to sustainability.

The BoD is responsible for the ICRMS and, assisted by the Risks Control Committee, defines guidelines and periodically checks that the main corporate risks have been identified, measured, managed and monitored in an adequate and proper manner. A meeting of the BoD is convened annually to analyse the trend for the main corporate risks and to evaluate their impact on the Company's strategy and performance.

The Director Responsible - in the shape of the CEO has the task of implementing the guidelines of the BoD through the planning, management and monitoring of the ICRMS. Ratti SpA has also established an Internal Audit department, which supports the BoD, the Director Responsible, the Risks Control Committee and the management in carrying out their respective tasks in relation to the ICRMS. Other control bodies include the Supervisory Body, the Board of Statutory Auditors, the Manager Responsible and the Group Ethics Committee.

To maximise the efficiency of the ICRMS and coordinate the activities of those involved Ratti SpA, in compliance with the Code of Conduct, has specifically separated control activities and has implemented various organisational practices, such as annual board meetings, regular reporting to the BoD, the participation of the relevant parties in meetings of the Control Committee, and the implementation and maintenance of the management system.



The prevention of corruption

The regulations with regard to non-financial reporting (Legislative Decree 254/2016), include the **fight against** active and passive corruption.

The commitment to promoting and adopting high ethical standards is **stipulated in the Group's Code of Ethics**, in which one of the fundamental principles is "Integrity and the fight against corruption", through the adoption of a structured system of organisational and procedural measures containing rules, controls and reporting mechanisms aimed at preventing illegal behaviour and protecting the reputation of the company at global level.

Given that corruption is included as a serious crime in Legislative Decree 231/2001, the second control adopted by Ratti SpA to prevent such a risk is **Model** 231/2001. The full mapping of activities that are sensitive to the offences covered by Legislative Decree 231/01, which includes all corruption offences relating to both public administration and private individuals, was updated in 2018.

This project resulted in the implementation of a **Whistleblowing** policy and a Procedure governing the handling of declarations, complaints and notifications of violations of the ethical and behavioural principles laid down in the Ratti Group's Code of Ethics.

The Group's Ethics Committee is responsible for receiving and handling any reports, including those relating to conduct that could potentially/substantially violate the aforementioned anti-corruption measures.

Corruption is a topic that is also covered by the **Suppliers' Code** approved in 2018. The Code is an integral part of contracts agreed with suppliers who are asked to note that corrupting behaviour of any type with private individuals or the public administration will





not be tolerated by the Group; for this reason failure to observe the provisions of the Code could lead to the termination of the contract (see Chapter 3, paragraph 3.2 "A virtuous circle of good practices").

With regard to the other companies of the Ratti Group it should be noted that some activities that generally risk amounting to corruption are not executed by these companies or – if they are carried out – are of marginal importance, due to the fact that these companies only carry out workmanship on an outsourced basis for the Parent company and/or directly on behalf of the latter.

During **2019** steps were taken to provide **training** to the top management of Ratti SpA relating to Legislative Decree 231/01, to the principles and contents of Model 231/01 affirming, in particular, the protocols for fighting corruption.

In addition, training was also provided to the directors of the subsidiaries in relation to the principles of the Group's Code of Ethics, focusing on the behaviour that needs to be adopted to oppose corruption.

In 2020 it is planned to extend the training to all white-collar personnel.





The management of sustainability risks

The Ratti Group has an appropriate process for analysing the risks associated with the issues mentioned in Legislative Decree 254/2016.

Responsibility for identifying and evaluating sustainability risks lies with the CEO of Ratti SpA, assisted by a team consisting of the heads of the Financial Administration and Control, Management Systems, and Internal Audit functions.

From an analysis of the strategic risks and the risks mapped to maintain environmental and energy certification (ISO14001 and ISO50001) and social accountability (SA8000), using mainly qualitative

evaluation, risks were identified that have a significant potential impact on the activities of the Group or the stakeholders. The evaluation of the risks linked to aspects of the Decree is carried out for all Group companies

The Group's assessment was that risks of this type were not significant for Ratti USA and Ratti International Trading (Shanghai), given the dimension and nature of their activities.

There now follows a presentation of the main risks and the actions taken to mitigate them.

THE MAIN RISKS OF AN ENVIRONMENTAL NATURE

The main environmental risks were the pollution risk deriving from the management of waste and water discharges. These risks were closely linked to the production of Ratti SpA, with a lower frequency at Textrom Srl. In particular, the phases of dyeing, washing, finishing and printing are the most delicate in terms of environmental impact, not least because of the use of chemical products.

In Creomoda and La Maison des Accessoires water is used only for civil purposes and the volume of waste produced is very limited. For more details of the environmental policy and specific projects undertaken see Chapter 4 "Ratti's environmental commitment".

Description of the main risks

Mitigation action taken

Risk of non-compliance with the applicable regulations concerning management of waste and discharges, with possible financial and administrative sanctions and associated reputational damage for the local community and customers due to environmental pollution.

Ratti SpA has an environmental management system in line with the standard ISO14001:2015 and which was renewed in 2018. In addition, further analyses were carried out to adhere to the more restrictive voluntary protocols of the applicable ZDHC norms. Following consultation with an expert in environmental law. in 2019 a legislative framework was established in relation to the reuse and recycling of residual textiles from production. This allows Ratti to market textiles for lining that derives from the reuse and recycling of fabric scraps.

Textrom has an Environmental policy and a consultant tasked with ensuring compliance with applicable national legislation. In addition, in the first half of 2019 tests were concluded for the treatment of chemical products required to lower the amount of volatile organic compounds in the decantation tank.

Both in Ratti SpA and in Textrom Srl water discharges are channelled to public purification plants.

In Creomoda and La Maison des Accessories, even though such risks are negligible given the absence of production plant and the limited amount of material discarded, an Environmental policy was in any case adopted.













PRINCIPAL RISKS ASSOCIATED WITH THE MANAGEMENT OF PERSONNEL

There are two aspects with regard to the principal risks associated with the management of personnel: safeguarding health and safety in the workplace and the Group's ability to attract and retain highly specialised personnel, which makes it possible to maintain a high level of product quality.

The risks for workers in terms of health and safety relate mainly to the production process, i.e. to the use of plant and machinery in the various phases of product manufacturing.

Failure to retain talent is a risk faced by various sectors, given that the labour market is highly flexible. For a group such as Ratti which works with some of the biggest names in international fashion who are attracted by Made in Italy, the creativity and professionalism of personnel is a key success factor. The objective is therefore to attract talent and promote its development, guaranteeing a working environment that is stimulating, challenging, and rich with opportunities for learning.

For more detail on the polices for safeguarding the health and safety of employees and on managing talent see Chapter 2 "Uniqueness and talent, ingredients for success".

Description of the main risks

Mitigation action taken

Risk of injury and/or occupational illnesses.

Ratti SpA has management systems in place for social accountability (SA8000) and health and security in the workplace (OHSAS18001).

Creomoda and La Maison des Accessoires have a management system for social accountability (SA8000) which includes aspects relating to health and safety. The management systems require that specific audits be carried out on aspects of legislative compliance.

Textrom has a consultant who is specialised and dedicated to ensuring compliance with national regulations, with a contract that stipulates regular visits, and includes the provisions and updates of the **Risk Evaluation Documentation** and subsequent training.

In 2019, in all the Ratti Group companies, the employees took part in health and safety **training**.

Deficiencies in the ability to attract and retain talent in a sector in which peoples' expertise represents an extremely important competitive factor. Ratti SpA continually collaborates with **schools and professional institutes**, with the dual aim of improving the level of professionalism in the labour market and enhancing the skills of young Ratti employees. For Creomoda and La Maison des Accessoires, local employment market availability guarantees that personnel have sufficient expertise.

The Group conducts both **internal and external training**. This makes it possible not only for employees to acquire knowledge and expertise, but also enhances and rewards them by investing in their professional future.

The Group invests in corporate **welfare polices** with the aim of increasing employee retention.

The Group has investigated an **internal job posting** policy. In the case of a vacancy, priority is given to internal candidates for this role, from the perspective of following a growth pathway.



PRINCIPAL RISKS ASSOCIATED WITH CORRUPTION

The risk of acts of corruption includes the possibility that corporate representatives could commit acts that are illegal and significant from an administrative point of view and/or criminal in relation to third parties. With regard to private individuals the risk of corruption is adequately monitored by the Parent company, which in 2018 carried out a complete mapping of activities that are sensitive to crimes covered by Legislative Decree 231/01, which includes all corruption offences relating to both public administration and private individuals. As for the Public Administration, the Ratti Group considers this risk to be limited given that it does not take part in tenders.

The risk from acts of corruption is still less significant for other Group companies since the activities that generally risk amounting to corruption are not executed by these companies or – if they are carried out – are of marginal importance due to the fact that these companies only carry out workmanship on an outsourced basis for the Parent company and/or on behalf of the latter.

For details see paragraph 6.3 "Managing risks to include sustainability".

Description of the main risks	Mitigation action taken
The possibility that corporate representatives might commit illegal acts that are particularly significant from an administrative and/or criminal point of view, and could lead to penalties or reputational damage.	The Group's Code of Ethics and MOG 231/01 of Ratti SpA with the addition of crimes of corruption between private individuals.
	Presence of a Whistleblowing policy.
	The adoption of the Suppliers' Code at Group level.
	Establishment of the Group's Code of Ethics with the role of disseminating the principles of the Code of Ethics and dealing with any reports of violations.
	During 2019, training was carried out for top management on MOG 231/01 in Ratti SpA and on the Code of Ethics in Creomoda, La Maison des Accessoires and Textrom.

