



RATTI FOR RESPONSIBILITY

Ratti Group 2021 Sustainability report

Consolidated declaration of a
non-financial nature

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

RATTI



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RATTI



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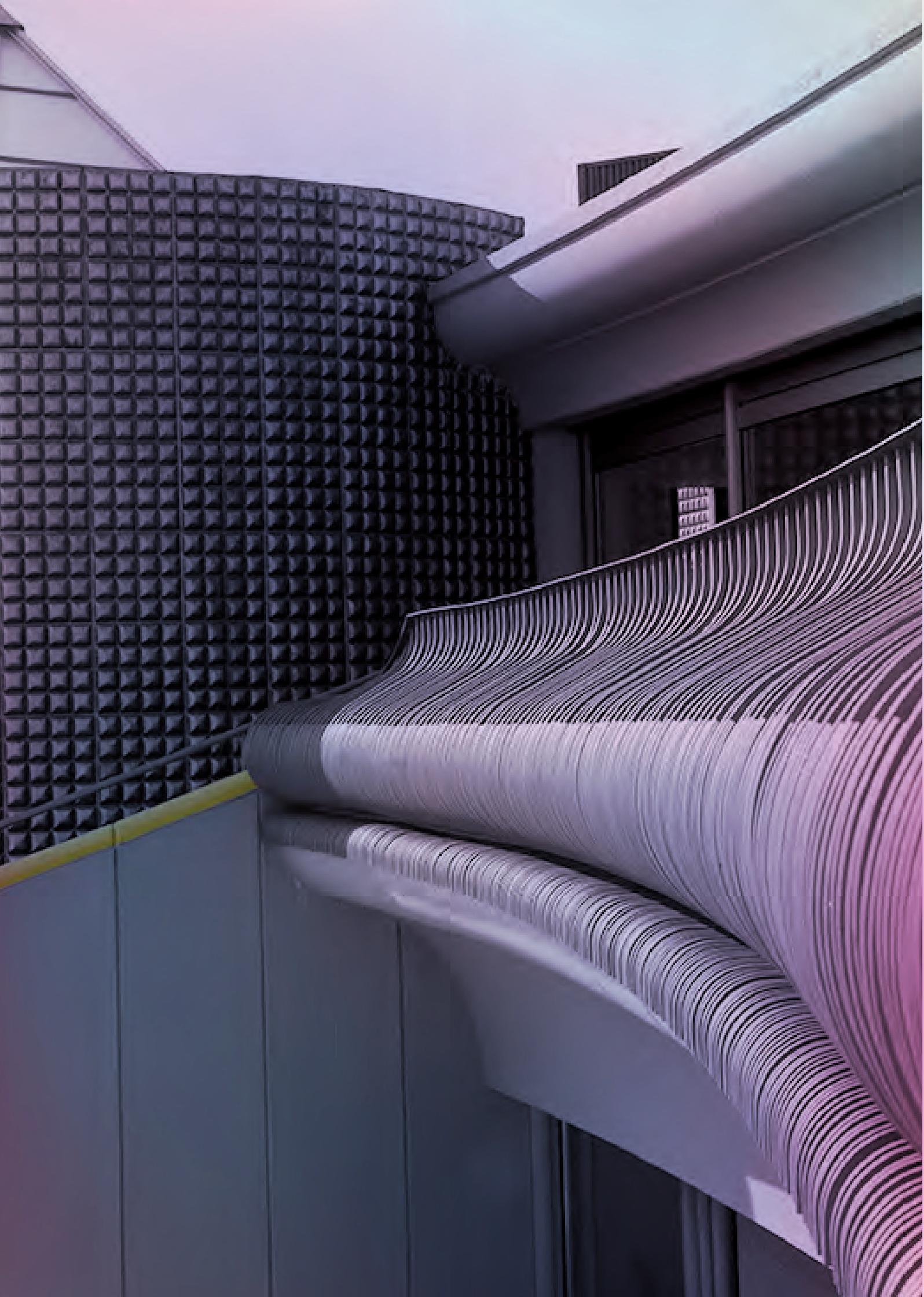
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Letters from the Chairman and from the CEO



Letter from the Chairman

The complexity – something new and difficult to handle – of recent times has reinforced the company's desire to rise to the challenge, understand the changes needed and build possible futures. To this end, I would like to thank everyone, in Como and around the world, who has given their utmost in support of our work. During 2021 our number one concern has been to safeguard health while continuing, at the same time, to provide continuity to a history of value as well as values.

Uncertainty has generated a desire and a need to respond to change in a new way. It has also led to deep reflection on the new geopolitical context, the serious implications of the energy crisis, and the adjustment of our own priorities which, as a result of the pandemic, has led to changes in behaviour, consumption and, last but not least, the labour market.

Commitment, ethics and sustainability are part of our history. This most recent edition of the report sees us doubling down on our commitment to responsible growth, showing that, for us, sustainability is not just a varnish, it is in fact a vision which guides both decision-making and behaviour. Authenticity is something intangible which reinforces our confidence in the future.

Donatella Ratti

Letter from the CEO

As Ratti publishes its fifth sustainability report, the green transition and the digital transition are becoming imperatives on the agenda of institutions and companies. They are establishing the trajectory of the Company's development in the years to come. If we think back to the journey we started towards sustainability years ago, we can see the results, a striking example being the reduction of 30% between 2013 and 2019 in consumption per metre of fabric produced at Guanzate. We can retrace the stages of the journey: chemical management, the materials and manufacturing revolution, the circular economy.

As in the past, Ratti will also be a partner on the front line of the green transition (*participating in the Fashion Pact, an association consisting of companies managing circularity projects*). Ratti will pay no less attention to its own people, communities, and partnerships with institutions, associations, and centres of research and innovation. We intend to be both green and digital, to respond to the present while building the future. At the same time we plan to develop "business as usual" which is never really "usual" given that innovation puts down its hidden roots in cautious routine, and is always a mixture of imagination and hard, passionate work, and an awareness of both the new and the traditional.

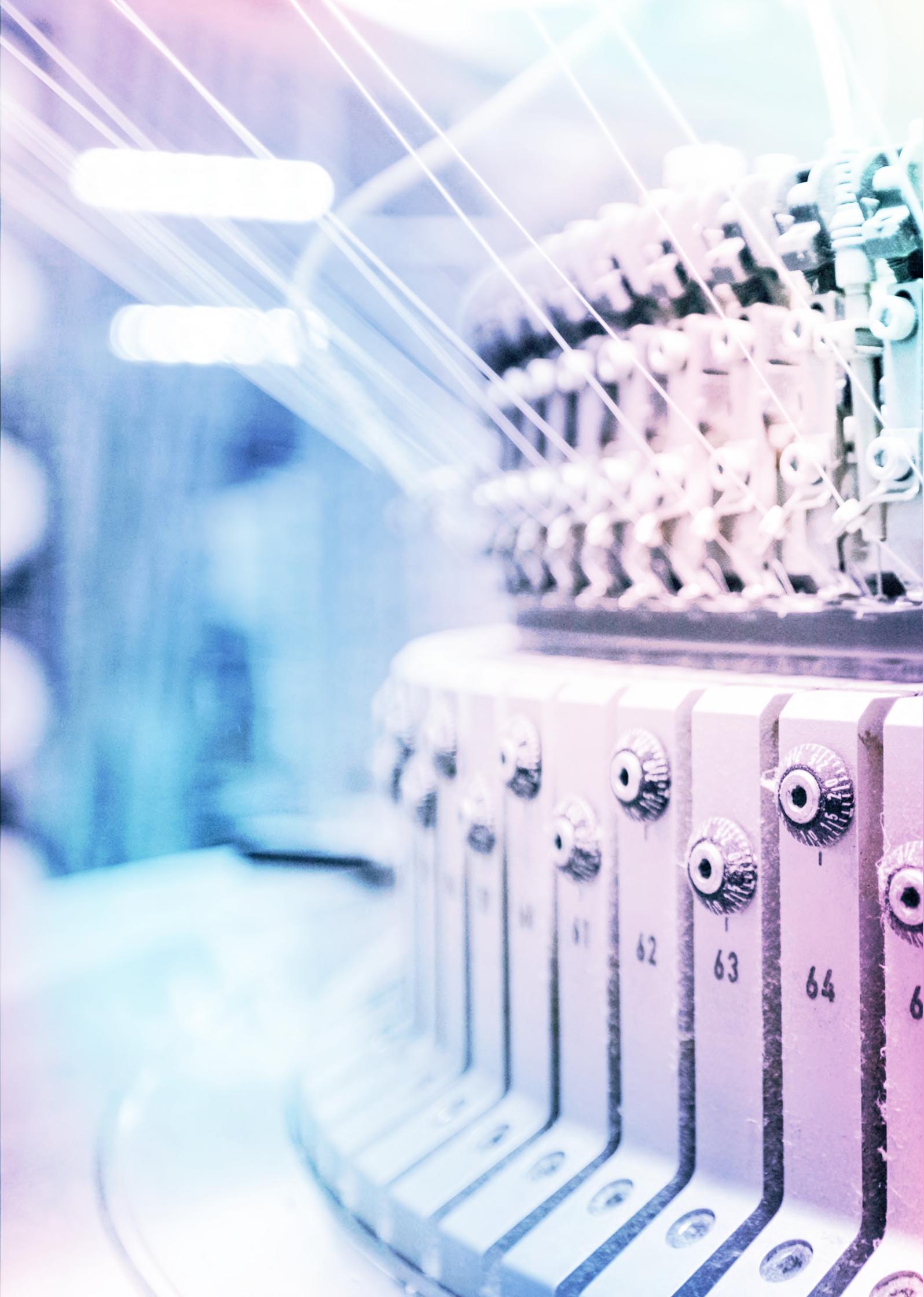
Ratti's commitment is today situated in an external environment that has experienced sudden and unexpected changes and events, new working guidelines, and scenarios which are light on certainties but heavy on unknowns. This is a range of challenges and new opportunities which we face with passion and courage, aware of the difficulties but also aware of the means at our disposal. The future is a blank canvas – it's up to us to fill it.

Sergio Tamborini

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RATTI
A SUSTAINABLE
COMPANY





HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS



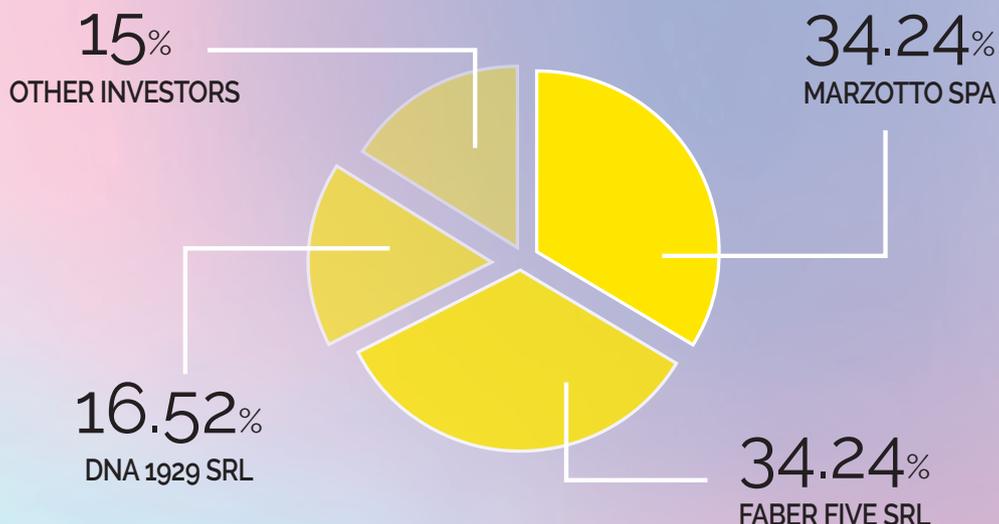
The Ratti Group's non-financial declaration is drawn up in compliance with the Global Reporting Initiative (GRI) standards. This makes it possible to determine in a precise and careful manner the relevant issues both for the stakeholders of the Group, and for the sustainable growth of the business. In addition, the Ratti Group, through its sustainable development

strategy, is contributing to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations. An idea that has become common, and is shared by the Ratti Group, is that companies can make a commitment and can make a contribution themselves, participating in this challenge and improving themselves from a sustainability point of view.

2021 FOR THE RATTI GROUP IN SUMMARY

- Ratti participated in the Glasgow COP26: the United Nations conference on climate change;
- It signed up to the Fashion Pact, a coalition of global companies committed on matters such as climate change, biodiversity and the protection of the oceans;
- It launched the OEF (*Organization Environmental Footprint*), a European methodology used to determine the environmental footprint at the Guanzate site;
- An independent third-party body certified the significant reduction per metre of product achieved by Ratti SpA;
- It signed up to the Eurotex Rehubs Project for upgrading waste management technologies;
- It obtained OCS (*Organic Content Standard*) and GRS (*Global Recycled Standard*) product certification for the Guanzate site;
- It obtained ISO45001 certification for the Tunisian subsidiaries Creomoda and Maison des Accessoires;
- It entered the share capital of both Foto Azzura, a Como photogravure company, and the start-up Twin One.

RATTI SPA SHAREHOLDERS





“A business must be involving, it must exercise your creative instinct”
Sir Richard Branson.



1.1 A story with deep roots

Ratti's history and the company today

Since 1945, in Ratti creativity has transcended the ordinary; a particular capacity to think outside the box and to find, according to the project or the moment, the best and most original solution.

Creativity but not only creativity. Also quality and innovation, as well as professionalism and expertise, which define what is today, more than seventy-five years since the company was founded, a brand which is known and appreciated internationally by the most important fashion and design houses in the world.

Ratti represents the excellence of “Made in Italy” – the key characteristic that makes the Group what it is. This has been achieved thanks to continuous, structured research and development activities, not just in terms of creativity but also in the area of production, technology and, last but not least, digital. This is work which, also in the period following 2020, has been able to count on active support from a team united by a strong sense of responsibility and group spirit. This has allowed it – and continues to allow it – to put its strategies and projects into practice without compromising quality or the level of services offered.

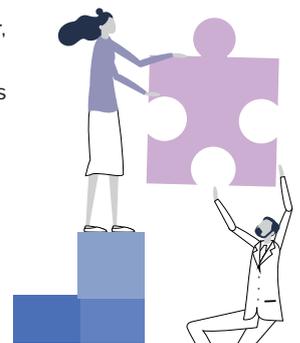
Over the years, Ratti has been notable for its attention to detail and an international outlook, to the point where it has become one of the largest Italian textile manufacturers and was listed, in 1989, on the Italian stock market (Meracto Euronext Milan).

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 expand through a number of acquisitions. In the early 2000s, economic changes in the world of fashion and, most of all, the silk industry drove greater synergy and a subsequent strengthening of the balance sheet. In 2010 an agreement was reached with the Marzotto textiles Group and with Faber Five Srl, which became shareholders of Ratti SpA, holding joint control. Donatella Ratti, daughter of the founder, is currently Chairman of the Ratti Group, one of the largest manufacturers in the world of fabrics with a high technological and creative content.

For some time Ratti has been integrating sustainability into its business strategy, involving all the stakeholders and carrying out

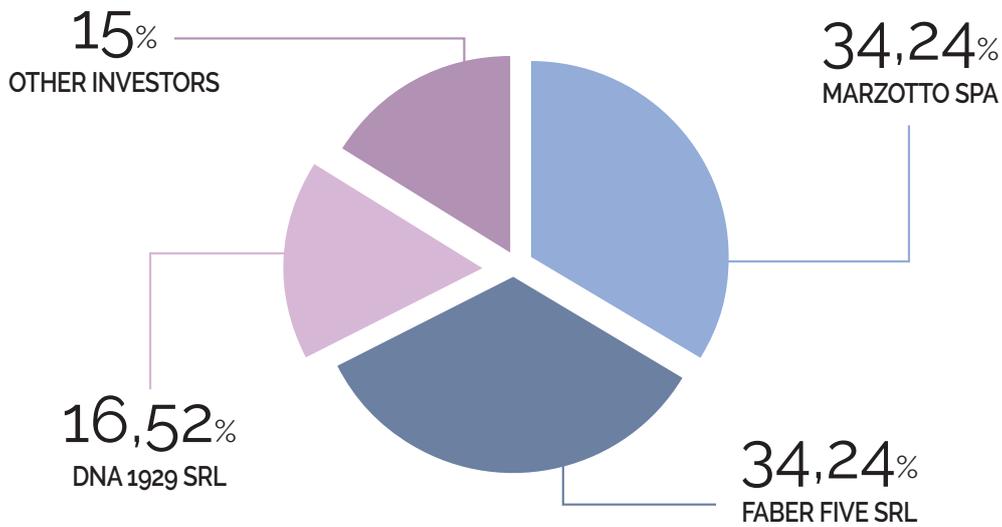


The CEO of Ratti was elected chairman of SMI

On 29 September 2021, during the Shareholders' Meeting of Sistema Moda Italia (SMI), which took place in an exclusively digital format,

Sergio Tamborini, the CEO of Ratti SpA, was elected Chairman for the period 2021-2025. It will be the job of the new chairman to address the recovery of the textile and apparel (T&A) sector, given the serious consequences of the pandemic which are still blighting the sector.