THE MAIN RISKS OF A SOCIAL NATURE

The analysis of social aspects identified the type of risk with the greatest impact: those relating to the health and safety of the end customer. Consumers are increasingly sensitive and attentive to their choices: they therefore demand a product that is not only safe, but also pays attention to environmental factors and satisfies ethical conditions. These topics receive great attention in the fashion sector and from the Group's major customers.

For further information see Chapter 3 "Material becomes creation".

Description	of the	main risks	

The risk of harm to the health of endconsumers due to chemical substances in the products.

The risk of not responding to the expectations of customers who require an increasing use of products that come from certified supply chains.

Mitigation action taken

The Group partners with its suppliers to develop solutions that meet high safety standards, including the **REACH** regulation.

Ratti SpA has, from its management system and subsequent achievement of Seri.co certification, the following: requested ecotoxicological compliance for suppliers of chemical products, raw materials and external manufacturing, tests on chemical products, dyes and wastewater with MRSL parameters; Oeko-tex certification for polyamide, polyamide/elastane, jersey cotton/elastane, polyester/elastane with requested extension to cotton/viscose; GOTS (Global Organic Textile Standard) certification for silk, cotton and silk/cotton fabrics printed in a single colour; the use of certified raw materials such as BCI (Better Cotton Initiative), GRS, FSC and experimentation with the reuse and recycling of textile fibres. In 2019 RCS (Recycling Claim Standard) certification was obtained for recycled fabrics.

The Group launched a number of projects including: **elimination** from the surfactant of **EDTA**, a chelating compound, known for its low biodegradability, that can accumulate in wastewater; the development of a colour card **using only natural dyes** of animal and vegetable origin, with the aim of reducing the use of synthetic products; the development of **safeplan**, software for managing chemical products/dyes; the elimination of chemical products containing **PFCs**.

Also during 2019, apart from requiring all suppliers of chemical products and dyes to guarantee compliance with the MRSL ZDHC, they were requested to register products in the **ZDHC gateway**.

Textrom uses the raw materials and dyes/chemical products sent by Ratti, and therefore respects the protocols established by Ratti SpA.

La Maison des Accessoires and Creomoda do not use chemical products/dyes, given that they hem fabrics sent by Ratti SpA.



THE MAIN RISKS RELATING TO HUMAN RIGHTS

The Ratti Group monitors risks associated with the violation of human rights and, in particular, the use of child labour on its operational premises and by its suppliers. For more details of the policies to safeguard human rights and the fight against child labour see Chapter 2 "Uniqueness and talent, ingredients for success" and Chapter 3 " Material becomes creation".

Description of the main risks

The risk of the violation of human rights by Ratti's suppliers at operational premises abroad, with subsequent reputational

The risk of child labour along the supply chain.

damage.

Mitigation action taken

Ratti SpA, Creomoda and La Maison des Accessoires are **SA8000** certified. This safeguards human rights as expressed in the Group's Code of Ethics and in the Suppliers' Code of Conduct that all Ratti's trade partners must agree to comply with. The Group has an Ethics Committee.

During 2019, in Ratti SpA, the procedure for the certification, selection and evaluation of suppliers was reviewed and updated, reinforcing the social accountability aspects. The procedure involves suppliers making a commitment to respecting the principles of the **Suppliers' Code**, the Ratti Group's **Code of Ethics** and all the principles of the management system adopted by Ratti.

In addition, for major suppliers and those coming from those countries considered to be at risk in terms of respecting and safeguarding human rights, an evaluation of social accountability aspects is carried out.

For suppliers there are regular monitoring and evaluation procedures..

The Subsidiaries, even though they represent limited volumes of purchases, require their main suppliers to accept the Suppliers' Code.

Hiring policies for Ratti SpA, Creomoda, La Maison des Accessoires and Textrom specify minimum age requirements for hiring workers and set out the appropriate procedures for checking these requirements are observed.



On the seventy fifth anniversary of our foundation,

I would like to underline significant features

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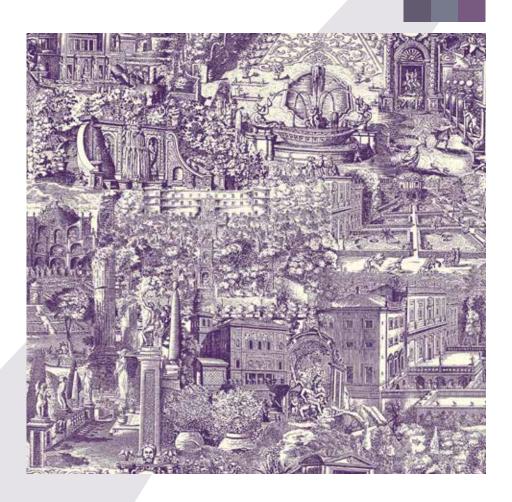
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Economic performance





117,8

MILLION OF ECONOMIC VALUE **GENERATED IN 2019**

+2.35% INCREASE COMPARED WITH THE PREVIOUS FINANCIAL YEAR

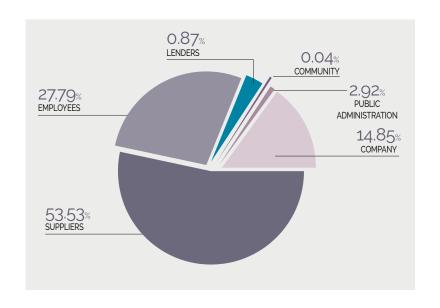
The following table shows economic value directly generated by the Ratti Group and distributed to internal and external stakeholders



importi in migliaia di Euro			
	2019	2018	
DIRECTLY GENERATED ECONOMIC VALUE	117,808	115,100	2.35%
Revenues from sales of goods and services	116,278	109,580	
Change in stock and work in progress	-294	3,223	
Other revenues and net income	1,354	1,136	
Financial income	470	1,161	
ECONOMIC VALUE DISTRIBUTED	100,316	105,670	-5.07%
Operating costs (for the acquisition of raw materials, subsidiary materials, consumables,			
goods, and for third-party services and leases and rentals).	63,065	64,936%	-2.88%
Salaries paid to employees, including social security contributions, TFR (employee severance fund) and other costs	32,740	30,960	5.75%
Interest payable on loans and other forms of debt	1,024	1,261	-18.79%
Dividends distributed	0	5,470	-100.00%
Income taxes and other tax liabilities	3,442	3,017	14.09%
Charitable gifts and donations	45	26	73.08%
ECONOMIC VALUE RETAINED	17,492	9,430	85.49%

In 2019 the Ratti Group generated €117,8 million of economic value - an increase of 2.35% compared with the previous year. This was due, in particular, to growth in revenues from sales of goods and services.

85.15% of this value was distributed to the reference stakeholders. In detail, suppliers received 53.53% of this, employees 27.79%, the Public Administration 2.92%, lenders 0.87% and the community (in the form of charitable gifts and donations) 0.04%. The remaining 14.85% was retained in the Group to support future growth.





"By means of our latest report we wish to provide concrete evidence of the process of innovation and development that is under way in the company, and to explain all our projects, seeking to respond to old needs and new to construct, together, a new chapter in the history of Datti. In order to achieve all of this, significant production and organisational changes have been implemented in order to maintain the right balance between economic sustainability and the practical realisation of ideas and projects."

Sergio Tamborini



The criteria of this Report







Methodological note

Perimeter, purpose and contents of the Sustainability Report and the 2019 DNF

Any organisation, in carrying out its activities, is constantly interacting, internally and externally, with customers, the community, institutions, other companies as well as individuals – the stakeholders – which has an impact on the socioeconomic context and the local area that is far beyond any economic dimension.

Directive 2014/95/EU, implemented through Legislative Decree 254 of 30 December 2016 (Legislative Decree 254/2016) introduced an obligation for large public-interest entities to declare, as from 1 January 2017, any non-financial information regarding, in particular, environmental and social aspects, as well as matters relating to personnel, the respect for human rights and the fight against active and passive corruption. The Decree also stipulates some general criteria for the structure and contents of the relevant document called Consolidated declaration of a non-financial nature (DNF)...

The Ratti Group is among the subjects included in the Decree, which is why this **Sustainability Report** complies with the obligations of the Decree, and constitutes the 2019 Consolidated declaration of a non-financial nature. The choice of broader reporting than for the topics specifically identified in Legislative Decree 254/2016 and subsequent amendments is born out of an awareness of the particular social and environmental significance of a company operating in the field of luxury and fashion.

The Sustainability Report was considered to be the ideal instrument for presenting to the stakeholders the activities, projects and results achieved in the 2019 financial year (1 January to 31 December 2019) in economic, social and environmental terms, as well as initiatives undertaken and the commitments made with the principal stakeholders.

The data are reported with the goal of presenting a clear picture of the actions and the characteristics of the Group. The process of reporting information and figures has been structured in a way that guarantees comparability, with the aim of facilitating an accurate interpretation of the information and giving all stakeholders a complete overview of the trend of Ratti's performance.

In this document, where necessary, a specific note has been added to indicate variations in performance data for 2017 and 2018.

The reporting perimeter is represented by the entire Ratti Group (Ratti SpA, Creomoda Sarl, La Maison des Accessoires Sarl, S.C. Textrom Srl, Ratti USA Inc. and Ratti International Trading (Shanghai) Co. Ltd., Ratti USA and Ratti International Trading (Shanghai) are excluded from the perimeter for environmental and social matters given the small number of people they employ – two employees for Ratti USA Inc. and two employees for Ratti International Trading (Shanghai) Co. – as well as their negligible environmental impact, given that they do not have production activities.

Since the 2018 DNF, the company La Maison des Accessoires was added, having been set up in March 2019.











This document (DNF) was approved by the Board of Directors of Ratti SpA on 18 March 2019. The "Consolidated declaration of a non-financial nature" was drawn up in accordance with GRI Standards: core option.

This DNF has been verified by an independent company, EY SpA (which has also been appointed to audit the Ratti Group's financial statements), in the manner laid down by the regulations currently in force. The relevant report may be consulted on pag.103.

For any clarification with regard to this Sustainability Report please send an email to sostenibilita@ratti.it.

Analysis of materiality

The materiality matrix represents, in summary form, the most significant ("material") aspects for the Ratti Group and its stakeholders.

The materiality matrix is the product of a structured process involving management and stakeholders which, after a detailed evaluation of the significance of a list of aspects of sustainability, has allowed the most important aspects to be identified and then reported.

The list of aspects to be evaluated was created in accordance with the provisions set out in Article 3, paragraph 2 of Legislative Decree 254/2016 and on the basis of all the aspects specified in the GRI Standards. In accordance with the 2016 GRI Standard it was decided to consider as material those aspects that emerged as significant for Ratti or for its stakeholders.

The process of involving stakeholders was carried out in 2017 through the publication of the first DNF; in 2018 and 2019 the list of material aspects was analysed again

and slimmed down. The updating process involves the following phases:

- an examination of each material theme with the relevant corporate representative;
- the creation of groupings of certain material aspects viewed as similar:
- a search for appropriate names to give to selected themes:
- approval of the new matrix by the CEO.

The material themes updated that relate to the five areas covered by Legislative Decree 254 are the following:

- 1 environmental themes: reduction of environmental impact, compliance with laws and regulations (from an environmental perspective) and responsible management of the supply chain (environmental evaluation of suppliers);
- social themes: chemicals management, responsible management of the supply chain (social evaluation of suppliers), compliance with laws and regulations (from a socioeconomic perspective), procurement policy and financial relationship with suppliers, financial performance;
- themes relating to personnel: health and safety at work, the wellbeing and development of employees, the safeguarding of diversity and equal opportunities;
- respect for human rights: the safeguarding of rights in the workplace;
- 5. the fight against active and passive corruption: opposing corruption.

With regard to the last item¹ the Ratti Group has suggested two new groupings with the goal of achieving simplification and effective communication. The initial





1 See 2018 Sustainability Report – Consolidated Declaration of a Non-financial nature, accessible at www.ratti.it/it/societa/sostenibilita/





objective of the proposal was to group similar themes which have received similar evaluations from both Ratti management and the external stakeholders. The material themes for which grouping is envisaged are:

- «safeguarding human rights» (topic GRI 412) and «the fight against child labour» (topic GRI 408) that have been merged into the new theme «safeguarding rights in the workplace»;
- «training and development of employees» (topic GRI 404) and «wellbeing of employees» (topic GRI 401) that have been merged into the new topic «wellbeing and development of employees».

In addition, it was decided to rename the topic associated with GRI 416 (*Customer health and safety*). This was changed from «product quality and safety» to «chemicals management».

The objective of this change was to emphasise the attention and care the Ratti Group pays to product

chemistry. This is also due to the significance which has emerged for this aspect from the fashion sector benchmark and the increasing attention paid to it by consumers.

All the proposed updates were approved by all the participants of the Working Group on Sustainability.

The figure representing the 2019 materiality matrix shows the ten material themes for the Ratti Group, which include and group the 19 GRI themes, as reported in detail in **Table 1**

Material aspects for the Ratti Group

With regard to the external perimeter of reporting it should be noted that, in this document for 2019, reporting has not been extended to suppliers.

With regard to the internal perimeter of reporting it should be noted that the reporting of water withdrawal and discharges does not include Creomoda and La Maison des Accessoires

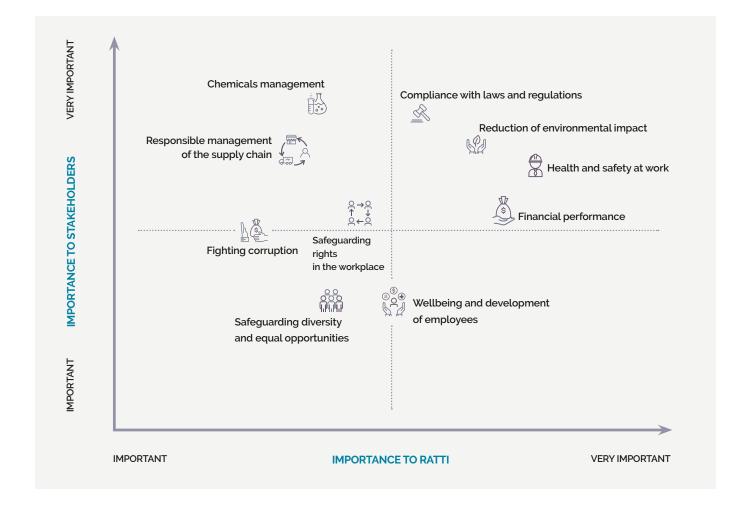




TABLE 1 MATERIAL THEMES FOR RATTI, GROUPINGS AND PERIMETER OF MATERIAL GRI ASPECTS

MATERIAL ASPECTS FOR THE RATTI GROUP	MATERIAL ASPECTS GRI STANDARD	PERIMETER OF THE MATERIAL ASPEC			
		INTERNAL	EXTERNAL		
FINANCIAL PERFORMANCE	201 - ECONOMIC PERFORMANCE	RATTI GROUP	-		
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	204 - PROCUREMENT PRACTICES	RATTI GROUP	-		
	308 - SUPPLIER ENVIRONMENTAL ASSESSMENT	RATTI GROUP			
	414 - SUPPLIER SOCIAL ASSESSMENT	RATTI GROUP			
FIGHT AGAINST CORRUPTION	205 - ANTI-CORRUPTION	RATTI GROUP	-		
REDUCTION OF	301 - MATERIALS	RATTI GROUP	SUPPLIERS		
ENVIRONMENTAL IMPACT	302 - ENERGY	RATTI GROUP	SUPPLIERS		
	303 - WATER AND EFFLUENTS	RATTI GROUP	SUPPLIERS		
	305 - EMISSIONS	RATTI GROUP	SUPPLIERS		
	306 - EFFLUENTS AND WASTE	RATTI GROUP	SUPPLIERS		
COMPLIANCE WITH LAWS OR REGULATIONS	307 - ENVIRONMENTAL COMPLIANCE	RATTI GROUP	-		
	419 - SOCIOECONOMIC COMPLIANCE	RATTI GROUP	-		
WELLBEING AND DEVELOPMENT OF EMPLOYEES	401 - EMPLOYMENT	RATTI GROUP	-		
	404 - TRAINING AND EDUCATION	RATTI GROUP	-		
HEALTH AND SAFETY AT WORK	403 - OCCUPATIONAL HEALTH AND SAFETY	RATTI GROUP	SUPPLIERS CONTRACTORS		
SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES	405 - DIVERSITY AND EQUAL OPPORTUNITY	GRUPPO RATTI	-		
SAFEGUARDING RIGHTS IN THE WORKPLACE	408 - CHILD LABOUR	RATTI GROUP	SUPPLIERS		
	412 - HUMAN RIGHTS ASSESSMENT	RATTI GROUP	SUPPLIERS		
CHEMICALS MANAGEMENT	416 - CUSTOMER HEALTH AND SAFETY	RATTI GROUP	-		

Stakeholders and the process of involvement

Ratti's long-term strategies and action plans are also defined with the goal of meeting the expectations of the various stakeholders, with whom Ratti launched a number of initiatives involving debate and dialogue in 2019.

The Group's key stakeholders were identified by the

heads of the various corporate functions during the drafting of the sustainability report containing the DNF in 2017.

The heads of the various corporate functions expressed a precise evaluation of the influence of stakeholders on Ratti's activities and stakeholders' interest in Ratti. Stakeholders were considered to be important if they had been evaluated as above average for both dimensions (influence/interest).

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The following table shows:

- the principal categories of stakeholder;
- the themes felt to be priorities;
- the activities involving listening, dialogue and consultation held during the year.

In order to work towards achieving the goal of greater involvement, in 2019 an "abstract" booklet was produced for the first time, containing the most significant topics from the 2019 Sustainability Report.

This document was conceptualised with the aim of making information more easily usable and more immediately readable, so that the document itself could be distributed more widely.

The booklet is given out to every customer that visits Ratti, at trade shows, and often accompanies a delivery of sustainable textiles (organic or recycled fabric samples) or company profiles. Involving the main stakeholders has allowed the Ratti Group to establish a productive dialogue as well as relationships involving solid cooperation, in which no critical issues are reported.