Figure 1 – Ratti SpA shareholders



As at 31 December 2021, Ratti SpA is owned jointly by Marzotto SpA and Faber Five Srl. They each hold a 34.24% stake. Donatella Ratti (DNA 1929 Srl) holds 16.52% of the share capital, while the remaining 15% is held by other shareholders. See Figure 1

activities which benefit the environment, the workers, communities and customers. Chemical management, the materials and manufacturing revolution, and the circular economy are just some of the chapters in a recent story that is still unfolding.

Over the years the Group's harmonious growth has led to Ratti becoming a member of associations, networks and organisms which are committed to promoting and developing the textile industry. Ratti SpA is a member of Confindustria organisations (Unindustria Como and Sistema Moda Italia). Since 2021 it has also been a member of Confindustria Africa. It is a



CREATIVITY IS "...A SUPERIOR ATTITUDE OF THE HUMAN SPIRIT THAT MAKES POSSIBLE CREATIONS AND INNOVATIONS THAT APPEAR EXTRAORDINARY..."

the company is 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. Ratti has also joined the Fashion Pact, a coalition of global companies which are committed to climate, biodiversity and the protection of the oceans. The other companies in the Ratti Group are not members of any national or international associations.

Mission, vision and values

Creativity is "...a superior attitude of the human spirit that makes possible creations and innovations that appear extraordinary..."

Applying this image to Ratti's production activity, creativity represents a tool through which the real and the beautiful manifest themselves in the Group's collections.

member of the Fabbrica Intelligente (Intelligent Factory) and Chimica Verde (Green Chemicals) cluster of Lombardy Region, in the Centro Tessile Serico (Silk Textile Centre) and the Tecnologico Nazionale (National Technology) cluster of Made In Italy. In addition it participates in the activities of the European Technological Platform of Tessile Abbigliamento (Clothing Textiles) and is a contributor to the ZDHC programme. In addition,

This is a tale of images that move between weaving and printing, in which creative flair is realised not only through choices of style but, also, through a profound knowledge of the matter at hand, be it artistic or technical. The result is a fabric which is immediately recognisable, both for its stylistic "stamp" and for its capacity to renew itself in collection after collection.

Design innovation is, in fact, one of the cornerstones of Ratti. It is based on a capacity to understand and put into practice the evolution of style, as well as the evolution of taste and aspirations in the world of fashion and design. Style and production, moving in tandem, are constantly committed to exploring new ways of broadening limits, creating models in which stylistic innovation is married with its digital representation, just as the search for new materials is married with an increasing ability to think in a sustainable manner.

Study, research and experimentation find space in the traditional printing rooms as they do in the areas dedicated to digital printing as well as in the new department dedicated to weaving, with the main aim of breathing life into unique and exclusive masterpieces. Each product is a new creative project that places an accent not only on the exclusivity of the design, but also on the experience behind each creation.

In this way Ratti collections become the means for expressing a new beauty and exalting the business potential of the Group. This is how it manages to initiate a dialogue with its customers in a collective endeavour that makes visible an intersection of different 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.

1.2 The Ratti Group today

The Ratti Group's activities

The Ratti Group is a leader in the creation and manufacturing of printed, plain and yarn-dyed fabrics for clothing, ties, shirts, beachwear, underwear, furnishings and textile accessories. Worldwide, it produces and distributes hemmed products, in particular accessories for men and women such as ties, shoes and scarves. Ratti SpA's main brands are Ratti and Carnet. 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 technological fibres. Ratti manages and controls the full production chain: from the creative phase, including 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 simple fabrics so they can proceed to hemming finished products (*clothing or furnishings*) that can be launched on the consumer market. For the licensing business unit, which is a part of Area Ratti Studio (in this case Ratti – as the licensor – produces and sells textile accessories which sport a specific brand), customers are retailers.

Starting from January 2021 the Group reorganised its business areas. In comparison with the previous organisation the new model

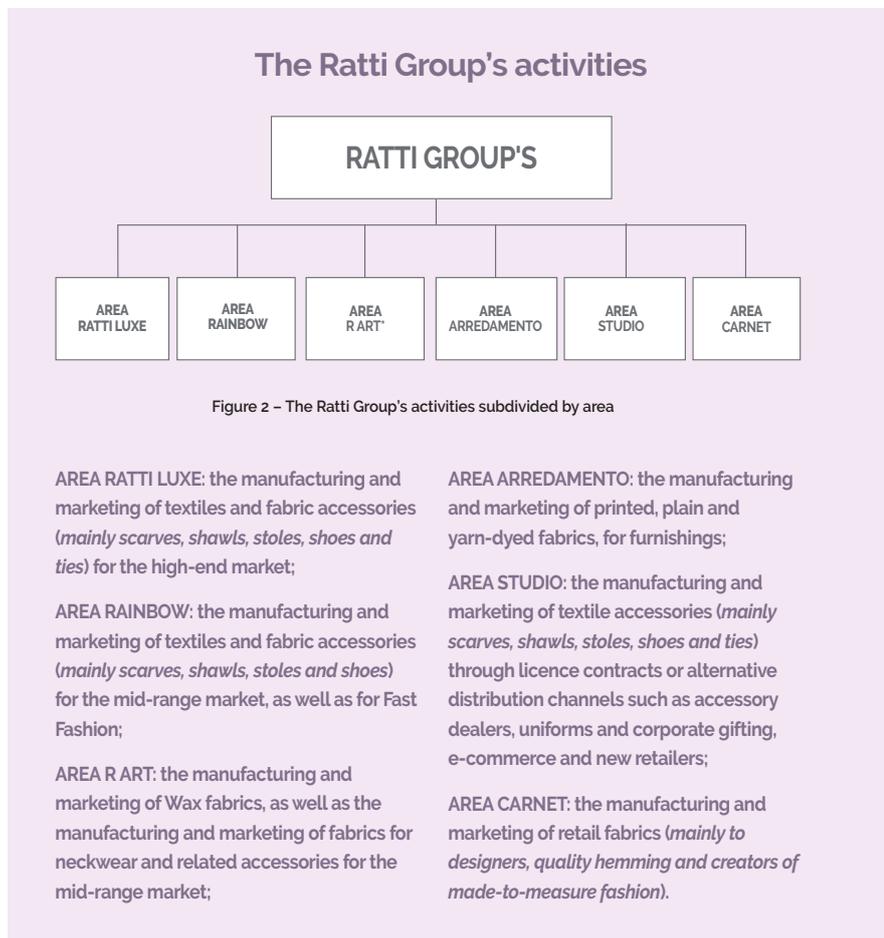
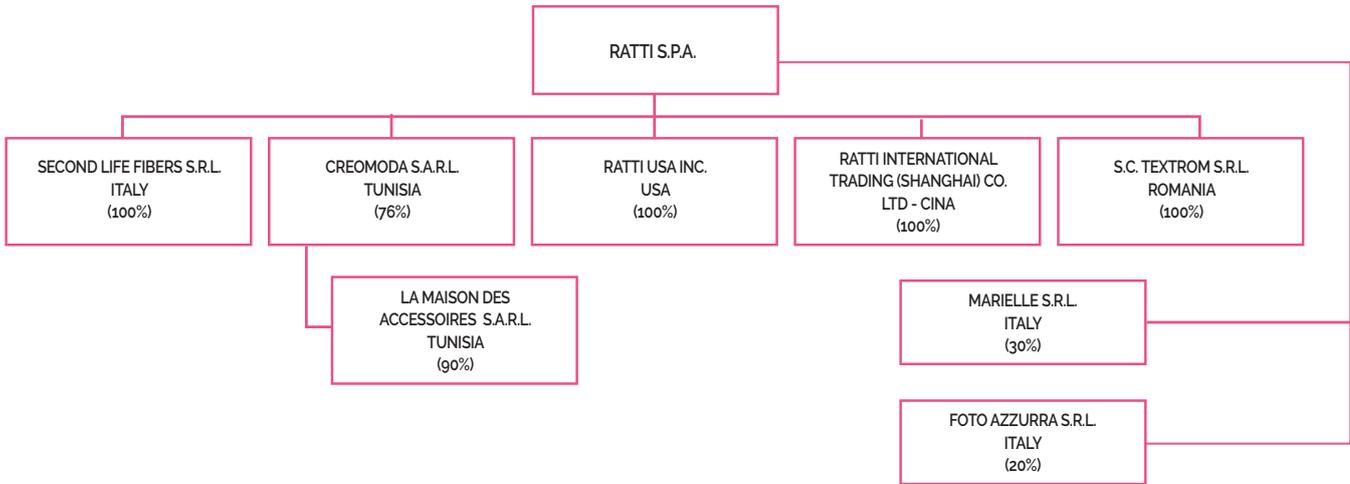


Figure 3 - The corporate structure of the Ratti Group



includes: Area Collezioni and Area Fast Fashion united in a single area of activity (Area Rainbow); the hiving off from Area Collezione of Business Ties' sales activities to Area R Art; the redefining of the management responsibilities of some business areas within Area Lusso and Area Collezione (see Figure 2).

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), Second Life Fibers Srl (Italy) and equity investments in Marielle Srl (Italy) and in

Foto Azzurra 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 hemming, sewing and assemblage of fabrics and other textile articles. The parent company Ratti SpA holds 30% of the share capital of Marielle Srl and, in March 2020, Ratti SpA founded Second Life Fibers Srl, a company it owns 100%. On 30 June 2021 (legally effective 9 July 2021) Ratti SpA, acting together with its historical competitor Mantero Seta, finalised the entry of both companies into the share capital of Foto Azzurra Srl, with each company taking a 20% stake.

The objective of the operation was to safeguard the sector, protecting and enhancing its historical legacy of craftsmanship. In October 2021, Ratti concluded an investment agreement



OVERALL, AT 31 DECEMBER 2021, THE GROUP HAD 711 EMPLOYEES IN ITS VARIOUS OFFICES AND SUBSIDIARIES.

Ratti and Mantero: creating a system to defend the industry

Ratti and Mantero formed an alliance aimed at defending the supply chain in practice. After the pact agreed in March 2020 in order to respond to the pandemic, Mantero and Ratti renewed their desire to present a united front. To this end, the two companies decided to enter the share capital of Foto Azzurra, a company which had, since 1989, been producing supports (composition, photocomposition and photoengraving) for silk-screen printing applied to fabrics. Foto Azzurra, like

Ratti and Mantero, boasts deep roots in the Como textile district, along with an historical legacy of craftsmanship that deserves to be safeguarded and enhanced. Taking a stake in Foto Azzurra confirms how important it is, in key moments such as these, to involve the entire supply chain, creating new possibilities for everyone to make a fresh start and continuing to guarantee quick service and maximum quality, even when the prevailing conditions seem to run counter to this.

for the purposes of acquiring a minority shareholding in the share capital of Twin One Srl, a tech start-up specialising in the virtual reproduction of products (Digital Twins) and in the development of software solutions for automating workflows during the production of the contents.

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. Companies present in Italy include Second Life Fiber Srl, a company which recycles non-hazardous textiles, Marielle Srl, the famous Florentine knitwear company, which was set up in the early 1960s and has always been a partner of the world's main fashion houses, and Foto Azzurra, a company based in the Como area since 1989, which produces supports (*composition, photocomposition and*

photoengraving) for silk-screen printing applied to fabrics.

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 textile 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

Second Life Fibers Srl: Ratti's commitment to the circular economy

In 2020 Ratti founded Second Life Fibers Srl, a company which deals with the recycling of non-hazardous textile waste.

The company is not currently active and is waiting to complete the process of obtaining the required administrative authorisations.

Table 1 – General information on companies in the Ratti Group

RATTI SpA Guanzate, Como (Italy) Via Madonna, 30	Manufacturing and marketing of printed and yarn-dyed fabrics in silk, wool, cotton, linen and other fibres for clothing, neckwear, furnishings and accessories. General management and sales management.
CREOMODA SARL Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse	Workshop Hemming of textile accessories
LA MAISON DES ACCESSOIRES SARL Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse	Workshop Hemming of textile accessories
RATTI USA Inc. New York (USA) 8 West, 38th Street	Sales office
RATTI International Trading (Shanghai) Co. Ltd Shanghai (China) Room 303B, N. 118 Xinling Road Waigaoqiao Free Trade Zone	Purchasing and marketing of fabrics and finished products
S.C. TEXTROM SRL Cluj-Napoca (Romania) Floresti, Luna de Sus, str. Hala nr. 10	Production specialised in the printing of fabrics, finished garments, knitwear and leatherwear
MARIELLE SRL Firenze, Italy Via Giuseppe Campani, 46	Production of garments and knitwear accessories
FOTO AZZURRA SRL Cassina Rizzardi, Como (Italy) Via Giuseppe Campani, 46	Production of supports (<i>composition, photocomposition and photoengraving</i>) for silk-screen printing applied to fabrics
SECOND LIFE FIBERS SRL Guanzate, Como (Italy) Via Madonna, 30	Recycling non-hazardous textile waste



deal with the purchasing and marketing of fabrics and finished products.

Overall, at 31 December 2021, the Group had 711 employees in its various offices and subsidiaries.

1.3 Ratti is keeping its guard up against Covid-19

Under current conditions, given that new complexities have arisen, Ratti has had to intensify the management practices adopted over the past year to ensure safety as well as business continuity.

During 2021 Ratti, in order to safeguard the health of its employees, enhanced its communication. It has shared, through various tools and methods, both digital and traditional, the protocols it has developed, ensuring the widest possible coverage and the highest level of protection during daily working activities.

The rules adopted encompass a wide spectrum of actions, from taking peoples' temperature when they enter the company, to monitoring the regular sanitisation of the rooms, working environments and workstations, as well as communal and relaxation areas. In addition, there has been a continuation of sanitary surveillance, in full compliance with the hygiene measures set out in the Ministry of Health rulebook, accompanied by the monthly distribution of face masks to all employees.

Continuing on the theme of safeguarding health, the Ratti Group has adopted appropriate preventative measures and anti-infection procedures for both its own employees and for workers from external companies who access the internal areas of the Guanzate production site. Everyone is given a "smart" bracelet – a bluetooth prevention device – which is worn as a wristwatch and can be recharged via a normal USB cable. Thanks to this new technology it is possible not only to monitor compliance with the rules but, in the event of infection in the workplace, the bracelets will provide access to the chain of contacts to immediately check the state of health of any colleagues at risk.

Health, yes, but not only health. The Ratti Group has in fact enhanced, by improving their efficiency, the working environments and the equipment used to facilitate remote relationships with suppliers. It has set up, within its offices, new multimedia workstations where people can work and where they can connect with each other in an increasingly rapid and professional manner.



THE RATTI GROUP HAS IN FACT ENHANCED, BY IMPROVING THEIR EFFICIENCY, THE WORKING ENVIRONMENTS AND THE EQUIPMENT USED TO FACILITATE REMOTE RELATIONSHIPS WITH SUPPLIERS.

Certificate of excellence for Creomoda

The Tunisian Ministry of Health has awarded Creomoda a Covid-19 certificate of excellence for showing great commitment in facing this difficult situation and achieving the required level of compliance in managing Covid-19 risk. Creomoda has, right from the start, scrupulously followed all the procedures required by the protocol, not only at its production site but also in the organisation of logistics and

transport. It has adopted all measures necessary to combat the spread of the virus. The medical staff working within Creomoda, who are part of the Medicine and Workplace Safety Inspectorate, having examined the situation, sent a positive report to the Organisation of Control and Health in the Tunisian ministry, which decided to award this certification to the company.







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.

1985

The 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.

2013

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

2015

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

2016

The Tunisia company (Creomoda) obtains SA8000 certification

2017

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

Timeline

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.

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.

2018

- The Responsible Collection adds four new materials;
- Ratti obtains **Seri.Co certification** and becomes a member of the BCI (*Better Cotton Initiative*);
- Ratti publishes the first **Sustainability Report** with reference to 2017.

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 certification** for the sustainable production of textile articles made using natural fibres coming from organic agriculture and **RCS certification** relating to products obtained from recycled material, and system certification through **ISO50001** relating to energy efficiency and **ISO9001** relating to quality;
- It becomes a **ZDHC** contributor.

2020

- The Responsible Collection is withdrawn: all Ratti collections are now responsible;
- Ratti sets up **Second Life Fibers Srl**, a company that recycles non-hazardous textile waste;
- It obtains system certification relating to occupational health and safety in accordance with **ISO45001** (*replacing the previous OHSAS18001 scheme*) and **FSC product certification** relating to textile articles produced using material from forests managed in accordance with sustainable criteria;
- It extends its **GOTS certification** to the weaving and hemming of finished garments and its **RCS certification** to new compositions;
- Both the Tunisian companies obtain **GOTS product certification** for accessory hemming activities;
- **La Maison des Accessoires** obtains **SA8000 certification**

2021

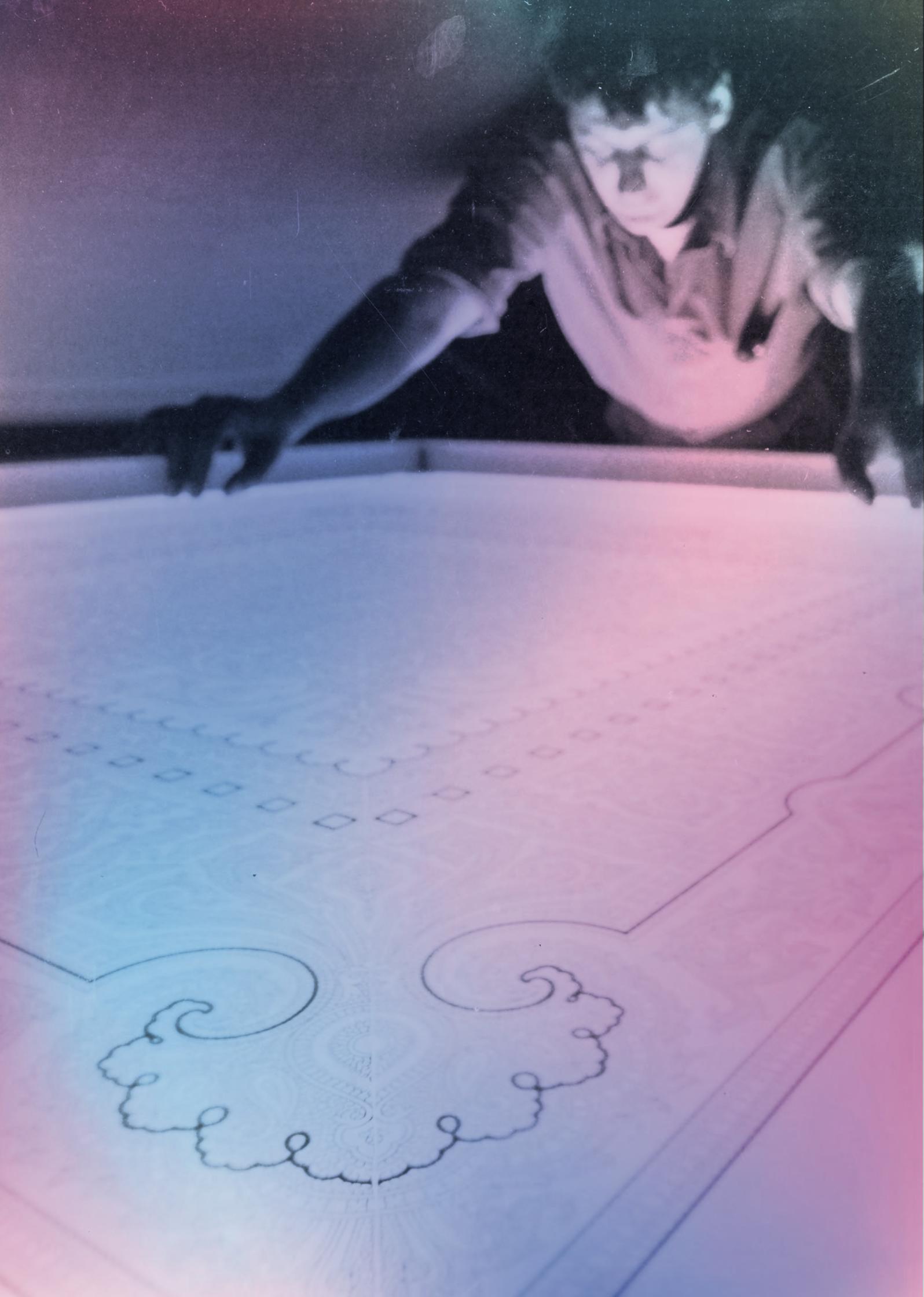
- Ratti participates in the **Glasgow COP26**: the United Nations conference on climate change;
- It joins the **Fashion Pact**, a coalition of global companies involved in matters such as climate change, biodiversity and the protection of the oceans;
- It launches the **OEF** (*Organization Environmental Footprint*), a European methodology used to determine the environmental footprint at the Guanzate site;
- An independent third-party body certifies the significant reduction per metre of product achieved by Ratti SpA;
- It signs up to the **Eurotex Rehubs Project** for upgrading waste management technologies;
- It obtains **OCS** (*Organic Content Standard*) and **GRS** (*Global Recycled Standard*) product certification for the Guanzate site;
- It obtains **ISO45001** certification for the Tunisian subsidiaries **Creomoda** and **Maison des Accessoires**;
- It enters the share capital of both **Foto Azzurra**, a Como photogravure company, and the start-up **Twin One**



2

INGREDIENTS FOR SUCCESS: UNIQUENESS AND TALENT





HIGHLIGHTS



The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 3, 4, 8 and 10. In particular, the Ratti Group:

- OFFERS its employees a package of services and benefits which make it possible to improve the wellbeing of all staff;
 - PUTS in place adequate training plans for all staff;
 - GUARANTEES equal opportunities and reduces pay disparities
- between its employees;
- COMMITS to preventing and fighting against all situations of possible labour exploitation, and in particular child labour;
 - MAKES the greatest possible effort to achieve the highest level of standards and company certification,
- in order to ensure that its employees have a working environment which is safe, appropriate and ethical, and which is against any possible situation of exploitation;
- PROMOTES a working environment which is safe and protective of all its workers.

SOME OF THE SERVICES THE RATTI GROUP OFFERS ITS EMPLOYEES:

MARKET AT KM ZERO

REMOTE WORKING

SUPPLEMENTARY HEALTHCARE

POST AND LAUNDRY SERVICE FOR EMPLOYEES

FINANCIAL INCENTIVES FOR SUSTAINABLE TRAVEL

66.94%
Percentage female employees of the Ratti Group

4,314
Hours of training carried out by the Ratti Group for its employees in 2021

ISO45001

IN JULY 2021 CREOMODA AND LA MAISON DES ACCESSOIRES ALSO RECEIVED CERTIFICATION

SA8000

THE CERTIFICATION OBTAINED BY RATTI SPA, CREOMODA AND LA MAISON DES ACCESSOIRES FOR SAFEGUARDING HUMAN RIGHTS

FAIR WAGE CERTIFICATION

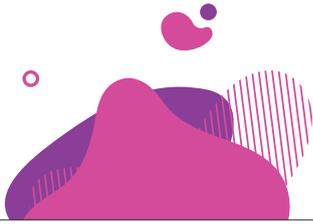
During 2021 Ratti obtained Fair Wage certification. This attests to the appropriate management of working conditions on the basis of 12 factors including: salary levels, remuneration systems, working hours, opportunities for career development, wage discrimination and mechanisms for social dialogue.

RATTI SIGNS UP TO THE BEE MY FUTURE PROJECT

With Bee My Future honey and the project aimed at protecting bees raised in accordance with organic principles by a network of experts in beekeeping, all Ratti employees, customers and suppliers participated actively in protecting 50,000 bees whose disappearance would put food security and our future at risk.

THE FOREIGN OPERATIONS OF THE RATTI GROUP

- A free shuttle bus service for employees;
- Financial incentives to support the education of employees' children;
- A social performance team consisting of workers' representatives, for the continuous improvement of on-the-job performance.



The Ratti Group consists of and is managed by people whose expertise, sense of responsibility and dedication condition the progress made by the company day after day

The value of people

The value of people and the attention Ratti dedicates to its employees represents one of the intrinsic characteristics of the Group itself – characteristics which do not only come to the fore in moments of greatest difficulty.

The Ratti Group consists of and is managed by people whose expertise, sense of responsibility and dedication condition the progress made by the company day after day.

For this reason, the leadership works on a daily basis to ensure the constant protection of all employees and partners. In the same way, the Human Resources function is committed to ensuring the Group's employees receive the right training and development and, in general, the right motivation and professional development. Ratti is strongly convinced that this is the only way work can become an object of value and people can share what they believe in.

This is an asset that merits the constant attention and protection expressed in the Code of Ethics: a document which expresses the principles and values which commit the Group to developing its professional staff. It encourages the development of skills and professional growth, guaranteeing the satisfaction and the wellbeing of the staff working in the various production facilities.

In addition, Ratti's 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 earnings capacity, without any discrimination, given that the functions select, hire and manage employees exclusively on the basis of expertise and merit.

Ratti obtains Fair Wage certification for its employees' working conditions

During 2021 Ratti SpA participated in a survey promoted by the National Chamber of Italian Fashion and the Fair Wage Network in the Italian luxury sector, in order to draft a social sustainability report. More than 1,000 workers in textiles, leather goods, footwear, accessories and many other sectors took part in the interviews on working and salary conditions across Italy.

Out of a sample of 45 companies, one-third of these – including Ratti – had obtained Fair Wage certification. This attests to the appropriate management of working conditions on the basis of 12 factors including salary levels, remuneration systems, working hours, opportunities for career development, wage discrimination and mechanisms for social dialogue.

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 2021, the Ratti Group had 726 employees¹, the majority of whom were women (66.94%). This has long been a characteristic of the sector. The total workforce recorded a slight fall (-3%) compared with 2020. The data show a net improvement on the drop recorded between 2019 and 2020 (-12%) which was due mainly to the effects of the Covid-19 health emergency. The drop caused a reduction in volumes and conditioned corporate processes and policies with regard to hiring staff.

82.09% of the workforce are on permanent contracts, 15.84% are on fixed-term contracts,

¹ The 726 members of staff include employees, interns and freelancers

Figure 4 – Workforce of the Ratti Group by gender at 31.12 for the three-year period 2019-2021

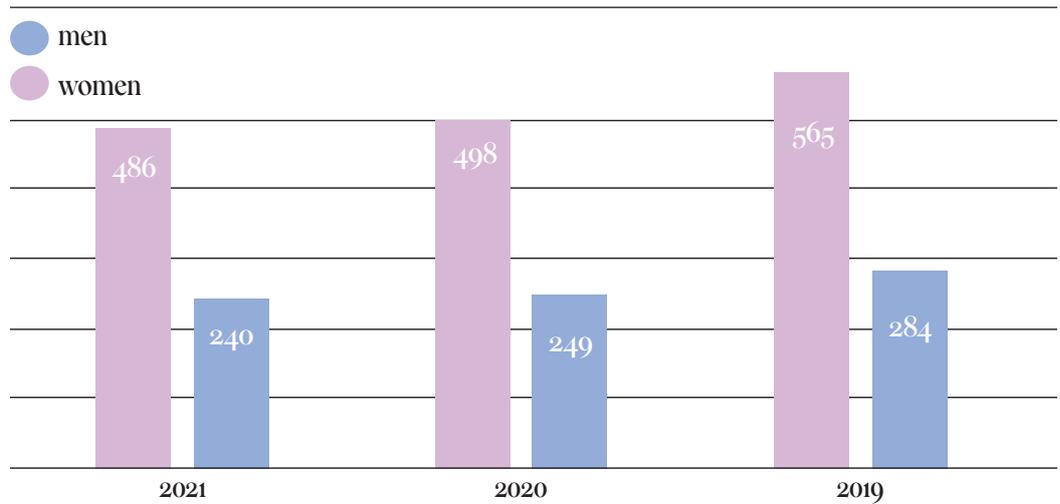


Figure 5 – Workforce of the Ratti Group by age range at 31.12 for the two-year period 2020-2021

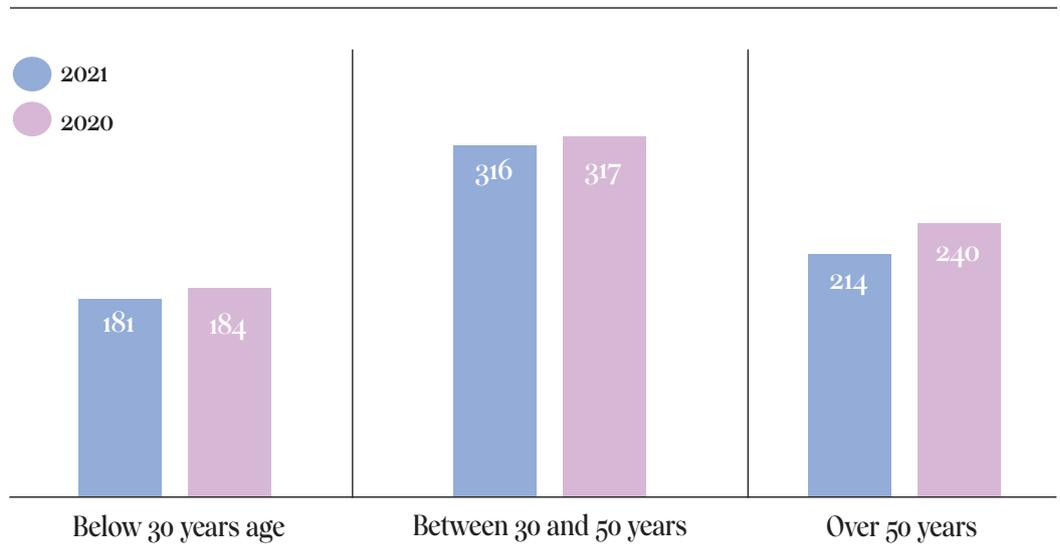
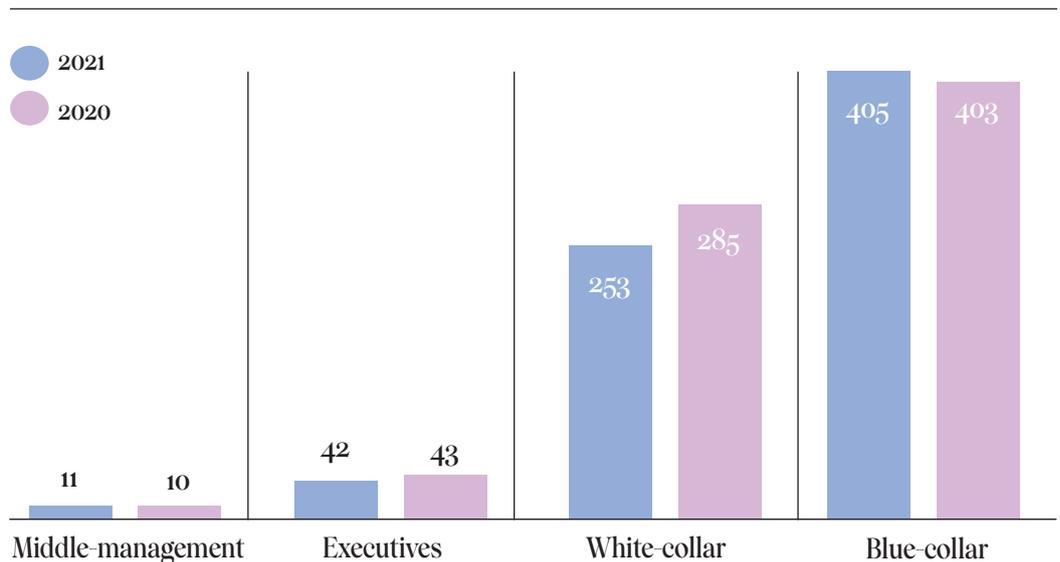


Figure 6 – Workforce of the Ratti Group by employment category at 31.12 for the two-year period 2020-2021



726

TOTAL WORKFORCE OF THE RATTI GROUP: 486 WOMEN AND 240 MEN

596

EMPLOYEES HIRED ON PERMANENT CONTRACTS BY THE RATTI GROUP

95.78%

EMPLOYEES HIRED FULL-TIME BY THE RATTI GROUP

181

YOUNG EMPLOYEES BELOW 30 YEARS OF AGE

while the remaining 2.07%, which includes project workers and interns, are employed through other forms of contract.