TABLE 2
LIST OF THE MAIN DIALOGUE INITIATIVES WITH STAKEHOLDERS AND THE KEY TOPICS DISCUSSED

STAKEHOLDER	KEY TOPICS AND CRITICAL ISSUES	PRINCIPAL INITIATIVES FOR DIALOGUE
CONTROLLING SHAREHOLDER (MARZOTTO GROUP)	Partnerships	Joint working groups
EMPLOYEES AND PARTNERS	Reminder of the themes of sustainability	Informal meetings and institutional events organised ad hoc Dedicated communication plan; the sending out of questionnaires to gather opinions on the 2018 Ratti Sustainability Report
COMPETITORS	Innovation of processes in terms of sustainability	Participation in regional round table meetings and trade associations
SUPPLIERS	Collaborative relationships focusing on the sustainability of the process and the product; Ratti noted a critical issue regarding suppliers' response times to the self-assessment questionnaires, as well as the transmission of the documentation concerning the various certifications.	Sales meetings and company visits; audits in accordance with SA8000. Joint projects on specific topics related to sustainability
CUSTOMERS	Monitoring of the supply chain and partnerships	Sales meetings and company visits; monthly newsletters with information on the various sustainability activities in the company; communication of the 2018 sustainability report by sending a copy to key figures in major customers' teams; sending out questionnaires to gather opinions on Ratti's Sustainability Report, sending out the abstract containing the most significant topics in Ratti's sustainability report.
SCHOOLS AND UNIVERSITIES	Cooperation on innovation processes	Company visits and meetings at major universities in the region for technical expertise and specific projects; Work-school alternation programmes; training programmes with possible recruitment by Ratti at the end of the process
LICENSORS	Partnerships	Sales meetings and company visits



Annex

CHAPTER 2

GENERAL DISCLOSURES

GRI 102-8 TOTAL EMPLOYEES BY WORK CONTRACT, GENDER AND GEOGRAPHICAL AREA

		GROUP			ITALY		Т	UNISIA		RC	ROMANIA			
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019		
TOTAL	755	799	849	543	555	571	183	215	250	26	26	24		
Total women	472	518	565	282	296	308	169	201	236	18	18	17		
Total men	283	281	284	261	259	263	14	14	14	8	8	7		
FULLTIME	550	571	586	503	523	539	21	21	19	26	26	24		
Women	293	316	331	256	278	293	19	19	17	18	18	17		
Men	257	255	255	247	245	246	2	2	2	8	8	7		
FIXED TERM	177	214	239	12	18	8	162	194	231	0	0	0		
Women	162	196	222	9	12	3	150	182	219	0	0	0		
Men	15	18	17	3	6	5	12	12	12	0	0	0		
OTHER EMPLOYEES	28	14	24	28	14	24	0	0	0	0	0	0		
TEMPORARY	8	1	3	8	1	3	0	0	0	0	0	0		
Women	6	0	0	6	0	0	0	0	0	0	0	0		
Men	2	1	3	2	1	3	0	0	0	0	0	0		
PROJECT WORKERS	3	2	1	3	2	1	0	0	0	0	0	0		
Women	1	1	0	1	1	0	0	0	0	0	0	0		
Men	2	1	1	2	1	1	0	0	0	0	0	0		
INTERNS	17	11	20	17	11	20	0	0	0	0	0	0		
Women	10	5	12	10	5	12	0	0	0	0	0	0		
Men	7	6	8	7	6	8	0	0	0	0	0	0		

Workforce of the Ratti Group by work contract, gender and geographical area at 31.12 for the three-year period 2017-2019; Ratti USA and Ratti International Trading (Shanghai) at 31.12.2019 each had 2 full-time female employees.

GRI 102-8 EMPLOYEES BY WORK CONTRACT, GENDER AND GEOGRAPHICAL AREA												
		GROUP		ITAL	Y	TUNIS	SIA	ROMANIA				
		2018	2019	2018	2019	2018	2019	2018	2019			
FULLTIME		736	782	495	506	215	250	23	22			
Women		468	512	247	256	201	236	17	16			
Men		268	270	248	250	14	14	6	6			
PART TIME		49	43	46	41	0	0	3	2			
Women		44	41	43	40	0	0	1	1			
Men		5	2	3	1	0	0	2	1			
TOTAL EMPLOYEES		785	825	541	547	215	250	26	24			

Employees by employment type (full time/part time) by gender and geographical area at 31.12 for 2018 and 2019. In Ratti USA and in Ratti International Trading (Shanghai), all employees are full-time. The figures refer to employees hired on fixed-term and full-time contracts.



EMPLOYMENT

GRI 401-1 TOTAL NUMBER OF NEW RECRUITS BY AGE RANGE, GENDER AND GEOGRAPHICAL AREA

	C	GROUP			ITALY			TUNISIA			ROMANIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	
BELOW 30 YEARS	67	90	86	22	35	24	45	55	62	0	0	0	
Women	57	79	74	13	27	14	44	52	60	0	0	0	
Men	10	11	12	9	8	10	1	3	2	0	0	0	
BETWEEN 30 AND 50 YEARS	21	33	43	10	21	14	10	12	25	1	0	3	
Women	12	22	35	6	11	10	6	11	21	0	0	3	
Men	9	11	8	4	10	4	4	1	4	1	0	0	
OVER 50 YEARS	4	10	9	4	10	7	0	0	2	0	0	0	
Women	2	5	6	2	5	4	0	0	2	0	0	0	
Men	2	5	3	2	5	3	0	0	0	0	0	0	
TOTAL EMPLOYEES	92	133	138	36	66	45	55	67	89	1	0	3	
Total women	71	106	115	21	43	28	50	63	83	0	0	3	
Total men	21	27	23	15	23	17	5	4	6	1	0	0	

New personnel hired by age range, gender and geographical area at 31.12 in the three-year period 2017-2019. In 2019 staff turnover did not impact Ratti USA, where the workforce remained the same as it was in 2017 and 2018, while in 2019 Ratti International Trading (Shanghai) recorded the hiring of one new employee between 30 and 50 years of age. The figures refer to employees hired on fixed-term and full-time contracts.

GRI 401-1 THE TOTAL NUMBER OF PERSONNEL THAT TERMINATED OR INTERRUPTED THEIR EMPLOYMENT, BY AGE RANGE, GENDER AND GEOGRAPHICAL AREA.

	C	GROUP			ITALY			TUNISIA			ROMANIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	
BELOW 30 YEARS	24	33	39	5	6	8	19	27	31	0	0	0	
Women	22	31	36	4	6	6	18	25	30	0	0	0	
Men	2	2	3	1	0	2	1	2	1	0	0	0	
BETWEEN 30 AND 50 YEARS	11	18	34	5	10	12	6	8	17	0	0	5	
Women	6	10	26	1	4	7	5	6	15	0	0	4	
Men	5	8	8	4	6	5	1	2	2	0	0	1	
OVER 50 YEARS	12	24	25	12	24	19	0	0	6	0	0	0	
Women	3	8	12	3	8	9	0	0	3	0	0	0	
Men	9	16	13	9	16	10	0	0	3	0	0	0	
TOTAL EMPLOYEES	47	75	98	22	40	39	25	35	54	0	0	5	
Total women	31	49	74	8	18	22	23	31	48	0	0	4	
Total men	16	26	24	14	22	17	2	4	6	0	0	1	

Personnel that interrupted/terminated their employment, by age range, gender and geographical area at 31.12 in the three-year period 2017-2019. The figures refer to employees hired on fixed-term and full-time contracts. In Ratti USA and in Ratti International Trading (Shanghai), during the three-year period 2017-2019, no employee interrupted their employment.



GRI 401-1	RATE OF T	URNOVE	R BY AGI	E RANGE	, GENDE	R AND G	EOGRAF	PHICAL A	REA				
	C	ROUP		ITALY			т	TUNISIA			ROMANIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	
TOTAL EMPLOYEE TURNOVER RATE	19.1	26.5	28.6	11.3	19.6	15.4	43.7	47.4	57.2	3.8	0.0	33.3	
EMPLOYEE TURNOVER RATE (incoming)	12.7	16.9	16.7	7.0	12.2	8.2	30.1	31.2	35.6	3.8	0.0	12.5	
Women	15.6	20.7	20.8	7.9	14.8	9.5	29.6	31.3	35.2	0.0	0.0	17.6	
Men	7.7	9.9	8.5	6.0	9.2	6.8	35.7	28.6	42.9	12.5	0.0	0.0	
BELOW 30 YEARS	40.6	42.3	35.7	36.1	43.2	27.9	43.7	41.7	40.0	0.0	0.0	0.0	
Women	39.6	42.7	35.9	31.0	48.2	25.5	43.6	40.3	39.7	0.0	0.0	0.0	
Men	47.6	39.3	34.3	47.4	32.0	32.3	50.0	100.0	50.0	0.0	0.0	0.0	
BETWEEN 30 AND 50 YEARS	7.0	11.0	14.1	4.7	10.0	6.9	14.3	16.7	29.1	6.7	0.0	21.4	
Women	6.2	10.6	15.8	5.0	8.7	7.8	9.7	16.4	26.3	0.0	0.0	27.3	
Men	8.6	12.0	9.5	4.3	12.0	5.3	50.0	20.0	66.7	25.0	0.0	0.0	
OVER 50 YEARS	1.5	3.7	3.2	1.7	4.0	2.7	0.0	0.0	22.2	0.0	0.0	0.0	
Women	1.7	4.2	4.8	1.9	4.7	3.6	0.0	0.0	40.0	0.0	0.0	0.0	
Men	1.4	3.3	2.0	1.4	3.5	2.1	0.0	0.0	0.0	0.0	0.0	0.0	
EMPLOYEE TURNOVER RATE (outgoing)	6.5	9.6	11.9	4.3	7.4	7.1	13.7	16.3	21.6	0.0	0.0	20.8	
Women	6.8	9.6	13.4	3.0	6.2	7.4	13.6	15.4	20.3	0.0	0.0	23.5	
Men	5.9	9.5	8.8	5.6	8.8	6.8	14.3	28.6	42.9	0.0	0.0	14.3	
BELOW 30 YEARS	14.5	15.5	16.2	8.2	7.4	9.3	18.4	20.5	20.0	0.0	0.0	0.0	
Women	15.3	16.8	17.5	9.5	10.7	10.9	17.8	19.4	19.9	0.0	0.0	0.0	
Men	9.5	7.1	8.6	5.3	0.0	6.5	50.0	66.7	25.0	0.0	0.0	0.0	
BETWEEN 30 AND 50 YEARS	3.7	6.0	11.1	2.3	4.8	5.9	8.6	11.1	19.8	0.0	0.0	35.7	
Women	3.1	4.8	11.7	0.8	3.1	5.4	8.1	9.0	18.8	0.0	0.0	36.4	
Men	4.8	8.7	9.5	4.3	7.2	6.7	12.5	40.0	33.3	0.0	0.0	33.3	
OVER 50 YEARS	4.6	8.8	9.0	5.0	9.6	7.4	0.0	0.0	66.7	0.0	0.0	0.0	
Women	2.6	6.7	9.6	2.9	7.5	8.0	0.0	0.0	60.0	0.0	0.0	0.0	

Total annual turnover rate, subdividing employees by age range, gender and geographical area for the three-year period 2017-2019. The turnover rate is calculated as the relationship between: (Number incoming in the year + Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (incoming) is: (Number incoming in the year/full-time and fixed-term workforce 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing) is: (Number outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing in the year/full-time and fixed-term workforce at 31/12) *100; the turnover rate (outgoing

6.5

11.2

6.9

0.0

75.0

0.0

0.0

0.0

8.5

6.2

10.5

Men

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-9 NUMBER OF ACCIDENTS AT WORK FOR EMPLOYEES AND SUB-CONTRACTORS BY GEOGRAPHICAL AREA

	RAT	TI GROUF	•		ITALY		TUNISIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
NUMBER OF ACCIDENTS RECORDED	9	4	7	9	3	6	0	1	1
of which occurred to employees	8	4	5	8	3	4	0	1	1
pertaining to contractors	1	0	2	1	0	2	0	0	0
NUMBER OF ACCIDENTS WITH SERIOUS CONSEQUENCES	0	0	0	0	0	0	0	0	0
of which occurred to employees	0	0	0	0	0	0	0	0	0
pertaining to contractors	0	0	0	0	0	0	0	0	0

Total number of recordable accidents at work, or those with serious consequences, in the three-year period 2017-2019. In Textrom, Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2017-2019, no accidents at work were reported for employees and, with regard to contractors, there were no external workers offering their services on an ongoing basis. Recordable accidents include any deaths, a figure which was zero for all Group companies; also, accidents to/from work are excluded, with the exception of accidents which take place during business trips where a worker is carrying out activities on behalf of the employer, and accidents to/from work for which transport is organised by the Group. With regard to accidents with serious consequences, deaths are excluded, while accidents are included if the worker cannot recover, does not recover or if it is not realistic to forecast that they will recover completely, i.e. return to their state of health before the accident within six months.



GRI 403-9 RATE OF ACCIDENTS AT WORK AND HOURS WORKED FOR EMPLOYEES AND SUB-CONTRACTORS BY GEOGRAPHICAL AREA

	R	RATTI GROUP			ITALY			TUNISIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	
RATE OF RECORDABLE ACCIDENTS				0		0 -				
AT WORK	7.7	3.0	4.7	10.6	3.3	6.2	0.0	2.5	2.0	
of which occurred to employees	7.1	3.1	3.5	9.7	3.4	4.4	0.0	2.7	2.1	
pertaining to contractors	25.3	0.0	26.9	47.4	0.0	37.0	0.0	0.0	0.0	
TOTAL NUMBER OF HOURS WORKED	1,162,098	1,345,780	1,500,664	849,173	910,228	971,879	272,476	396,067	492,482	
Total employees	1,122,572	1,288,442	1,426,214	828,091	873,947	917,821	254,032	375,010	472,090	
Total contractors	39,526	57,338	74,451	21,082	36,281	54,058	18,444	21,057	20,393	

Rate of accidents relating to recordable accidents at work in the three-year period 2017-2019, including Ratti SpA, Creomoda and La Maison des Accessoires. In Textrom, Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2017-2019, no accidents were reported for employees and there were no external workers offering their services on an ongoing basis. The number of hours worked for Textrom employees were 40.449 for 2017, 39,485 for 2018 and 36,303 for 2019 respectively. No figures are available for the hours worked at Ratti USA and Ratti International Trading (Shanghai). The rate of recordable accidents at work is calculated as the relationship between: (number of recordable accidents at work/number of hours worked) 1,000,000. In the three-year period 2017-2019, for all companies in the Group there were no accidents with serious consequences or any deaths at work, so the relevant rate is zero.

TRAINING AND EDUCATION

GRI 404-1 AVERAGE ANNUAL HOURS OF TRAINING CARRIED OUT FOR EMPLOYEES, SUBDIVIDED BY CATEGORY, GENDER AND GEOGRAPHICAL AREA

	RAT	RATTI GROUP			ITALY		Т	TUNISIA		ROMANIA		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
EXECUTIVES	10	19	26	10	20	28	-	0	0	-	-	-
Women	24	22	28	24	22	28	-	-	-	-	-	-
Men	7	18	25	7	20	28	-	0	0	-	-	-
MIDDLE MANAGEMENT	16	23	24	16	23	24	-	-	-	-	-	-
Women	16	20	13	16	20	14	-	-	-	-	-	-
Men	16	24	29	16	24	29	-	-	-	-	-	-
WHITE-COLLAR WORKERS	9	12	14	8	11	12	5	70	44	72	3	6
Women	10	11	14	9	10	13	6	43	42	60	1	5
Men	8	17	11	6	13	10	2	283	67	90	7	7
BLUE-COLLAR WORKERS OR EQUIVALENT	7	6	6	2	4	6	6	8	5	57	11	12
Women	9	7	5	2	2	5	6	7	5	60	11	11
Men	4	5	6	2	5	6	3	8	5	50	11	12
TOTAL	8	9	10	6	9	11	6	10	7	60	9	10
Total women	10	9	9	8	9	12	6	9	7	60	9	10
Total men	6	10	11	5	9	11	2	27	9	60	10	11

Annual average training hours per employee, by category of employee, by gender and geographical area for the three-year period 2017-2019. No training is planned for employees of Ratti USA and Ratti International Trading (Shanghai) in the three-year period. In Textrom (Romania) there were no employees in the executive and middle management categories. In Creomoda and La Maison des Accessoires (Tunisia) in 2019 there was one (male) executive and no middle managers. The figures refer to employees hired on fixed-term and full-time contracts.

DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1 FIXED-TERM AND FULL-TIME EMPLOYEES BY CONTRACTUAL CATEGORY, GENDER AND AGE RANGE

		GROUP 2018			GROUP 2019	
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
EXECUTIVES	2	11	13	3	10	13
age below 30 years	0	0	0	0	0	0
age between 30 and 50 years	0	4	4	0	2	2
age above 50 years	2	7	9	3	8	11
MIDDLE MANAGEMENT	13	27	40	16	29	45
age below 30 years	0	0	0	0	0	0
age between 30 and 50 years	4	13	17	6	17	23
age above 50 years	9	14	23	10	12	22
WHITE-COLLAR WORKERS	233	64	297	234	64	298
age below 30 years	54	9	63	47	10	57
age between 30 and 50 years	105	24	129	110	21	131
age above 50 years	74	31	105	77	33	110
WORKERS	264	171	435	300	169	469
age below 30 years	131	19	150	159	25	184
age between 30 and 50 years	98	51	149	106	44	150
age above 50 years	35	101	136	35	100	135
TOTAL	512	273	785	553	272	825

Employees of the Ratti Group by category of employee, gender and age range, at 31.12 in 2018 and 2019.

GRI 405-1 COMPOSITION OF THE BOD BY AGE RANGE AND GENDER								
	2017	2018	2019					
BETWEEN 30 AND 50 YEARS	3	2	2					
Women	2	1	1					
Men	1	1	1					
OVER 50 YEARS	6	7	7					
Women	1	2	2					
Men	5	5	5					
TOTAL	9	9	9					
Total women	3	3	3					
Total men	6	6	6					

Composition of the BoD by age range and gender at 31.12 in the three-year period 2017-2019. The composition of the BoD was stable in the three-year period 2017-2019. Of the 9 current members, 3 are women, while 77.78% of members are over 50 years of age.



CHAPTER 3 SUPPLIER ENVIRONMENTAL ASSESSMENT GRI 308-1 PERCENTAGE OF NEW SUPPLIERS EVALUATED ON THE BASIS OF ENVIRONMENTAL CRITERIA Of the total of 273 new suppliers of Ratti SpA, the 43 assessed in accordance with environmental criteria represent 32% of the 2018 value of purchases generated by new suppliers during the year. Of the total of 254 new suppliers of Ratti SpA, the two suppliers assessed in accordance with environmental criteria represented 2019 7.2% of the value of purchases generated by new suppliers during the year.