The biggest changes were seen for employees on fixed-term contracts, who recorded an increase of 22.34% compared with 2020. The increase was mainly accounted for by La Maison des Accessoires, which doubled the number of workers it employs in this category. The number of interns also rose, increasing from 4 in 2020 to 11 in 2021. Workers employed on permanent contracts recorded a fall of 7.88% on 2020. This item showed a fall across all Group companies.

The amount of increase or decrease was essentially down to the backdrop of economic and social uncertainty which characterised both 2020 and 2021. In particular, the reduction in the number of employees on permanent contracts is justified by the application of the consensual termination agreements concluded during the block on dismissals.

These agreements allowed staff who were entitled to receive their pensions within the following two years to bring this forward on a voluntary basis. Correspondingly, the increase in the number of interns is evidence of the company's desire to continue to invest in young people, both in business and in creative fields.

95.78% of employees are full time, while only 4.22% are part time – an option chosen mainly by female employees in order to enhance work-life balance.

With regard to changes between 2020 and 2021 in the number of Group employees in different age brackets, the figures were essentially flat for younger employees aged below 30 (-1.63%) and for employees aged between 30 and 50 (-0.32%).

However, there was a bigger reduction for employees aged over 50 (-10.83%).

Looking at the numbers by employment category (Figure 6), the "white-collar workers" category represented the biggest fall in 2021. It recorded a decrease of -11.23% on 2020.

The other categories were flat compared with 2020. The variations seen by age range and employment category confirm the data commenting above on the general variations by type of contract.

Enhancing and safeguarding the diversity of the individual

In Ratti, the journey towards enhancement has as its starting point the involvement of every person, highlighting the talent and the prowess linked to the experience of each individual. This methodology might lead one to think of an approach that remains confined to the individual per se. On the contrary, involving and safeguarding each member of the Group, from the moment they enter the company, creates fertile ground for the success of the business. Indeed, it is heterogeneity which is the real driver of Ratti's creativity and competitiveness.

Romania, monitoring that makes a difference

In Romania, Textrom Srl, a company that is owned 100% by Ratti SpA, has a plant at Floresti in Cluj-Napoca, an area that has a developing textile district. The Romanian subsidiary specialises in printing finished garments, both woollen and leather. Although in numerical terms

it represents only a marginal share of total production volumes, it plays an important role for specific product lines.

At 31.12.2021 the workforce consisted of 22 employees – 17 women and 5 men.



217

TOTAL CREOMODA AND LA MAISON DES ACCESSOIRES EMPLOYEES AT 31.12.2021

91.71%

FEMALE EMPLOYEES IN RATTI OFFICES IN TUNISIA

22

TEXTROM EMPLOYEES AT 31.12.2021. OF WHOM 17 ARE WOMEN

For this reason, in Ratti enhancing the individual and safeguarding equal opportunities starts during the interview phase. It continues throughout the year with the opportunity to join a professional growth pathway thanks to constant investment in training and development.

In addition, welfare and benefit policies contribute to creating a working 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.



Ratti in Tunisia: two “feminine” companies

Acquired by Ratti in 1992, Creomoda is a company specialising in the hemming of women’s textile 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 179 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 assemblage of textile articles. Both companies have a high number of female employees: while in Creomoda the percentage is 91.06%, in La Maison des Accessoires the figure rises to 94.74%.



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.

Discrimination is also taken into consideration during audits of social accountability in accordance with the SA8000 standard. There were no episodes related to discriminatory practices in any Group companies during 2021.

Safeguarding fundamental rights: the prevention of child labour and forced/compulsory labour

As set out in the Code of Ethics and in the Policy for Social Accountability, the Ratti Group is committed to preventing and 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, while for Textrom all the checks on possible effects on human rights are carried out for all activities performed in the company, as laid down in the Policy for Social Accountability.

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 any failure to comply with provisions relating to human rights, child labour or forced/compulsory labour 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 and the OECD Guidelines for Multinational Companies (see Chapter 3, paragraph 3.4 “A virtuous circle of good practices”).

2.2 The process of selection and turnover

Each company autonomously defines its personnel selection and administration 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 policies are applied.

In accordance with the principle of enhancing talent and expertise and 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. During 2021, the search and selection of personnel focused mainly on professional figures who could support the implementation of the IT and digital transformation of the company (experts in R&D, web developers, e-commerce managers) and on young professionals with experience in production techniques.

Every new-hire has a period of induction as set out in the welcome plan, together with his/her future boss. On their first working day, new-hires receive any equipment relevant to the position and a general information/training session on the company and on the policy for risk prevention and safety in the workplace, the Code of Ethics, MOG 231/01 and management systems. The on-the-job-training programme then begins, after which a tutor is assigned to ensure that the induction process is correctly followed.

At the end of the induction period an evaluation is carried out – normally at the end of the contractual probation period. For longer and more complex induction periods, an intermediate evaluation is carried out.

In 2021 a total of 83 people were hired, 57.8% of whom were under 30 years of age. Also in 2021, 113 people left the company, compared with 145 the previous year.

In 2021 the Group's total staff turnover was 27.57%, in line with the figure for 2020 (27.80%). In particular, during the year the employee turnover rate (incoming) went up from 8.23% to 11.67%. The main change was due to a higher number of employees and, in particular, employees under the age of 30. In 2021, there was an increase in the number of workers hired at the Tunisian premises of Maison des Accessoires – up from 3 in 2020 to 19 in 2021 – while the number of male workers increased at both the Italian and the Tunisian premises.

The employee turnover rate (outgoing) was 15.89%, a decrease on 2020 (19.57%). Also in this case the main age range involved was employees aged below 30. This went from 38.04% in 2020 to 15.47% in 2021. The variation is explained by a reduction in the number of women leaving their jobs at the



83

NEW HIRES AT 31.12.2021.

27.57%

OVERALL RATE OF TURNOVER IN 2021

Tunisian site. In the case of Creomoda, the number of women under 30 who left their jobs in 2021 was 18, compared with 37 in 2020, while in Maison des Accessoires the number in 2021 was 3, compared with 24 in 2020.

The increase in the employee turnover rate (incoming) and the decrease in the employee turnover rate (outgoing) are evidence of how the Group is reacting to the economic crisis caused by the Covid-19 pandemic.

The variations recorded in turnover rates between 2020 and 2021 are in contrast to what was seen between 2019 and 2020, when a reduction in turnover (incoming) and an increase in turnover (outgoing) were recorded. The complicated situation caused by the emergency resulted in a fall in production, reduced the number of people hired, and created more mobility in terms of exiting the company, especially in Tunisia where fixed-term contracts are very common and where there is a general flexibility in the local labour market.





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, in line with its own specific needs and characteristics.

Every year Ratti SpA carries out a diagnosis of training needs for each organisational unit. In 2021, 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 topic. 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



EACH COMPANY IN THE RATTI GROUP AUTONOMOUSLY DEFINES ITS METHOD OF ADMINISTRATION OF PERSONNEL, AS WELL AS TRAINING AND DEVELOPMENT POLICIES, IN LINE WITH ITS OWN SPECIFIC NEEDS AND CHARACTERISTICS.



4,314

HOURS OF TRAINING CARRIED OUT IN 2021

507

HOURS OF TRAINING FOR MIDDLE MANAGEMENT AND EXECUTIVES

1,231

HOURS OF TRAINING FOR WHITE-COLLAR WORKERS

2,577

HOURS OF TRAINING FOR BLUE-COLLAR WORKERS

and are used to draw up the annual training plan. The training is financed, where possible, using corporate funds such as, for example, Fondimpresa and Fondirigenti.

Creomoda and La Maison des Accessoires have also adopted 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 occupational health and safety 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 SA8000 certification and health and safety is subject to a double evaluation, first at the end of the course and again after three months, in order to understand the extent to which the training has been absorbed.

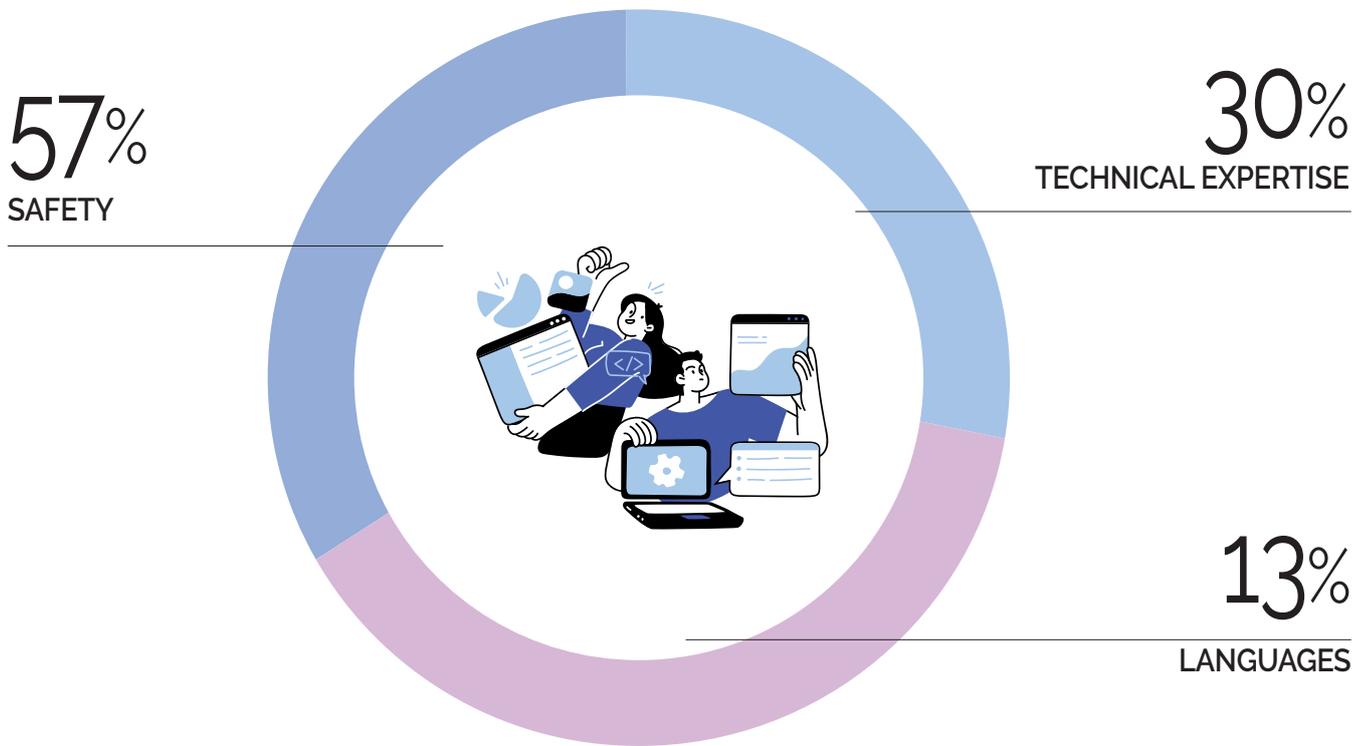
Overall, in 2021, 4,314 hours² of training were carried out, an increase of 67.03% compared with 2020. Just as for turnover, the increase in training hours compared with 2020 is also an important sign. It is a demonstration of how central training activities are for the Group as well as a signal that things are gradually returning to normality.

In general, in 2021 there was a tendency towards training relating to safety, languages and courses dedicated to technical expertise. In detail, at Ratti SpA in Italy 13% of training involved languages, 30% technical and financial expertise and 57% safety in the workplace. Most of the training hours carried out in Tunisia and Romania were

In 2021, for the premises of Ratti SpA, a pilot training course in project management was launched – this involved transversal corporate functions. The objective of this course was to respond to the changes faced by the company, at both an organisational and a business level. The exploration of new market segments and the closure of others which are less profitable, and the desire of the company to transform itself increasingly into a business-to-consumer organisation, require new ways of working. These allow employees to carry out their tasks using an agile methodology, favouring organisations that are less vertical and more horizontal and which have planning dynamics.

² The 2,663 hours do not include the time dedicated to the project "Training to keep going".

Figure 7 – Type of training in the Ratti Group: percentage by type of total hours of training at 31.12.2021



related to the topic of occupational health and safety. In addition, Ratti SpA has added courses relating to the Code of Ethics and Model 231 to its programme. It has also planned the launch of a training course on the topic of avoiding discrimination, given that it is convinced of the centrality and importance of this topic.

The 2021 training plan was extended to all employees including new-hires. However, only a small part of the plan was implemented owing to problems associated with the spread of the Covid-19 virus, and it was re-scheduled for 2022.

Finally, in 2021 Creomodà organised a day of training on health and safety in the workplace called "Gesture and posture at work". The course was run by a group of occupational therapists

from Sousse and a doctor specialising in physical medicine, the goal being to increase awareness of risks and adopt the right postures, in accordance with the nature of an activity.

2.4 Health and safety

Safeguarding the health and safety of employees

The topic of occupational health and safety is one of the top priorities of the Ratti Group, which acts in the conviction that anyone who accesses our places 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 occupational health and safety, 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 GROUP IS COMMITTED TO DISSEMINATING, WHILST FULLY COMPLYING WITH THE LEGISLATION IN FORCE WITH REGARD TO OCCUPATIONAL HEALTH AND SAFETY, A CULTURE OF SAFETY, TO DEVELOPING RISK AWARENESS, AND TO PROMOTING RESPONSIBLE BEHAVIOUR.



the Groups' Code of Ethics and by certifications that the Group has received. In 2017, Ratti SpA obtained OHSAS 18001 certification. At this point the document Safety and Environmental Policy and Objectives was formalised. It includes the procedures set out in the OHSAS 18001 Management System, which is applied at all company levels. In addition, in December 2020 Ratti SpA updated its standards, completing the transition from OHSAS 18001:2007 to ISO

established their occupational health and safety policy. Through this they commit to provide a working environment which is healthy and safe, in compliance with the law as well as local and international regulations in force. In July 2021 the Tunisian companies obtained certification in accordance with the standard ISO 45001:2018, according to which the various procedures of the management system are constantly updated.



AS OF TODAY, THE TOTAL WORKFORCE OF RATTI SPA, EMPLOYEES AND OTHERS, IS SUBJECT TO THE HEALTH AND SAFETY MANAGEMENT SYSTEM, ACCORDING TO THE STANDARD ISO45001.

45001:2018. The adoption of this System allowed Ratti SpA to improve performance in the area of onsite health and safety and to adopt a system for continuously improving performance.

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, so that work can be carried out in a healthy and safe environment. For the Tunisian premises there is a Committee for occupational health and safety as well as a manager responsible for occupational health and safety. 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 therapist and two representatives from the workers.

During 2021, the Management System underwent various audits, including one carried out by an accredited third party, in relation to the first regular verification of maintenance in compliance with the standard ISO 45001. During 2021, Creomoda and 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

Keeping our guard up against the Covid-19 virus

During the period of the Covid-19 pandemic emergency, the Ratti Group has continued to introduce a variety of measures to prevent contagion and protect us from the risk of infection.

As in 2020, the Ratti Group continued with the use of "smart" bracelets, both for its own employees and for those from external companies who enter the production area of Guanzate.

During 2021 there was an update to the corporate protocol regulating the measures to be adopted to prevent and limit the spread of the Covid-19 virus in the workplace. In addition to measuring people's temperature at the entrance, checking the Green Pass of both internal and external workers as they access the site, monitoring sanitisation and utilising devices that maintain and monitor social distancing, the Ratti Group:

Health, yes, but not only health. The Ratti Group has in fact enhanced, by improving their efficiency, the working environments and the equipment used to facilitate remote relationships with suppliers. It has set up, within its offices, new multimedia workstations where people can work and where they can connect with each other in an increasingly rapid and professional manner.

- Offered health screening to all employees on a voluntary basis to check for the presence of the virus, and made an agreement whereby anti-Covid screening could be carried out privately for employees and their family members;
- Gave employees the option of having, on a voluntary basis, the anti-flu vaccine, in November 2021.

Furthermore, each employee's workstation was equipped with sanitising hand gel as well as a disinfectant spray used to sanitise the workstation at the end of each shift. In general, an external company ensured that all rooms, spaces, workstations and communal areas were cleaned and sanitised on a regular, weekly basis. In addition, a study was carried out into the appropriate use of air conditioning

safety aspects. This policy specifically refers to ILO (International Labour Organization) 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. With regard to the Textrom site in Romania, 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 Tunisian companies relating to the Social Accountability Management System, which allows workers to make anonymous reports and complaints. In addition, as set out in the prevailing legislation, Ratti Group 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 Accountability team which discusses any complaint relating to employee health and safety and, if appropriate, evaluates corrective actions.