Ratti SpA carried out an environmental evaluation for suppliers considered to be significant among the companies that supply chemical products and dyes, raw materials and ennoblement processes for the yarn/fabric (preparation, dyeing, printing and finishing). In 2019 the Company updated the significance criteria to favour the selection of suppliers with product/system certification. As a consequence, in 2019 the total number of "significant" suppliers evaluated from an environmental point of view was 164. This represents 59.2% of the total value of purchases for the year.

	HUMAN RIGHTS ASSESSMENT							
GRI 412	GRI 412-3 INVESTMENT AGREEMENTS AND "SIGNIFICANT" AGREEMENTS WHICH INCLUDE CLAUSES ON HUMAN RIGHTS OR WHICH ARE SUBJECT TO AN ASSESSMENT OF HUMAN RIGHTS.							
2018	There were 225 "significant" suppliers from a perspective of social accountability during 2018, representing 16.4% of total suppliers (1,375) with a turnover of €58,331,579, i.e. 87% of the total value of purchases.							
2019	There were 259 "significant" suppliers from a perspective of social accountability during 2019, representing 19.5% of total suppliers (1,331) with a turnover of €55,018,995, i.e. 80.2% of the total value of purchases.							

It has now become standard practice for Ratti SpA to ensure that suppliers who are considered significant sign up to the principles of the Group's Code of Ethics, which contain specific clauses relating to human rights. In compliance with the standard SA80000, Ratti SpA has ensured compliance with Social Accountability in its supply chain, requiring, for significant suppliers in that context, the sending out and subsequent evaluation of a questionnaire dedicated to these themes, so that the reliability of the supplier can be determined. In 2019, the criteria for belonging to the category of "significant" supplier in terms of social accountability were extended through the updating of the selection parameters to include more stringent risk analysis criteria.

	SUPPLIER SOCIAL ASSESSMENT
	GRI 414-1 NEW SUPPLIERS WHICH HAVE BEEN ASSESSED IN ACCORDANCE WITH SOCIAL CRITERIA
2018	Of the total of 273 new suppliers, the 36 who were assessed in accordance with social criteria as per the Manual of Social Responsibility represented 77% of the value of purchases generated by new suppliers during the year.
2019	For Ratti SpA, of the total of 254 new suppliers, the 11 that were assessed in accordance with social criteria as per the Manual of Social Responsibility represented 36.4% of the value of purchases generated by new suppliers during the year.

With regard to the method used for the social evaluation of suppliers, please see the explanation of the selection criteria of the indicator GRI 412-3 for the Evaluation of Human Rights.



CHAPTER 4

MATERIALS

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

PRINTED FABRICS			RATTI GROUP		
	u.m.	2017	2018	2019	Δ%
TOTAL PRINTED FABRICS	m	4,393,019	5,423,377	5,196,385	-4.2%
of which eco-sustainable printed fabrics	m	64,318	67,505	134,070	98.6%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties.

ADDITIVES			RATTI GROUP		
ADDITIVES	u.m.	2017	2018	2019	Δ%
Total dyes	Kg	58,189	63,937	66,210	3.6%
Total chemical products	Kg	567,146	643,273	611,619	-4.9%
TOTAL ADDITIVES	Kg	625,335	707,210	677,829	-4.2%

Total dyes and chemical products purchased by Ratti SpA for the Group..

MATERI	ALS FOR PACKAGING			RATTI GROUP		
T-D-CI EICE	ALD FORFACIONAL NA	u.m.	2017	2018	2019	Δ%
PAPER	Total paper packaging	kg	7,276	5,376	6,286	16.93%
	of which FSC certified	kg	7,276	5,376	5,365	-0.20%
CARDBOARD	Total paper packaging	kg	72,534	62,781	59,958	-4.50%
	of which FSC certified	kg	-	-	4,727	100%
PLASTIC	Total plastic packaging	kg	13,315	9,572	14,489	51.37%
	of which recyclable	kg	970	-	443	100%
PALLETS	Total pallets	kg	30,754	24,044	31,130	29.47%
	of which reused	kg	n.d.	14,644	26,350	79.94%
TOTAL PACKAGING	Total packaging	kg	123,879	101,773	111,863	9.91%
	of which sustainable	kg	8,246	20,020	36,885	84.24%
Total packaging over metres of fabric produced		Kg/m	0.03	0.02	0.03	8.53%

MATERIAL FOR OFFICES – GUANZATE SITE		RATTI SPA						
	MATERIALI ON OTTICES - GOARZATE SITE		2017	2018	2019	Δ%		
DADED	Total	kg	13,950	14,050	13,400	-4.63%		
PAPER	of which recycled	kg	12,750	13,800	13,200	-4.35%		

Material purchased by Ratti SpA for packaging and for offices, for the Italy, Tunisia and Romania premises. The figures for 2017 and 2018 have been updated on the basis of better available data. In 2019, Ratti improved its procurement of sustainable packaging by 84% on 2018 and by four times the level reported in 2017. Sustainable packaging in 2019 represented 33% of total packaging purchased, compared with 7% in 2017



ENERGY

GRI 302-1 AGGREGATED ENERGY CONSUMPTION FOR FACTORIES AND OFFICES IN ITALY, TUNISIA AND ROMANIA

F	NERGY CONSUMPTION			RATTI GROUP		
_	NERGI GORGONI HON	u.m.	2017	2018	2019	Δ%
METHANE GAS	Consumption by offices and factories	GJ	127,597	139,433	143,229	2.72%
ENERGY ELECTRICAL	Consumption by offices and factories	GJ	31,362	32,579	32,518	-0.19%
	of which electricity purchased	GJ	28,598	29,662	29,479	-0.62%
	of which produced and self-consumed, from photovoltaic systems	GJ	2,764	2,917	3,039	4.20%
COMPANY	Consumption of diesel	GJ	2,514	2,461	2,735	11.14%
CAR PARK	Consumption of petrol	GJ	33	32	26	-17.88%
TOTAL ENERGY CONSUMPTION		GJ	161,505	174.505	178,508	2.29%
Consumption of methane gas over metres of fabric produced		GJ/m	0.033	0.032	0.033	1.43%
Consumption of el	Consumption of electricity over metres of fabric produced		0.008	0.007	0.007	-1.44%

Aggregated energy consumption by the factories and offices for the Italy, Tunisia and Romania premises; it is reported that there was no methane gas consumption at the Tunisia premises; car park consumption concerned the Italy and Romania sites and in 2017 was based on estimates.

WATER AND EFFLUENTS

GRI 303-3, 303-4 WATER CONSUMPTION BY SOURCE AND WATER DISCHARGES, PREMISES OF ITALY AND ROMANIA

				RATTI GROUP		
		u.m.	2017	2018	2019	Δ%
WATER WITDRAWAL	Tot. Water withdrawal	Мс	379,832	425,033	408,106	-3.98%
	from well	Мс	377,619	421,123	406,046	-3.58%
	from aqueduct	Мс	2,213	3,910	2,060	-47.31%
WIIBIOWAL	Tot. Water withdrawal over metres of fabric produced	Mc/m	0.10	0.10	0.09	-5.19%
WATER DISCHARGES	Tot. Total water discharges into the sewerage system	Мс	325,108	373,976	355,430	-4.96%
	Tot. Water discharges over metres of fabric produced	Mc/m	0.08	0.09	0.08	-6.15%

Water consumption by source and discharges, Italy and Romania premises; for the Tunisia premises water consumption and discharges are not accounted for: water is drawn from a well. The increase in aqueduct withdrawals reported in 2018 is due to some leaks at the Guanzate site in the basement fire-prevention system that were subsequently repaired.



EMISSIONS

GRI 305-1, 305-2 DIRECT AND INDIRECT EMISSIONS OF THE GROUP (SCOPE 1 AND 2)

CO2 EMISSIONS	RATTI GROUP				
CO2 EMISSIONS	u.m.	2017	2018	2019	Δ%
SCOPE 1 - TOTAL DIRECT ENERGY EMISSIONS	tCO2e	7,352	8,132	8,244	1.37%
From consumption of methane gas	tCO2	7.133	7,800	8,013	2.73%
From emission of refrigerant gas from air conditioning equipment	tCO2e	0	109	O	-100.00%
From company car park – consumption of diesel cars	tCO2e	217	221	229	3.52%
From company car park – consumption of petrol cars	tCO2e	2	2	2	-19.15%
SCOPE 2 - TOTAL INDIRECT ENERGY EMISSIONS Location-based from electricity bought for offices and factories	tCO2	2,983	2,966	2,956	-0.35%
SCOPE 2 - TOTAL INDIRECT ENERGY EMISSIONS Market-based from electricity bought for offices and factories	tCO2	3,683	3,917	3,943	0.66%
Total SCOPE 1 and SCOPE 2 Location-based emissions	tCO2e	10,335	11,099	11,200	0.91%
Total SCOPE 1 and SCOPE 2 Location-based emissions over metres of fabric produced	tCO2e	0.0027	0.0026	0.0025	-0.36%
Emissions avoided thanks to energy production from photovoltaic sources	tCO2	310	300	314	4.69%

For the consumption of methane gas, the data is calculated on the basis of emission factors published in the "Table of parameters for national standards" published by the Ministry of the Environment and for the Protection of Land and Sea, for the respective years. The data for emissions from refrigerant gas leaks in 2018 were revisited on the basis of the Global Warming Potential (GWP) reported in the IPCC 5th Assessment Report, 2014. Emissions from the company car park are calculated on the basis of the values reported by the Department of the Environment, Food and Rural Affairs (DEFRA) of the United Kingdom government, for the year in question. The calculation of emissions from electricity using the Location Based method is based on the emission factors published by Terna SpA "International comparisons" 2018 for the 2019 data and Terna SpA "International comparisons" 2016 for the 2017 and 2016 data. However, using the Market Based method it is based on the emission factors published by the Association of Issuing Bodies (AIB) "European Residual Mixes" 2017 for 2017 and 2018 and "European Residual Mixes" 2018 for 2019

EFFLUENTS AND WASTE

GRI 306-2 TOTAL WEIGHT OF HAZARDOUS AND NON-HAZARDOUS WASTE, SUBDIVIDED ACCORDING TO METHOD OF DISPOSAL.

HAZARDOUS WASTE, SUBDIVIDED	RATTI GROUP				
BY METHOD OF DISPOSAL	u.m.	2017	2018	2019	Δ%
Recycling (Put in reserve R13)	kg	17,670	19,171	27,888	45.47%
Other (Incinerator or landfill after D15 treatment)	kg	9,197	8,152	6,485	-20.45%
TOTAL HAZARDOUS WASTE	kg	26,867	27,323	34,373	25.80%
Hazardous waste over metres of fabric	kg/m	0.007	0.006	0.008	24.22%

Quantity of hazardous waste by method of disposal, Italy and Romania sites; there are no hazardous waste products at the Tunisia site. The increase in hazardous waste is due mainly to the operation to dispose of a colour kitchen at Ratti SpA, envisaged in the plan for rationalisation and reduction of fabric scraps, that accounts for 97% of the increase in the quantity of hazardous waste disposed of compared with 2018 for Ratti SpA. As a consequence, the increase in ordinary hazardous waste for Ratti SpA (not related to extraordinary operations) is 1% as opposed to 33%.

NON-HAZARDOUS WASTE, SUBDIVIDED	RATTI GROUP					
BY METHOD OF DISPOSAL	u.m.	2017	2018	2019	Δ%	
Recycling (Put in reserve R13)	kg	335,113	419,207	574,275	36.99%	
Incinerator	kg	1,900	1,560	0	-100%	
Landfill	kg	74,141	73,197	60,830	-16.90%	
Other (Incinerator or landfill after D15 treatment)	kg	137,266	121,258	118,399	-2.36%	
TOTAL NON-HAZARDOUS WASTE	kg	548,420	615,222	753,504	22.48%	
Non-hazardous waste over metres of fabric	kg/m	0.141	0.142	0.171	20.94%	

Quantity of non-hazardous waste by method of disposal, Italy, Romania and Tunisia sites; the increase in non-hazardous waste sent for recycling in 2019 relates to an extraordinary operation to dispose of a colour kitchen in Ratti SpA envisaged in the plan for rationalisation and reduction of fabric scraps. 42% of the total increase in non-hazardous waste disposed of in 2019 by Ratti SpA was due to this operation, while 40% was due to the discontinuing of a temporary warehouse housing obsolete printing screens that had accumulated over the years. As a consequence the increase in non-hazardous waste from the production activities of Ratti SpA (not related to extraordinary operations) was 5% instead of 29%.



GRI Content Index

		GRI CONTENT INDEX	
GRI STANDARD	INDICATORS	REFERENCE IN THE TEXT	COMMENTS
GRI 102 - GENEF	RAL DISCLOSURES 2016		
PROFILE OF THE	E ORGANISATION		
102-1	Name of the organisation	Chapter 1, paragraph 1.1 The legacy of a great history	
102-2	Principal activities, brands, products and services	Chapter 1, Paragraph 1.3 The Ratti Group today	
102-3	Location of head office of organisation	Chapter 1, Paragraph 1.3 The Ratti Group today	
102-4	Number of countries in which the organisation operates	Chapter 1, Paragraph 1.3 The Ratti Group today	
102-5	Ownership structure and legal form	Chapter 1, paragraph 1.1 The legacy of a great history, see box "Ratti SpA's shareholders"	
102-6	Markets served	Chapter 1, Paragraph 1.3 The Ratti Group today	
102-7	Size of the organisation (e.g. employees, net revenues etc.)	Chapter 1, Paragraph 1.3 The Ratti Group today Chapter 2, paragraph 2.1 Ratti's employees. Chapter 7 - Economic performance	
102-8	Number of employees by type of contract, geographical area and gender	Chapter 2, paragraph 2.1 Ratti's employees Annex Chapter 2	
102-9	Description of the supply chain (number of suppliers, type, provenance, etc.)	Chapter 3, paragraph 3.2 A virtuous circle of good practices	
102-10	Significant modifications in the reporting period to the organisation and its supply chain	Chapter 3, paragraph 3,2 A virtuous circle of good practices	In the reporting period there were no changes to the organisation or to the supply chain.
102-11	Explanation of the application of the prudence approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
102-12	Subscribing to the code of conduct, principles and charters developed with external entities and associations	Chapter 3, paragraph 3.2 A virtuous circle of good practices; paragraph 3.3 A commitment anchored in the most advanced standards Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics	
102-13	Membership of associations	Chapter 1, paragraph 1.1 The legacy of a great history	
STRATEGY			
102-14	Declaration by the CEO and/or the Chairman with regard to the importance of sustainability to the organisation and its strategy	Letter to the stakeholders.	
102-15	Description of the main impacts, risks and opportunities	Chapter 6, paragraph 6.3 Managing risks to include sustainability	

	Values, principles and rules of	Chapter 1, paragraph 1.1 The legacy of a great history;	
102-16	conduct	paragraph 1.2 The elegance of innovation	
OVERNANCE	<u> </u>		
102-18	Governance structure of the organisation	Chapter 6, paragraph 6.1 The governance structure of the Group 6.2 The bodies and the instruments that monitor corporate ethics	
IVOLVEMENT	T OF THE STAKEHOLDERS		
102-40	List of stakeholders with whom the organisation engages	Methodological note	
102-41	Percentage of employees covered by collective contractual agreements		100% of the employees of Ratti SpA, Creomoda and La Maison des Accessoires are covered by national collective agreements. Textrom guarantees it will respect national legislation regarding a minimum salary supplementing this by an amount stipulated in an internal agreement betwee representatives of the workers and the company. In Ratti International Trading (Shanghai) Co. Ltd. and Ratti USA Inc. there are no collective agreements – employees and the comparsign individual contracts. Overall, 96.61% of employed are covered by collective contractual agreements.
102-42	Principles used to identify and select major stakeholders in order to organise activities to engage with them	Methodological note	
102-43	Approach to stakeholder engagement activities, specifying the frequency by each type of activity developed	Methodological note	
102-44	Key and critical topics emerging from stakeholder engagement activities and the way the organisation has reacted to the critical issues	Methodological note	
EPORTING PI	RACTICES		
102-45	List of companies included in the consolidated report and an indication of those companies not included in the report	Methodological note	
102-46	Process of defining the contents of the report	Methodological note	
102-47	List of aspects identified as material	Methodological note	



102-48	Explanation of the impact of and the reasons for any changes to the calculations/information compared with previous editions	Methodological note	
102-49	Significant changes since the previous reporting period	Methodological note	
102-50	Reporting period		Financial year 2019
102-51	Date of publication of most recent report		The most recent document is the 2018 Consolidated Declaration of a Non-financial nature.
102-52	Frequency of reporting		Annual
102-53	Useful contacts and addresses for requesting information on the report and its contents	Methodological note	
102-54	Indication of the option "In accordance" with the GRI Standard chosen (Core or Comprehensive)	Methodological note	
102-55	GRI table of contents	GRI Content Index	
102-56	External assurance of the report	Assurance	
GRI 201 – ECON	IOMIC PERFORMANCE 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 7 - Economic performance	
103-2	The method of management and its components	Chapter 7 - Economic performance	
103-3	Evaluation of the management method	Chapter 7 - Economic performance	
201-1	Directly generated and distributed economic value	Chapter 7 - Economic performance	
GRI 204 – PRO	CUREMENT PRACTICES 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 3, paragraph 3.2 A virtuous circle of good practices	
103-2	The method of management and its components	Chapter 3, paragraph 3.2 A virtuous circle of good practices	
103-3	Evaluation of the management method	Chapter 3, paragraph 3.2 A virtuous circle of good practices	
204-1	Percentage of expenditure concentrated on local suppliers in relation to the most significant operational locations.	Chapter 3, paragraph 3.2 A virtuous circle of good practices	
GRI 205 – ANTI-	-CORRUPTION 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
103-2	The method of management and its components	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
103-3	Evaluation of the management method	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
			