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 special 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. Textrom, Creomoda and La Maison

equipment to make sure that air was circulating correctly.

The Covid Committee remained active in 2021. It consists of the RSU (union representative), the RLS (workers' safety representative), the company doctor, the RSPP (the prevention and protection manager) and Human Resources and meets every time new rules are announced during the period of the pandemic and in the event of important internal updates. For the sites in Romania and Tunisia, the Group applied all anti-infection measures as if they were regulations in force. All employees were provided with disinfectant hand gel, protective surgical masks and workstations equipped with disinfectant spray.

At the Creomoda and La Maison des Accessoires sites daily activities were carried out to disinfect the factories, and all people entering the production sites underwent a temperature check. Textrom also adopted the

measures necessary to prevent and reduce the risks of infection, including an evaluation of the risk at work, temperature checks at the entrance to the company, and a constant supply of information to employees with regard to precautionary measures to follow inside the company.



des Accessoires are also subject to health monitoring.

During 2021 there were 9 accidents in the workplace without serious consequences. These occurred in Ratti SpA (4), of which 2 were long term (108 and 55 days respectively), and in Creomoda (5).

Following an analysis of the dynamics of these accidents, it was not deemed necessary to take corrective action in terms of modifying processes, procedures or the working environment.

The rate of accidents for the Group in 2021 was 7.68%, an increase on the figure for 2020 (0.95%)



175

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

6

BUSES DEDICATED TO HOME-WORKPLACE TRANSPORT IN TUNISIA

310

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

466

THE NUMBER OF EMPLOYEES COVERED FOR SUPPLEMENTARY HEALTHCARE BY CONTRACT AND/OR SUPPLEMENTARY HEALTHCARE PAID FOR BY RATTI

Some of the services available to employees

- Parking reserved for staff and, specifically, pregnant women;
- Financial incentives for sustainable travel;
- 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;
- 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 holidays;
- Area Ludica: area for ping-pong and five-a-side football;
- Company book store: for swapping books and magazines, and open to all employees;
- Subscriptions to "The province of Como", digital version;
- Remote working (*suspended between October and December 2021 for business-related reasons*).

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 personal, private time thus becomes a priority in terms of guaranteeing personal and team satisfaction.

In 2021 28 part-time contracts were recorded in Ratti SpA out of a total of 466 employees. In order to facilitate the reconciliation of company and personal needs, specific modifications to hours are always accepted and their feasibility studied. In the case of shift workers other modifications to working hours are under consideration, the aim being to avoid any negative impact on production.

In 2021 remote working was reorganised on the basis of people's duties and activities at work. In November 2021, 13,087 hours were worked by 101 employees, demonstrating the Ratti Group's interest in using this benefit as a way of reconciling work-life balance. In December, due to the needs of the business, remote working was temporarily suspended, although the Group reserves the right to continue using the tool, which had already been introduced before the health emergency.

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".

With regard to the evolving health emergency, in the case of home-workplace transport incentivisation, the scheme using shopping vouchers to incentivise bicycle use was confirmed as expected and, starting from October 2020, the public transport service (*one journey per day*) was relaunched. So too, from November 2021, was the carpooling incentivisation system.

In February 2021 a significant supplementary corporate agreement was concluded with the RSU (*union representatives*) and the OO.SS (trade union). This covered various initiatives, including the topic of sustainability. In particular, forms of voluntary activity in the local area will be proposed

to employees, involving minor maintenance and repairs in communal areas, such as schools, rather than support for the elderly or people with disabilities. In 2021 contact was made with the mayors of municipalities in the local area (*starting with Guanzate and Cadorago*) and, in the first few months of 2022, an internal survey is due to be carried out to establish whether employees are willing to take part in the various initiatives.

In addition, the solidarity holiday bank (which allows workers to donate their holidays) was launched for employees and, in this regard, Ratti SpA will donate an amount of 5,000 euros gross for every year the supplementary agreement is in force. This money will be used to offer bursaries to employees' children who wish to continue their secondary education in technical colleges specialising in textiles, chemistry, graphics and design for fabrics, mechanics, electrotechnics and electronics.

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 both subsidiaries in Tunisia also benefit from financial incentives, such as support provided towards their children's education and towards purchases of scholastic materials, as well as a prayer area open to all employees. In addition, at the Tunisian sites an advisory committee has been set up consisting of workers and representatives of the company, which can offer its views on all worker-related issues as well as on social aspects. A social performance team has also been created, consisting of workers' and management representatives, with the aim of achieving a continuous improvement in working conditions.

As far as the Creomoda site in Tunisia is concerned, the company organised, at the same time as the "Pink October" event in October 2021, an annual campaign to raise awareness of the risks of breast cancer. During the day, it was possible for all female employees to undergo medical screening, as well as mammograms, paid for by the company, where cases were suspected. The awareness campaign played a key role, given that 23% of female workers are aged over 40 and therefore run a greater risk of developing the disease.

Recognition of the WHP (Workplace Health Promotion) for the health and wellbeing of workers

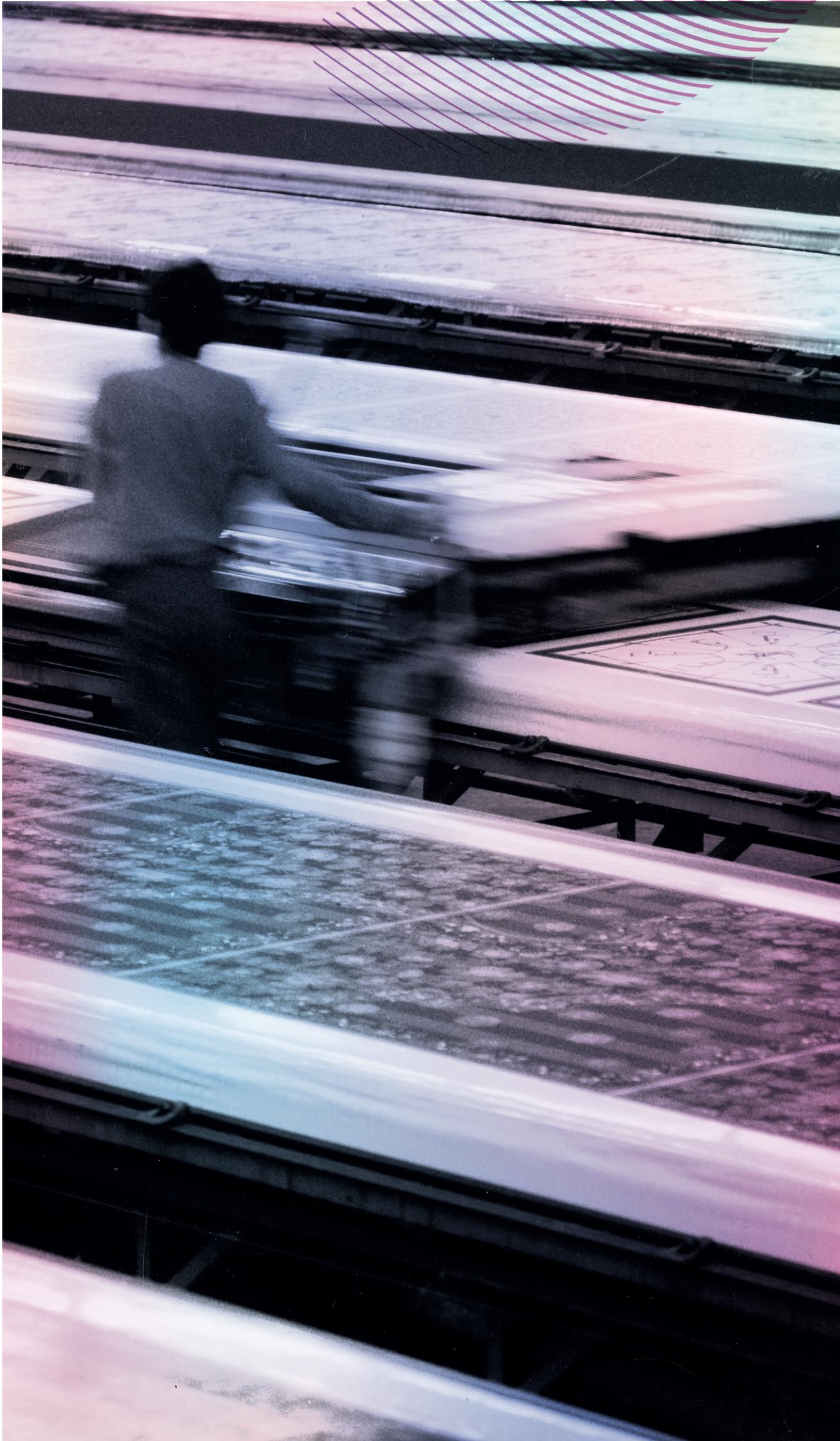
In 2021 Ratti SpA continued to take part in the WHP (Workplace Health Promotion) programme



of Lombardy Region and l'Agenzia di Tutela della Salute (*the Agency for Safeguarding Health*) in Insubria. The company received, for the third year running, recognition as a "place of work which promotes the health and wellbeing of workers".

Through taking part in the programme Ratti contributes to the prevention of risks linked to chronic and degenerative illnesses, such as those caused by poor diet, a sedentary lifestyle and smoking, outlining a scenario that can suggest changes, identifying themes and health initiatives and, in this way, promoting a pathway that can only be of benefit to people's wellbeing.

Ratti is developing a three-year project which will include activities in all areas of the WHP programme. Among the initiatives that the company carried out in 2020 was the option to work remotely from home, assuming this



is compatible with the company role of the employee, and through investment in IT and training courses.

Finally, the Guanzate canteen adopted a healthier food regime by offering more fruit and vegetables. Healthy products were added to the Group's vending machines.

2.6 Communicating is the key to sharing

Internal communication

Internal communication within Ratti has become a business priority and has aligned as much as possible with the Group's values. This has created constant engagement with all employees, ensuring harmony with the principles, values and business objectives of the Group.

Communication within Ratti has, therefore, a dual role: on the one hand it spreads value in that it renders distinctive expertise visible, contributing to a diffusion of the knowledge it encapsulates, while at the same time it creates value because, by sharing news, strategic credibility is enhanced.

Against this backdrop, a key role is played by the company's intranet. This is the Group's own 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, sustainability and welfare projects, safety procedures for employees, the results of corporate climate surveys as well as deals that are currently active. Alongside this institutional channel, news is also shared by means of regular newsletters, through which not only company or product information is transferred, but also internally produced videos. In addition, a monthly press roundup has also been created, with all the main articles and press releases concerning Ratti. This is distributed to all employees. Engagement with employees is a fundamental value for the Ratti Group. For this reason reports from the SA8000 "complaints counter" are constantly monitored and any corrective actions are evaluated.

More communication to update employees on the measures taken against Covid-19

In view of the delicate moment in the health emergency, Ratti has decided to use internal communication channels as a direct and immediate vehicle for transmitting the most significant information relating to the precautionary measures taken to protect employees.

A number of videos and presentations have been created for the company's internal monitors, as well as specific news bulletins on the company's intranet, for all Ratti's activities, with regard to the safety measures to be adopted by the company. A video has also been created to introduce the electronic bracelets. Finally, newsletters were created during the lockdown for all employees.

All aboard for sustainability

In May the fourth Group Sustainability Report was delivered and presented to all employees, providing 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.

Internal monitors were installed at the subsidiaries, enabling employees to connect with the Guanzate

premises and share the Group's main news. In 2021 the Sustainability Report was also transmitted through information sent to the monitors.

During Christmas 2021, Ratti took part in the **Bee My Future project**. By choosing to donate sustainability, it put value on a gesture rather than a purchase.

With Bee My Future honey and the project aimed at protecting bees raised in accordance with organic principles by a network of experts in beekeeping, all Ratti employees, customers and suppliers participated actively in protecting 50,000 bees whose disappearance would put food security – and our future – at risk.



3

MATERIAL BECOMES:
CREATION





HIGHLIGHTS



The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 8, 9, 12 and 15. To do this, the Ratti Group:

- Commits, year after year, to obtain and update the main certifications at international level, on topics such as safety in the workplace and social and environmental accountability;
- Commits on the innovation front, developing projects which promote creativity and technological development, with a view to achieving continuous efficiency improvements;
- Selects suppliers who respect the protection of both the environment and human rights, and who have signed up to the Code of Ethics and the Suppliers' Code;
- Commits to decreasing and monitoring the presence of chemical products used in the production phases, also involving its own suppliers.

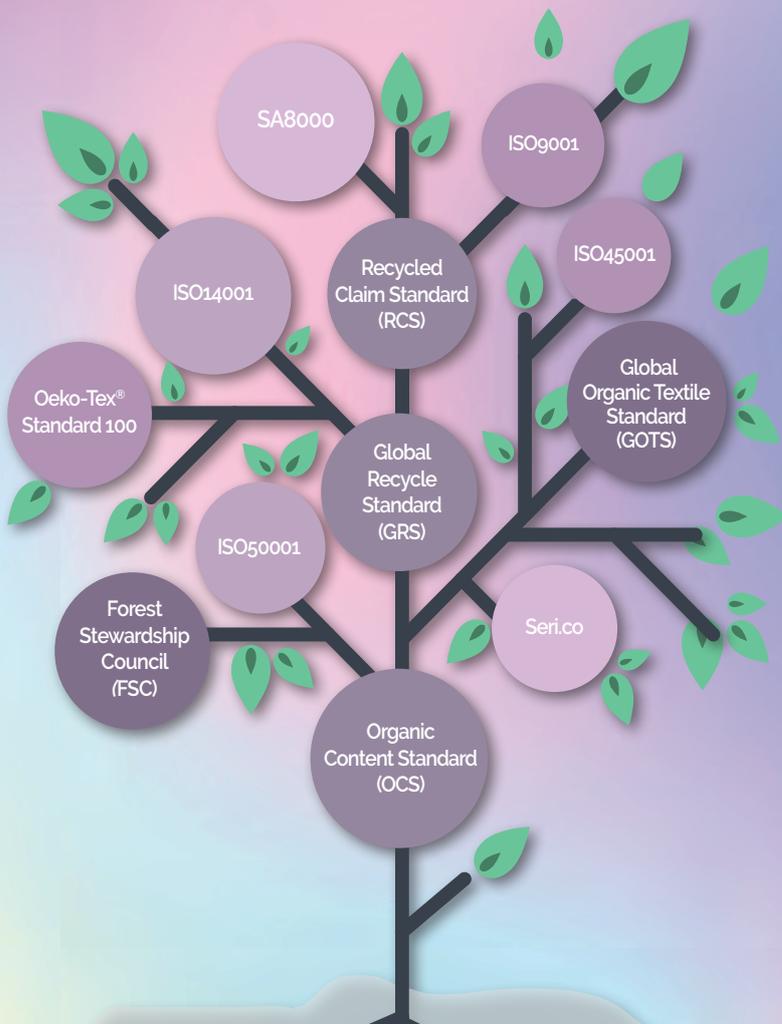
29.14%

THE PERCENTAGE OF ITALIAN SUPPLIERS FROM COMO PROVINCE

86.37%

THE PERCENTAGE OF SUPPLIERS FROM ITALY

THE RATTI GROUP'S CERTIFICATIONS



RATTI DEVELOPS THE TWIN ONE PROJECT

The initial goal of the project was to supply Ratti with a powerful tool for virtualising printed fabric by creating its digital twin.

This "digital twin" could be exported as a "simulation" of the Ratti product, both on a device used for internal purposes (e-commerce sites, marketing, testing)

in 2D and 3D modality, and for the purposes of partnering with customers in project development, reducing the need to produce physical samples.

The system will also provide maps of the technical aspects and data necessary in "montage", ensuring a high level of photorealism.

ISO45001

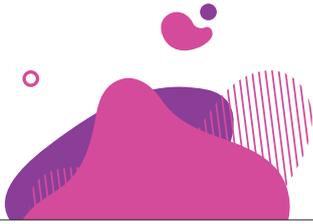
CERTIFICATION ALSO OBTAINED FOR THE TUNISIAN SUBSIDIARIES CREOMODA AND LA MAISON DES ACCESSOIRES IN 2021

GRS and OCS

NEW CERTIFICATIONS OBTAINED BY RATTI IN 2021

Ratti continues with the job of digitalising the historical archive, which allows customers to view more than 650,000 designs as part of a virtual, rapid and efficient experience.

Ratti is a partner of STARTUP BOOTCAMP, electing the best innovative startups operating in Fashion Tech and accelerating their growth.



“It took me five minutes to produce this drawing, but 60 years to get here”

Pierre-Auguste Renoir

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

Talent that lends form to ideas

“It took me five minutes to produce this drawing, but 60 years to get here.”

Through these words, Pierre-Auguste Renoir explains his art: a mixture of talent, study and experience. Being able to draw is without doubt a natural inclination, while the “rest” is long melding of technique and learning of the visual language to produce a design which expresses, perfectly, the starting idea. In Ratti’s experience, art and fashion have always been much closer together than one might think, rendering the world of fashion a form of artistic expression on a par with painting or sculpture.

The first cashmere designs of the Group’s founder are proof of this: little masterpieces in Indian ink which, over the years, have been a continuous source of inspiration for many designers and creative people.

It is precisely this study of design which is the starting point of Ratti’s creative process. It is work that does not follow any rules or precise methods, but instead consists of a continuous interaction between customers and the ideas they want to develop and designers with their own talents and personal creative traits. The result of this dialogue is a design which will be printed on fabric. The design may be seen as a kind of meeting between the end-customer with their desire to enhance the elements of their brand and the creative capacity of the individual

Creativity at the click of a button

Work is still under way to digitalise Ratti’s historical archive, which boasts more than a million fabrics, designs and pattern books.

This digitalisation process, which is continually progressing and improving thanks to a machine learning algorithm, enables customers to view more than 650,000 designs. It offers a one-to-one virtual experience of ever increasing speed and efficiency, which simulates garment and furnishing models.

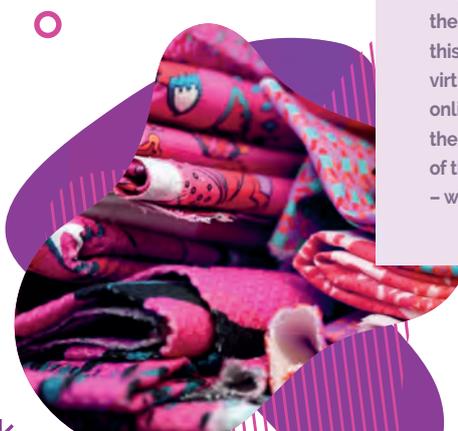
Ratti’s objective revolves around a process of sharing product creativity, which finds concrete expression on the online partnership platform. To this end, the company has created a virtual desk which may be consulted online by the company’s staff and all the customers – if they are inside one of the operational premises of the firm – who are being helped and guided by

the product managers.

Digital acceleration, conceived in order to improve the way Ratti’s collections are presented and expressed, seeks to transform the current impasse into an opportunity, offering alternative points of view and innovative ideas.

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 classification; searching for and comparing images; managing the archive. In order to offer creative new stimuli to its designers and customers Ratti SpA is constantly committed to updating and expanding its archive.





designers to lend form and expression to these ideas. Out of this ensemble between the Ratti designers and the customers is born, time and time again, a creative and innovative partnership that leads to the realisation of something unique.

In order to satisfy the most unusual requests, Ratti may open the doors of its exclusive archive to its customers, showing them the exclusive designs which might serve as a source of inspiration to launch a new project. This is a

journey made up of research, flexibility and innumerable attempts, before arriving at the creative realisation of 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 effectively perform the role of filter between customers and designers, this phase requires the intervention of Product Management who, on the basis 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. Ratti has always included within the department people from diverse cultures, to ensure that the designs can feel the effect of different influences and varied creative inputs. This makes an important contribution to the collection.

Each designer has their own style which characterises them and makes them unique. This ranges from a style that is more rigorous and precise to one which is more extrovert. All of these various elements are made available to the team in order to achieve the solution that best satisfies the customer's requests. Although it is good practice to rotate designers to guarantee new creative stimuli, it may also happen that special relations may be established between some designers and customers, which consolidates their cooperation over time.

Spreading the cardinal value of intellectual property

The Group considers the full respect of intellectual and industrial property – its own and that of third parties – to be of primary importance. This is a cardinal principle of its business, in a context of fair and proper competition and, as a consequence, the Group requires its suppliers to comply with the laws in force and the relevant applicable regulations. The Group is committed to acting with the appropriate level of confidentiality and protecting its own brands, patents, models, designs and other intellectual/industrial property assets, as well as those of third parties. In this sense, the digital management of the creative archive by means of “Vedo” company software is born out of a need to improve the effectiveness and efficiency of processes,

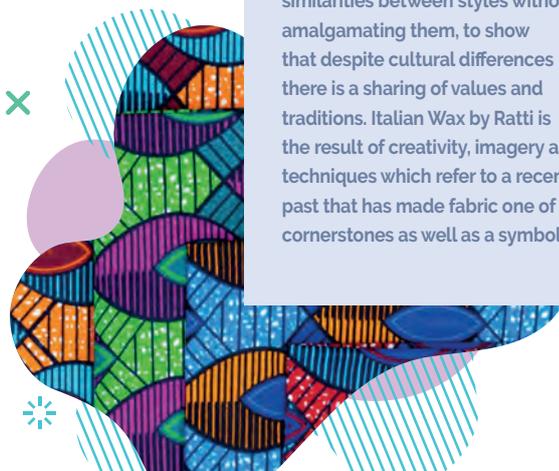
integrating design and production and facilitating the protection of the intellectual property of designs and images belonging to the company, its customers and third parties. This should be done, most of all, by means of a database containing information inherent to the designs which is effectively verified, organised, correlated and usable, so that the risk is minimised of violating the rights of third parties or any existing agreements with customers. In addition, Ratti SpA has also established – and recently enhanced – a 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.

Ratti Italian Wax

On the occasion of the 2020 edition of Scoop in London, Ratti presented its new Italian Wax collection. A series of 100% cotton “Made in Italy” fabrics which showcases similarities between styles without amalgamating them, to show that despite cultural differences there is a sharing of values and traditions. Italian Wax by Ratti is the result of creativity, imagery and techniques which refer to a recent past that has made fabric one of its cornerstones as well as a symbol

of belonging. The stylistic “stamp” that permeates the collection is a fusion of styles, colours and stimuli coming from cultures beyond the Mediterranean. A series of fabrics which may be defined as exploring a world of decisive tonalities accompanied by unusual prints with micro and macro interweavings and large flowers. Fluidity and versatility are “musts” for Italian Wax by Ratti, which is marked by a romantic flavour and interpreted through the lens of the latest fashion trends

in a way that offers a transversal customer base a versatile tool which marries the history of a brand such as Ratti with its heritage, and the lightness and contemporary feel of the 2020s. Always aligned with the speed at which the market changes, Ratti has renewed its Wax proposal on its page in the “Made in Italy” window of Amazon www.amazon.it/ratti, offering, every month, fabric previews that are increasingly aimed at the digital customer.



Alongside this creative dialogue Ratti presents its textile offer at international trade shows. This is increasingly sustainable and aware of its environmental impact, and in its choice of fabrics which are organic, recycled, socially responsible and are added to the "Tessuteca" and to all the Group's collections (see Chapter 4, paragraph 4.1 "The sustainable offer").



RATTI MANAGES AND CONTROLS ACTIVITIES FROM THE CREATIVE IDEA SURROUNDING A DESIGN TO THE PLANNING OF A FABRIC AND THE ENNOBLEMENT AND HEMMING PROCESSES

The production cycle

Within its production cycle, Ratti manages and controls activities from the creative idea surrounding a design to the planning of a fabric and the ennoblement and hemming processes. This is a production process which expresses the quality and luxury of an excellence that is wholly Italian and which was born, initially, out of the manufacturing of silk. This was later expanded to include natural fibres, composite fibres and technological fibres.

The synergy between heritage and innovation, as for that between prowess and dedication, has allowed Ratti to go back in time and merge itself with a heritage which views manufacturing excellence as a cornerstone.

This is a form of capital deriving from a solid aggregation of knowledge relating to culture and craftsmanship that has made the company an undeniable leader in the art of printing.

Three principal production cycles are carried out by Ratti:

- weaving
- dyeing and printing
- hemming finished garments

The overarching theme in production processes is innovation which, for Ratti, signifies continuously improving its practices, processes, products and services. 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. In this environment Ratti has carried out an internal study seeking to compare the consumption of inkjet printing with that of traditional printing (*table or rotary*). The investigation was carried out in compliance with the **standard ISO14021:2016** (*self-declared environmental assertion*) and was reviewed by Bureau Veritas. The results showed lower consumption of chemicals and energy for traditional printing than for inkjet printing.

"Tessuteca Ratti"

The Tessuteca is a space – and also a service – which offers more than 500 tested bases and guarantees 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 high-quality service.

The investment in the Tessuteca, together with the company's ability to forecast, with the customer, the number of metres to be purchased, represents 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.

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



3.2 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 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 – and 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:

- Quality in accordance with the standard ISO9001:2015;
- Environmental protection in accordance with the standard ISO14001:2015;
- Health and safety in the workplace in accordance with the standard ISO45001:2018;
- Energy in accordance with the standard ISO50001:2018
- Social accountability in accordance with the standard SA8000:2014
- Oeko-tex standard 100
- The Seri.co mark
- GOTS (*Global Organic Textile Standard*) certification
- RCS (*Recycled Claim Standard*) certification
- OCS (*Organic Content Standard*) certification
- GRS (*Global Recycle Standard*) certification
- FSC (*Forest Stewardship Council*) certification

At the start of January 2021, Ratti SpA successfully carried out an audit for OCS product certification relating to textile articles made from natural fibres from organic agriculture and GRS certification relating to textile articles obtained from recycled material.

In addition, Ratti extended GOTS and RCS product certification to other products. The extension of GOTS certification to some dyes used in traditional printing was particularly significant; a number of tests are under way to certify table-printed articles.

In 2022, RWS certification is expected to be obtained for the traceability of the supply chain for wool coming from responsible livestock management. This relates to strict criteria for animal wellbeing and a reduction in the environmental impact.

ISO9001:2015, quality management

During August 2019 Ratti SpA obtained certification of the Quality Management System in accordance with the standard ISO 9001:2015. 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 in place. ISO9001:2015 is the internationally recognised reference standard for managing quality for all those organisations, both 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 objectives and to maintain a constant quality level for its product in order to improve customer satisfaction.

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

ISO14001:2015, 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 to limit the impact of its activities on the environment and to achieve sustainable organisational growth.

ISO45001:2018, occupational health and safety

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.

According to the legislation by September 2021 all OHSAS18001-certified companies should have migrated their certification to the new ISO45001 standard which will become, in all effects, the only reference standard recognised at global level as an occupational health and safety management system. Ratti SpA had already completed its transition to ISO45001 certification by December 2020. This international standard defines the best practice requirements on the matter of health and safety, with the aim of eliminating or minimising

operational risks and dangers. It makes it possible to guarantee and continuously monitor legislative compliance with regard to health and safety and to reduce the number of accidents through prevention and control in the workplace.

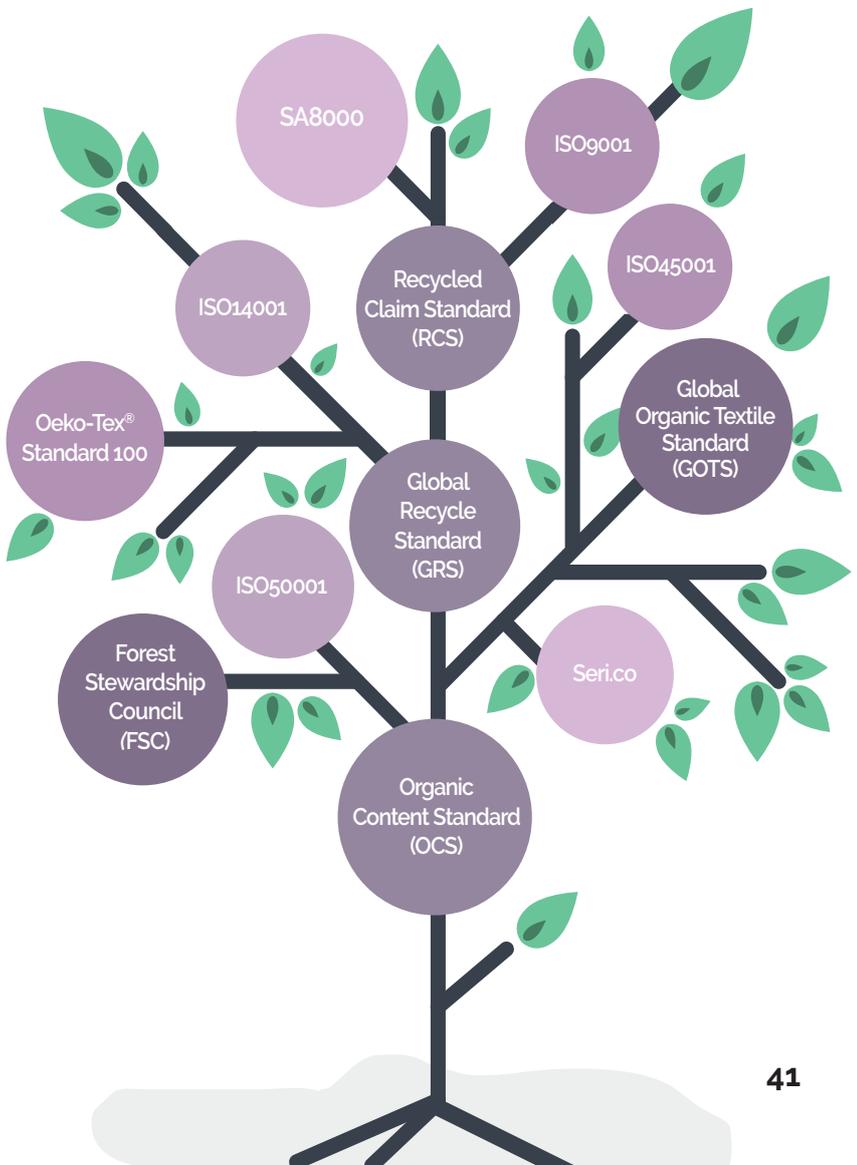
During 2021 the Tunisian companies Creomoda and La Maison des Accessoires also obtained certification.

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.





IN 2015 RATTI SPA OBTAINED CERTIFICATION IN ACCORDANCE WITH THE STANDARD SA8000 CORPORATE SOCIAL ACCOUNTABILITY, WITH THE AIM OF ATTESTING THAT THE CORPORATE SYSTEM CONFORMS WITH THE PRINCIPLES OF SOCIAL ACCOUNTABILITY

documentation, planning and acquisition of equipment, as well as the processes and personnel that contribute to determining energy performance.

SA8000:2014, respect for people is certified

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 Corporate 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, occupational health and safety, improved attention to the needs of all interested parties, etc.*) The same SA8000 Social Accountability certification was obtained in 2016 by the Tunisian subsidiary, Creomoda and, in 2019, by the newly acquired Group company, La Maison des Accessoires.

SA8000:2014 certification is one of the international reference standards for managing social accountability and rights in the workplace, based on ILO conventions, the Universal Declaration of Human Rights, and the United Nations Convention of the Rights of the Child. (www.ilo.org)

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 in polyamide and polyamide/elastane, printed using inkjet printing with acid ink, in various colours, and also printed using traditional printing methods with acid dyes in various colours.

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 human-ecological 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 the latter, the stricter the human-ecological requirements to be respected.

Ratti is also working to obtain an extension of this certification to a number of cotton, viscose and polyester articles

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 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 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.

Since 2019 two sets of samples per year have been taken to analyse MRSL parameters in industrial wastewater at the Guanzate site, to demonstrate that MRSL substances have been eliminated from the production cycle.

GOTS (Global Organic Textile Standard) certification

The Global Organic Textile Standard was developed by leading international organisations in organic agriculture, 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 agriculture (*fibres, yarns, fabrics, clothing, textile accessories and others*).

In 2019 Ratti SpA certified the following types of fabric: silk, cotton and silk/cotton produced from certified yarn, printed in a single colour. In 2020 Ratti also extended certification to garment weaving and hemming on the back of its extension of certification to the sites at Creomoda and La Maison des Accessoires which, in turn, obtained GOTS certification in 2020.

In 2021 GOTS certification was extended to some dyes used in traditional printing.

RCS certification for recyclable material

RCS is a standard which has been promoted to international level by the 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 confirms the content of recyclable material in the product (both intermediate and finished) and guarantees that certified products contain at least 5% of recyclable material pre-consumption and post-consumption. It provides an environmental declaration that has been verified by a third party.

In 2020 Ratti extended RCS (Recycled Claim Standard) certification to knitwear articles and to new compositions (*polyamide, polyamide/elastane and polyester/elastane*). In 2021 RCS certification was also extended to viscose articles.