205-3	Verified acts of corruption and action taken		In 2019 and the two years before that no non-compliant behaviour was identified in respect of compliance with the principles and regulations relating to corruption.
GRI 301 – MA	ATERIALS 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.3 Objective: the reduction, reuse and recycling of waste	
103-2	The method of management and its components	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.3 Objective: the reduction, reuse and recycling of waste	
103-3	Evaluation of the management method	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.3 Objective: the reduction, reuse and recycling of waste	
301-1	Materials used (total weight or volume) in the production or packaging of the organisation's products/services, distinguishing between renewable and non-renewable materials	Annex Chapter 4	
GRI 302 – EN	NERGY 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
103-2	The method of management and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
103-3	Evaluation of the management method	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
302-1	Consumption of energy within the organisation	Chapter 4, paragraph 4.2 Less resources consumed, a better future; Annex Chapter 4	
GRI 303 - WA	ATER AND EFFLUENTS 2018		
103-1	Explanation of the material topic and its relative perimeter	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future	
103-2	The method of management and its components	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future	
103-3	Evaluation of the management method	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future	
303-1	Interaction with water as a shared resource	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future; Chapter 6, paragraph 6.3 Managing risks to include sustainability	
303-2	Management of the impacts related to water discharge	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; Chapter 6, paragraph 6.3 Managing risks to include sustainability	



303-3	Water withdrawal	Chapter 4, paragraph 4.2 Less resources consumed, a better future Annex Chapter 4	
303-4	Wastewater	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; Annex Chapter 4	
GRI 305 – EMIS	SIONS 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
103-2	The method of management and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
103-3	Evaluation of the management method	Chapter 4, paragraph 4.2 Less resources consumed, a better future	
305-1	Direct emissions of greenhouse gasses (Scope 1)	Annex Chapter 4	
305-2	Emissions of greenhouse gasses generated by energy consumption (Scope 2)	Annex Chapter 4	
GRI 306 – EFFL	LUENTS AND WASTE 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 4 paragraph 4.3 Objective: the reduction, reuse and recycling of waste	
103-2	The method of management and its components	Chapter 4 paragraph 4.3 Objective: the reduction, reuse and recycling of waste	
103-3	Evaluation of the management method	Chapter 4 paragraph 4.3 Objective: the reduction, reuse and recycling of waste	
306-2	Total weight of waste by type and method of disposal	Annex Chapter 4	
GRI 307 – ENV	RONMENTAL COMPLIANCE 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
103-2	The method of management and its components	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
103-3	Evaluation of the management method	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
307-1	Non-compliance with environmental laws and regulations and related penalties		During the reporting year no significant penalties were recorded due to breaches of environmental laws and regulations.
GRI 308 – SUP	PLIER ENVIRONMENTAL ASSESSMEN	VT 2016	
103-1	Explanation of the material topic and its relative perimeter	Chapter 3, paragraph 3.2 A virtuous circle of good practices; Annex Chapter 3	
103-2	The method of management and its components	Chapter 3, paragraph 3.2 A virtuous circle of good practices; Annex Chapter 3	



103-3	Evaluation of the management method	Chapter 3, paragraph 3.2 A virtuous circle of good practices; Annex Chapter 3
308-1	Percentage of new suppliers evaluated on the basis of environmental criteria	Annex Chapter 3
GRI 401 – EMPL	OYMENT 2016	
103-1	Explanation of the material topic and its relative perimeter	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover
103-2	The method of management and its components	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover
103-3	Evaluation of the management method	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover
401-1	Percentage of new suppliers evaluated on the basis of environmental criteria	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover; Annex Chapter 2
GRI 403 – OCCL	JPATIONAL HEALTH AND SAFETY 20	18
103-1	Explanation of the material topic and its relative perimeter	Chapter 2, paragraph 2.4 Health and safety
103-2	The method of management and its components	Chapter 2, paragraph 2.4 Health and safety
103-3	Evaluation of the management method	Chapter 2, paragraph 2.4 Health and safety
403-1	Health and safety at work management system	Chapter 2, paragraph 2.4 Health and safety
403-2	Identification of dangers, assessment of risks and investigation of accidents	Chapter 2, paragraph 2.4 Health and safety; Chapter 6, paragraph 6.3 Managing risks to include sustainability
403-3	Medicine services at work	Chapter 2, paragraph 2.4 Health and safety
403-4	Participation and consultation with workers and communication with regard to health and safety at work	Chapter 2, paragraph 2.4 Health and safety
403-5	Training of workers with regard to health and safety at work	Chapter 2, paragraph 2.3 Training and developing talent
403-6	Promotion of health of workers	Chapter 2, paragraph 2.4 Health and safety
403-7	Prevention and mitigation of impacts regarding health and safety at work within commercial relations	Chapter 2, paragraph 2.4 Health and safety
403-8	Workers covered by health and safety at work management system	Chapter 2, paragraph 2.4 Health and safety
403-9	Accidents at work	Chapter 2, paragraph 2.4 Health and safety; Annex Chapter 2
GRI 404 – TRAI	NING AND EDUCATION 2016	
103-1	Explanation of the material topic and its relative perimeter	Chapter 2, paragraph 2.3 Training and developing talent
103-2	The method of management and its components	Chapter 2, paragraph 2.3 Training and developing talent

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103-3	Evaluation of the management method	Chapter 2, paragraph 2.3 Training and developing talent			
404-1	Average number of hours of training per employee per year, by gender and by category of employee	Chapter 2, paragraph 2.3 Training and developing talent; Annex Chapter 2			
GRI 405 – DIVE	RSITY AND EQUAL OPPORTUNITY 20	016			
103-1	Explanation of the material topic and its relative perimeter	Chapter 2, paragraph 2.1 Ratti's employees			
103-2	The method of management and its components	Chapter 2, paragraph 2.1 Ratti's employees			
103-3	Evaluation of the management method	Chapter 2, paragraph 2.1 Ratti's employees			
405-1	Composition of the management bodies and subdivision of employees by category according to gender, age group, membership of a minority group or other indicator of diversity	Chapter 2, paragraph 2.1 Ratti's employees Annex Chapter 2			
GRI 408 – CHIL	D LABOR 2016				
103-1	Explanation of the material topic and its relative perimeter	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability			
103-2	The method of management and its components	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability			
103-3	Evaluation of the management method	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability			
408-1	Identifying the operations and the principal suppliers at high risk of resorting to child labour and the measures taken to contribute towards its elimination	Chapter 3, paragraph 3.2 A virtuous circle of good practices			
GRI 412 – HUM	GRI 412 – HUMAN RIGHTS ASSESSMENT 2016				
103-1	Explanation of the material topic and its relative perimeter	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Annex Chapter 3			



103-2	The method of management and its components	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Annex Chapter 3	
103-3	Evaluation of the management method	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.2 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Annex Chapter 3	
412-3	Investment agreements and "significant agreements" which include clauses on human rights or which are subject to an assessment of human rights impact.	Annex Chapter 3	
GRI 414 – SUPPL	LIER SOCIAL ASSESSMENT 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 3, paragraph 3.2 A virtuous circle of good practices Annex Chapter 3	
103-2	The method of management and its components	Chapter 3, paragraph 3.2 A virtuous circle of good practices Annex Chapter 3	
103-3	Evaluation of the management method	Chapter 3, paragraph 3.2 A virtuous circle of good practices Annex Chapter 3	
414-1	New suppliers which have been assessed in accordance with social criteria	Annex Chapter 3	
GRI 416 – CUST	OMER HEALTH AND SAFETY 2016		
103-1	Explanation of the material topic and its relative perimeter	Chapter 3, paragraph 3.3 A commitment anchored in the most advanced standards Chapter 6 paragraph 6.1 The governance structure of the Group	
103-2	The method of management and its components	Chapter 3, paragraph 3.3 A commitment anchored in the most advanced standards Chapter 6 paragraph 6.1 The governance structure of the Group	
103-3	Evaluation of the management method	Chapter 3, paragraph 3.3 A commitment anchored in the most advanced standards Chapter 6 paragraph 6.1 The governance structure of the Group	
416-2	Total number of cases of non- compliance with regulations or voluntary codes governing the impact on health and safety of products and services during their life cycles		No cases of non-compliance were reported in 2019.



GRI 419 - SOCIOECONOMIC COMPLIANCE 2016			
103-1	Explanation of the material topic and its relative perimeter	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics	
103-2	The method of management and its components	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics	
103-3	Evaluation of the management method	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics	
419-1	Monetary value of significant f ines and the total number of non-monetary penalties for non- compliance with legislation or regulations		At 31 December 2019, there were no significant fines or non-financial penalties deriving from lack of compliance with laws or regulations.





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Independent auditors' report on the consolidated disclosure of nonfinancial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of Consob Regulation adopted with Resolution n. 20267 of 18th January 2018 (Translation from the original Italian text)

To the Board of Directors of Ratti S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30th December 2016, n. 254 (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Ratti S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31st December 2019 in accordance with article 4 of the Decree approved by the Board of Directors on 18th March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.

Sode Legale: Via Lomberdia, 31 - 00187 Poma

Capitale Sociale Euro 2.525,000,00 i.v.

Iscritta aila S.O. del Pogistro delle Imprese presso la C.C.I.A.A. di Poma
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Iscritta ai R.Albo Speciale delle società di revisione

Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

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

In particular, we have performed the following procedures:

- analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
- analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
- comparison of the economic and financial data and information included in the DNF with those included in the Ratti Group's consolidated financial statements;
- understanding of the following aspects:
 - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we have conducted interviews and discussions with the management of Ratti S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.





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

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Guanzate plant of the company Ratti S.p.A., that we have selected based on its
 activities, relevance to the consolidated performance indicators and location, we have
 carried out a site visit during which we have had discussions with management and have
 obtained evidence about the appropriate application of the procedures and the
 calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Ratti Group for the year ended on 31st December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Milan, 26th March 2020

EY S.p.A.

Signed by: Gabriele Grignaffini, Auditor

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





with the contribution of