GRS (Global Recycle Standard) certification

GRS is also a standard promoted by the Textile Exchange. It recognises the importance of recycling in the development of a production and consumption model which is sustainable, the object being to support the reduction in the consumption of resources (*virgin raw materials, water and energy*), and raise the quality of recycled products.

Just as for RCS certification, GRS certification involves the release of an environmental declaration which has been verified by a third party, following the same procedure. This should attest to the content of recyclable material in products, whether intermediate or finished, and should guarantee that traceability has been maintained throughout the production



RCS IS A STANDARD WHICH HAS BEEN PROMOTED TO INTERNATIONAL LEVEL BY THE TEXTILE EXCHANGE, ONE OF THE MOST IMPORTANT NON-PROFIT ORGANISATIONS AT INTERNATIONAL LEVEL FOR PROMOTING AND RESPONSIBLY DEVELOPING SUSTAINABILITY IN THE TEXTILE SECTOR

process. In addition, GRS certification imposes restrictions on the use of chemical products as well as compliance with environmental and social criteria in all phases of the production chain. It guarantees that certified products contain at least 20% of recyclable material, pre-consumption as well as post-consumption.

In 2021 Ratti obtained GRS certification for recycled polyester, polyamides and cotton fabrics, and padding from silk by-products.

OCS (Organic Content Standard) certification

The OCS standard is promoted at international level by the Textile Exchange and involves the release of an environmental declaration which has been verified by a third party. This should attest to the content of natural fibres from organic agriculture in textile products, whether intermediate or finished, and should guarantee that traceability has been maintained throughout the entire production process. In particular, the OCS standard guarantees that certified textile products contain at least 5% of certified organic natural fibres.

In 2021 Ratti obtained OCS certification for silk, cotton and organic silk/cotton fabrics.

FSC (Forest Stewardship Council) certification

The FSC has brought into being a forestry certification system which is recognised at international level. The objective of the certification is appropriate forestry management and the traceability of derivative products such as viscose fabrics.

In 2020 Ratti obtained FSC certification for certain viscose articles which were printed and/or dyed.



3.3 The green and digital revolution

Innovation in Ratti consists of various organisational actors and various types of intervention. Stylistic innovation – of design, of the product – incremental innovation, also followed by the line for “inter-work” with suppliers, technological innovation, innovation generated by research and development projects.

Innovation is generated as much in projects developed within the company as in partnership with businesses, universities and research centres. In such an environment constant monitoring is essential, as are relationships and

exchanges with the fresh and young universe of start-ups, an inexhaustible mine of creativity, originality and new perspectives.

The guidelines which set the direction of innovation policy in Ratti and the design of the business may be summed up in the words green and digital, green transition and digital transition. This means a sustainable and circular company in terms of materials, manufacturing, services, and the perennial tension between innovation and new compliance, alert to the potential offered by the new frontier of circular textiles. It also means a business which offers digital relationship models to its customers and which transforms manufacturing from automated to digital and intelligent, integrating IT and machinery, developing algorithms, using new tools and technology, on the lookout for new business models.

As far as associative forms of innovation are concerned, Ratti is a member of the Lombardy Region clusters **Associazione Fabbrica Intelligente Lombardia** (*Lombardy Association of Intelligent Factories*) 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*



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.

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 Contemporanea (pavilion of contemporary art) in Milan. Blessed with a heightened proclivity for innovation and research not only related to industry, 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 antique fabrics, themed exhibitions and forum*), 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 the

study and 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 his entire life. The collection is now looked after, with the same passion, by his daughter Annie Ratti.



Confederation of Fabric and Clothing Companies). Ratti is a member of the **Tecnologico Nazionale** (*National Technology*) Made In Italy cluster.

This is a public-private alliance which encourages cooperation between the world of research and fashion businesses. It works towards sustainable growth in the sector, in line with the strategic agenda of the EU.

Finally, Ratti is taking part in the project "**Rehubs di Euratex**", (<https://euratex.eu/rehubs>) which is concerned with upgrading the technology used in recycling in specific centres (hubs).

Ratti has partnered with SMI (*Sistema Moda Italia*), the Confindustria association of textiles and fashion companies, to set up a design team operating collectively in accordance with EPR (*Extended Producer Responsibility*) for Tessile Moda (*a consortium of manufacturers who organise the collection, selection and management of textile waste across Italy*).

Innovation projects

In 2020 Ratti launched a project whose aim was to develop a model for digital relations with clients.

In order to provide remote access to its offer, Ratti has created multimedia rooms, private and soundproofed environments. They have been designed for working and connecting with clients and suppliers in a way that is increasingly efficient, multimedial and professional.

The rooms were designed with a neutral background and sufficient lighting and are places where meetings or product presentations are held, either in-person or remotely, providing the customer with a positive experience and an impression of high service levels.

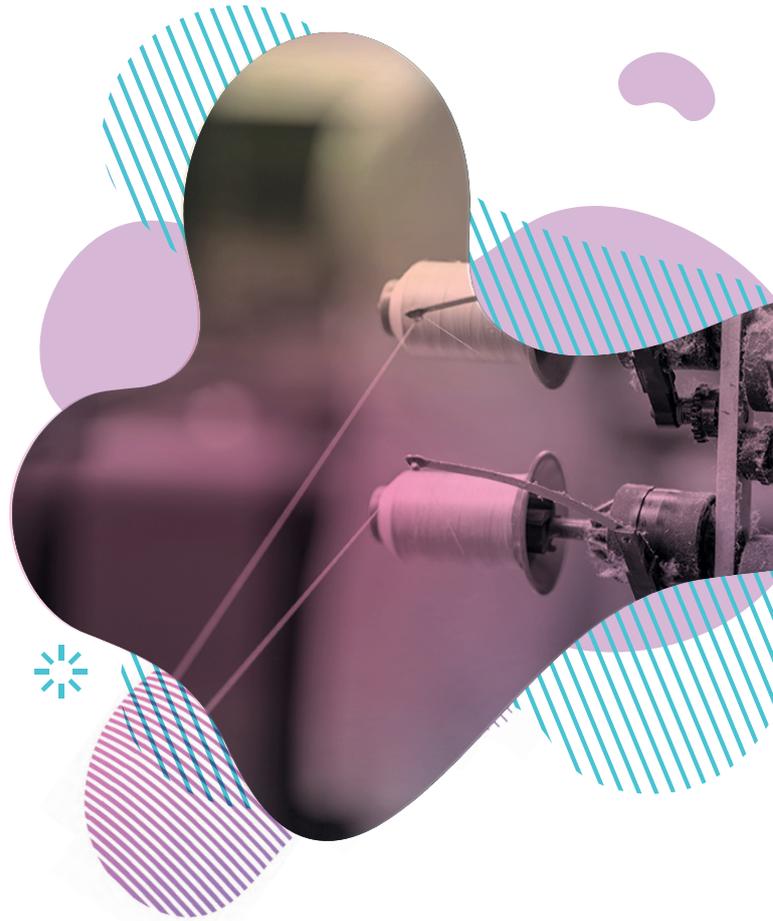
Each room has fixed equipment (*such as monitors with webcams, a second 4k webcam, a stand, a PC with access to sharing software and the unique archive, WI-FI and networking cables*) and equipment which can be booked ad hoc.

At the same time, Ratti has made available **HoloLens 2 smartglasses**, which enable users to share, in real time and mixed reality, a combination of physical reality, enhanced reality and virtual reality. Microsoft HoloLens 2 smartglasses allow those wearing them to interact through digital content and holograms visualised in the surrounding area. They were developed in partnership with NASA and are actually wearable computers, with movement and depth sensors, video cameras and microphones. These tools are very useful during the first phase of interaction with the customer since they provide a panoramic view of the collections on display, as well as a virtual view of the archive

and the other physical areas of Ratti. Microsoft HoloLens 2 smartglasses are available to all Group companies on request.

In 2021, the **Twin One project** (*digital twin*) was launched in Ratti. The Twin One project was born out of a need to provide the company with a suitable tool for the virtualisation of printed fabric, through the use of its digital twin. The application will be able to manage a library of "ready-for-printing" neutral fabrics, appropriately selected by the Ratti Group's Tessuteca. To these will be applied designs from the digital archive. This "digital twin" could be exported as a "simulation" of the Ratti product, both on a device used for internal purposes (*e-commerce sites, marketing, testing*) in 2D and 3D modality, and for the purposes of partnering with customers in project development, reducing the need to produce physical samples.

The system will also provide maps of the physical appearance and the technical data needed to input the relevant fabric/design into the customers' CAD systems, guaranteeing the photorealism which is needed to take the place of a physical sample in their digital pattern books. With regard to technological development





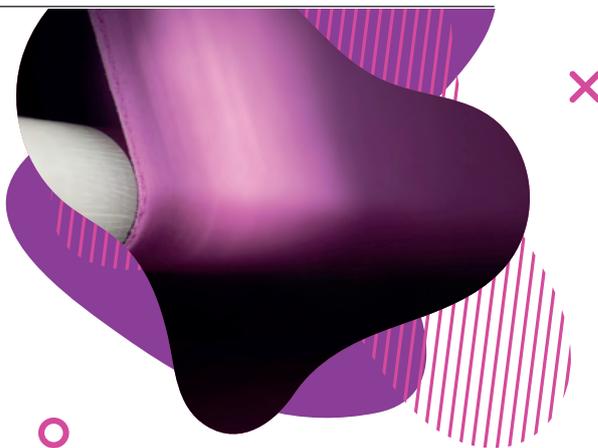
and innovation, in 2021 Ratti installed and implemented double-printing machines. These are used to print both sides of a fabric. The request from the market was – both for accessories and garments – for the two sides of the fabric to be as identical as possible. This was a condition that should be satisfied from the outset for high-quality accessories.

With this requirement as a starting point, two distinct technologies were acquired to satisfy it:

1. The first technology allows simultaneous printing of both sides of the fabric, either with the same design/variant or with different designs/variants but in any case centred in the same square.
2. The second technology allows centred printing of the two sides of the fabric in two separate stages, but in any case ensures the designs can also be centred on jacquard fabrics.



THE GUIDELINES WHICH SET THE DIRECTION OF INNOVATION POLICY IN RATTI AND THE DESIGN OF THE BUSINESS MAY BE SUMMED UP IN THE WORDS GREEN AND DIGITAL, GREEN TRANSITION AND DIGITAL TRANSITION.



The two technologies are, for the company, complementary. While the first technology was developed mainly for a type of textile accessory that requires both the front and the back to be identical, the second makes it possible to obtain design effects for jacquard fabrics, for accessories and also for furnishings. In fact this second technology makes it possible to mix yarn-dyeing and printing techniques, so

that unique effects can be obtained that were previously impossible.

In addition, in 2021 Ratti launched a new project, which was born out of a need to manage a component which was highly sensitive in terms of controlling its part of the supply chain. The Fashion brands pay a lot of attention to ensuring that their labels and accessory materials (*tags, cards, etc.*) are not removed and used in production by parallel, unofficial channels. The solution adopted by Ratti consists of tailor-made hardware with control software. The system is able, by means of a network of video cameras, RFID antennae, NFC antennae and infrared sensors, to count and record the entrance and exit of these materials in the company and at its external partners in the supply chain.

Ratti has also developed a project to introduce SAP³ software, given the need to replace the various corporate management systems, based on AS400 software, with a single ERP (*Enterprise Resource Planning*) system to cover core processes. The SAP system is already present in the areas of administration, finance and control, and will be extended to active cycle processes, passive cycle processes, operations, logistics and quality.

The transition to SAP will enable the company to transition to a technology that is in step with the times, ensuring that increasingly pressing scenarios such as traceability, sustainability and supply chain integration can be addressed. At the same time, system consolidation and process standardisation will delineate a pathway towards rationalising activities, with the objective of maximising efficiency and reducing the time taken to respond to customers.

In addition to this, in 2021, Ratti completed the management by radio frequency of the Ratti Rainbow business unit and continued with the digitalisation of the archive.

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. In 2021, Ratti continued with its activities to acquire knowledge and support such initiatives.

Ratti's innovation also showed itself in the way it

participated in projects through partnerships with companies, research centres and universities.

In June 2021 the SMART4CPPS (*Smart Solutions for Cyberphysical Production Systems*) joint research and innovation project, which had been financed by the Lombardy Region, came to an end. In this project, as well as in relation to devices used in product traceability, Ratti has carried out a POC (*proof of concept*) for an innovative RFID label which could be applied to a swatch of fabric. The idea would be to preserve integrity and function across the entire production cycle, without any damage to the textile.

Ratti is also developing, in partnership with a team of data scientists, software to analyse demand based on stochastic analysis and predictions using neural algorithms.

Finally, Ratti is one of the partners in the **STARTUP BOOTCAMP** project. The objective is to select the best innovative start-ups operating in Fashion Tech in Europe and beyond, and to accelerate their growth through mentorship and business development programmes, putting them in contact with investors and other businesses. The programme has enabled partners to meet and become acquainted with start-ups committed to developing business projects focused on technological trends involving the fashion value chain.

In 2021, Ratti met with a number of start-ups operating in the textiles and digital field and, with some of these, has begun to carry out a detailed study and verification of the proposed innovations.

3.4 A virtuous circle of good practices

Selecting suppliers

Ratti targets maximum reliability and quality in its daily operations. This means management which is accountable and sustainable and which is solidly anchored in values and a company policy that also includes its approach to the supply chain. Operating at international level, the Group interfaces with businesses and organisations in Italy and abroad. This is why selecting suppliers and managing relationships with them in the right way is a theme of fundamental importance. This creates an opportunity to generate value in the complex textile-fashion supply chain.

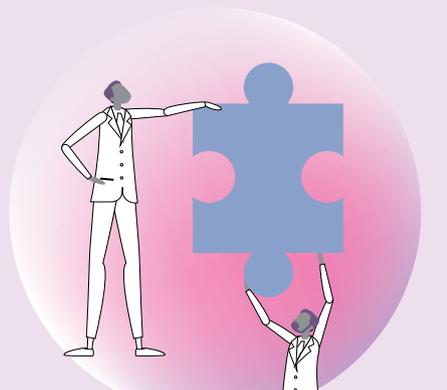


IN MANAGING ITS BUSINESS ACTIVITIES, THE RATTI GROUP IS COMMITTED TO RESPECTING ETHICAL AND MORAL VALUES THAT ARE DEFINED ON THE BASIS OF PROBITY, HONESTY AND TRANSPARENCY, AND REQUIRES ITS SUPPLIERS TO ACT IN LINE WITH THE SAME PRINCIPLES WHEN MANAGING THEIR COMPANIES.

The 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, 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.



Almost all the Group's purchases are made by Ratti SpA. The foreign subsidiaries in Tunisia and Romania purchase a negligible quantity of materials, 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. Purchases of chemical substances and dyes are all carried out by

³ The acronym represents the first letters of the original name of the company in German: Systemanalyse Programmentwicklung, i.e. the development of programmes for analysing systems. Today the official name of the company is SAP SE - with SE standing for Societas Europaea, a joint-stock company set up in compliance with the company law of the European Union. For further information see the link: <https://www.sap.com/italy/index.html>



Ratti Ratti SpA's Code of Ethics is a key tool for managing relationships with suppliers. It was renewed in 2018 (see Chapter 6, paragraph 6.2 "The Code of Ethics" and the Suppliers' Code).

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 social accountability of the supply chain

The SA8000 standard requires procedures to be implemented that respect social accountability 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 Board of Directors 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 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 with.

To ensure the above, the Group follows specific procedures, during the initial choice of suppliers

Commitment to protect the environment and the safety of the end-customer

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 processes. 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.

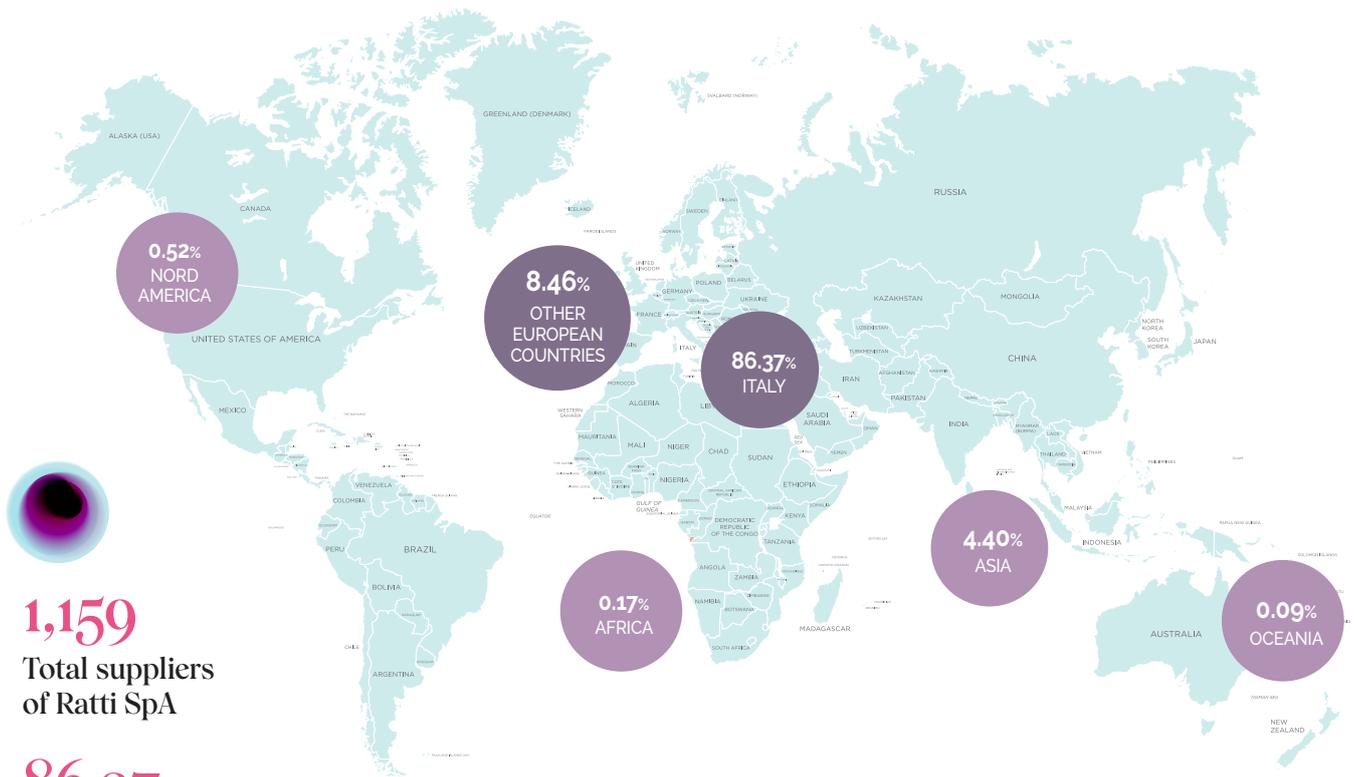
COMPLIANCE WITH TECHNICAL DATASHEET NO. 24 OF THE SERI.CO CERTIFICATION, whose objective is to "safeguard health in textiles"

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.

In 2019 not only was Seri.co certification renewed for all 24 datasheets, but two new datasheets were added, one regarding social accountability, the other environmental protection.

In 2020 Technical Datasheet no. 24 was updated to ensure it aligned with Version 2 of the MRSL as required by the ZDHC protocol with regard to the limits on chemical substances in chemical products and dyes.

In order to ensure compliance of the finished product, the general supply conditions were modified to include the chemical requirements applicable both to raw materials purchased and to external manufacturing. In addition, sample analyses were carried out in relation to any risk plan or compliance plans requested by customers. This applies to production in both Italy and Romania.



1,159
Total suppliers
of Ratti SpA

86.37%
Italy

8.46%
Other European
countries

4.40%
Asia

0.52%
America

0.17%
Africa

0.09%
Oceania

and during regular assessments of whether said suppliers are complying with the standard SA8000. In addition, in 2020 a checklist was introduced in order to evaluate aspects of health and safety, environmental protection and social accountability at suppliers.

With regard to procurement from countries considered to be critical in that they lack laws and regulations that protect workers – even in the area of child labour – Ratti SpA and its Tunisian subsidiaries have implemented a social accountability management system, certified in accordance with SA8000 by an independent third party. In addition to compiling the checklist, suppliers are asked to fill in a self-assessment questionnaire in which the company's legal representative confirms compliance with the principles of SA8000. In 2020 a specific declaration on forced labour was also drawn up. Suppliers of raw materials from areas at risk were asked to sign up to this.

With regard to the Textrom site most suppliers, given that they deal with purchases from Italy, are assessed in accordance with the Group's procedures. The small number of local suppliers comply with the national legislation in force. Generally, as a result of a lack of regulations and laws to protect workers, Ratti has limited its procurement from Bangladesh, Iran, Kenya, Guatemala, Honduras, the Philippines, Venezuela, Laos, Bolivia, Vietnam and Pakistan. The only case of relationships with suppliers in a country at risk is that of a Pakistani company, whose compliance with SA8000 principles has been assessed (*Business Social Compliance Initiative certification*).

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 one factor of critical importance is chemical compliance (*see the box "Commitment to protect the environment and the safety of the end-customer"*).

At 31 December 2021 Ratti SpA had 1,159 suppliers; of these 86.37% are from Italy, 8.46% from other European countries, 4.40% from Asia, 0.52% from North America and 0.17% from Africa.



RATTI SPA AND ITS TUNISIAN SUBSIDIARIES HAVE IMPLEMENTED A SOCIAL ACCOUNTABILITY MANAGEMENT SYSTEM, CERTIFIED IN ACCORDANCE WITH SA8000 BY AN INDEPENDENT THIRD PARTY



4

RATTI'S ENVIRONMENTAL COMMITMENT





HIGHLIGHTS



The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 6, 7, 12 and 13. To do this, the Group:

- Promotes sustainable mobility initiatives to its staff;
- Commits to reducing environmental impact in terms of chemical products used, energy and water consumption and CO₂ emissions;
- Thinks strategically through circular economy projects.

THE SUSTAINABLE FOUNDATIONS OF THE RATTI GROUP



RATTI SIGNS UP TO THE FASHION PACT

The Fashion Pact is a coalition of global leaders in the fashion and textiles sector, committed to reaching shared objectives and focusing on three main areas: stopping global warming, reviving biodiversity and protecting the oceans.

ZDHC AND SUPPLIER TO ZERO

Ratti has signed up to the new ZDHC programme "Supplier to ZERO". Its objective is to improve the system for managing chemical products through the application of new standards, best practices and recommendations.

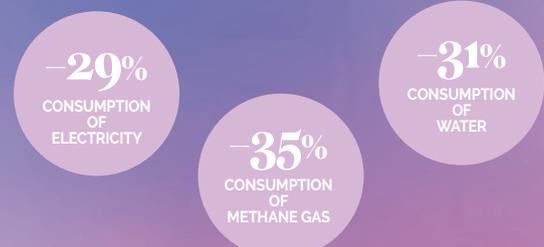
By taking part in the programme, the company will be able to certify its performance in terms of the system used to manage chemicals, in a process consisting of three levels.

In 2021 Ratti successfully completed the first level, and is expected to complete the "Progressive Level" in 2022.

RATTI DETERMINES ENVIRONMENTAL FOOTPRINT THROUGH OEF

Ratti SpA has decided to ascertain the environmental footprint of its Guanzate plant by applying the OEF (*Organisation Environmental Footprint*) methodology, a European standard which operates from the point of view of life cycle.

Ratti has produced an environmental self-declaration in accordance with ISO14021, certified by an accredited third party. On the basis of this statement, consumption per metre of fabric produced at the Gunazate plant has fallen (comparing 2019 with 2013) as follows:





“Well aware of the impact the textile industry has on the environment, the Ratti Group has long been working to reduce this impact, taking action on its own production processes and along the supply chain”

4.1 Sustainability in textiles: challenge accepted

Well aware of the impact the textile industry has on the environment, the Ratti Group has long been working to reduce this impact, taking action on its own production processes and along the supply chain.

From a focus on the use of chemical products and dyes to the selection and monitoring of suppliers and, even, proposals for sustainable fabrics and circular economy projects involving the re-use and recycling of materials, the Group promotes environmental protection and contributes to the spreading of a sustainability culture among all those it deals with.

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 order to assess the impact of direct activities, in 2019 Ratti carried out a gate-to-gate LCA (*Life Cycle Assessment*), in accordance with UNI EN ISO14040:2006 standards and reviewed by a third party.

The performance analysis related to 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

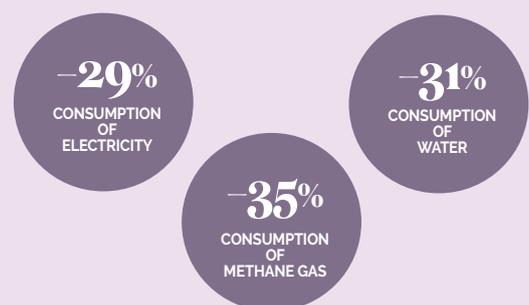
production and the prevalence of craftsmanship activities.

In line with the direction followed through the LCA in 2019, and with the goal of determining its wider impact on the supply chain, Ratti SpA has decided to ascertain the environmental footprint of its Guanzate plant by applying the OEF (*Organization Environmental Footprint*) methodology, a European standard which operates from the point of view of life cycle, and which therefore takes into consideration the procurement of raw materials, consumption and

The base year and the reduction in consumption of 30% per metre produced

The base year for Ratti SpA manufacturing is 2013. Plant modernisation and improved energy efficiency have enabled the company to reduce its consumption for individual product units. In this context, Ratti SpA produces a self-declared environmental assertion (in consideration of the ISO 14021 reference standard), which is reviewed by an independent third party.

Comparing 2019 with 2013, the declaration attests that consumption per metre produced fell at the Guanzate plant by the following amounts:





emissions, the amount of waste produced and transport to customers.

Applying the **OEF methodology** makes it possible to determine the environmental footprint, subdivided into 16 categories which may in turn be grouped into global warming, consumption of resources, impact on the environment and impact on people.

During 2021, in order to carry out the OEF for the Guanzate site, Ratti SpA appointed an external company specialised in methodologies for

evaluating environmental impact. The work will be completed in 2022.

In addition, in 2021 an analysis of risks from climate change was carried out at Group level (see Chap. 6, paragraph 6.3 "Managing risks to include sustainability").

The Group's environmental policy, which is included in the **Corporate Policy of the Integrated Management System**, was updated during 2021.

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.

It does so 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, while coordinating fully with the Ratti SpA Parent company.

Full data on environmental performance is reported in detail in the **Annex to Chapter 4**.

It is noted that in 2021 no cases were recorded of non-compliance with the regulations for environmental matters.

Ratti joins the Fashion Pact

In December 2021 Ratti joined the Fashion Pact, convinced that the collective efforts of businesses and experts could be a key resource for improving environmental performance.

The Fashion Pact is a coalition of global companies which are leaders in the fashion and textiles sector (ready to wear, sport, lifestyle and luxury). They include suppliers and distributors, all committed to reaching shared goals and focusing on three main areas: stopping global warming, reviving biodiversity and protecting the oceans.

This is a coalition which is unique of its type, steered by the CEOs of its signatory companies. It is dedicated to concrete action based on efforts which

are already under way to implement new solutions, with the support of the best technical experts.

The job of leading the coalition has been assigned to a steering committee consisting of 14 rotating members, supported by an operational committee consisting of 23 supervisors and a task force.

In 2021 the number of signatory companies was over 60.

The signatory companies are committed to achieving carbon neutrality by 2050. They are also committed to safeguarding species under threat, protecting and reconstructing habitats which are at risk, eliminating superfluous plastic and adopting the use of recycled plastic for packaging.

The sustainable offer

Long since the launch of its Responsible Collection in 2017 – a concentration of creativity and green statements in a separate collection – Ratti currently presents a wide sustainable offer to the market, consisting of organic, recycled and socially accountable products which have been added to the **Tessuteca** and

The Ratti Group's environmental policies

Ratti, Creomodà, 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, Creomodà 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 activities at the production site. Ratti Group companies' environmental policies promote the following actions:

- 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 technologies, 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 re-use and/or recovery of materials;
- To select suppliers/subcontractors on the basis of their ability to supply goods and services in compliance with the

to all the Group's collections, and supported by a wide range of product certifications and management systems. 200 articles, made from various eco-responsible fibres, tested and manufactured and, mostly, available from stock. Among the sustainable bases we also find Ratti's responsible leather. This comes from tanning processes which do not use heavy metals and are part of the Zero Impact programmes for CO₂ compensation.

Ratti's new proposals also include **recycled Cupro Bemberg™** with GRS certification included. Cupro Bemberg™ is a cellulose fibre which is very similar to viscose, but it differs from the latter in its manufacturing process since the starting point is waste material from cotton seeds (*linter, the fluffy fibre on cotton*). Cupro fibre is biodegradable, hypoallergenic, antistatic and transparent. It regulates body temperature and humidity like cotton and is noted for a touch to the hand which is smooth and silky and which feels comfortable on the skin.

The range of **certified fibres** has also been widened. In addition to GOTS certification, **cotton and organic silk also acquire OCS certification. Polyesters and nylons acquire RCS certification** as well as GRS certification.

And finally, further news regarding cotton: we find it not only in an organic version but also in a recycled version with GRS certification. Naturally Ratti is continuing to offer **BCI cotton**.

Completing the sustainable product offer are the natural dyes (*see the paragraph "Dyes and chemicals, the new frontier of sustainability"*).



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



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.

<p>Organic Cotton</p>	<p>New Life</p>	<p>Regenerated Nylon</p>
<p>46% POTENTIAL GLOBAL WARMING REDUCTION THANKS TO REDUCED AGRICULTURAL INPUT</p>	<p>Recycled polyester from plastic bottles post-consumption</p>	<p>7 BARRELS OF CRUDE SAVED</p>
<p>26% POTENTIAL REDUCTION OF EXCESSIVE FERTILISATION THANKS TO REDUCED NITROGEN AND PHOSPHORUS DEPOSITS IN WATER</p>	<p>-94% WATER CONSUMPTION</p>	<p>5,7 TONS OF CO₂ LESS</p>
<p>The savings relate to a kg of organic cotton fibre in comparison with traditional cotton. The information is taken from a Life Cycle Assessment.</p>	<p>-60% CONSUMPTION OF ENERGY RESOURCES</p>	<p>101,2 MJ OF ENERGY SAVINGS FOR EACH TON OF NYLON REGENERATED</p>
<p><i>(Source: "The life cycle assessment of organic cotton fiber", November 2014, Textile Exchange)</i></p>	<p>Water and energy savings relate to the production of 1 kg of New Life fabric compared with the production of a virgin polymer.</p>	<p><i>(Source: Sustainability Report 2017 Acquafil)</i></p>
<p><i>(Source: "New Life, a premium yarn with a sustainable identity", Sinterama)</i></p>		

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.

Every time Ratti needs to evaluate the addition of a new chemical product, it must be checked that it complies with the **MRSL (Manufacturing Restricted Substance List)** and that the chemical product is recorded in the **ZDHC gateway** (see the box "ZDHC and Supplier to Zero"). If the product is not present, the supplier is asked to confirm compliance and/or the concentration



IN AN ECONOMIC AND SOCIAL CONTEXT SUCH AS THE CURRENT ONE, IT IS ESSENTIAL FOR RATTI TO CONFIRM ITSELF DEEPLY RESPECTFUL OF THE ARTISANAL AND ENVIRONMENTAL HERITAGE, GUARANTEEING THE HIGHEST QUALITY OF ITS WORK.

of the substance in the MRSL of the ZDHC (see the box "Commitment to protect the environment and the safety of the end-customer", Chapter 3). Replacement of non-certified products is under way, and this is being brought to the attention of suppliers.

As far as fabric ennoblement processes are concerned, one of the most significant novelties within Ratti's offer is natural dyes: a natural yarn dye used to create yarn-dyed woollen articles, together with natural printing dyes used to create articles in printed silk.

These were complemented, in 2021, by single-colour fabrics in organic silk. For the latter project, the company has developed "**Ratti by Nature**". This consists of **15 exclusively natural shades** used in the dyeing of silk, and a fabric stock service.

Natural dyes are obtained from sources with vegetable-based origins (*bark, leaves, flowers, roots, fruits, seeds*), animals (*mainly insects and molluscs such as scale insects and murexes*) and minerals. They come from renewable sources, they are biodegradable, they are of low toxicity to the environment, and given their "craftsmanship" characteristics they lend themselves to the creation of unique and exclusive garments.

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 MRSL of the ZDHC.

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 and Supplier to Zero").

Careful management of discharges

With regard to the **quality of wastewater**, Ratti SpA monitors its parameters by carrying out three-monthly analyses of the water, at the discretion of the purification plant, in addition to analyses required twice a year by the ZDHC and once a year by the **Autorizzazione Unica Ambientale** (*Single Environmental Authorisation*). In the Textrom plant in Romania, the analyses of wastewater quality are carried out annually, as prescribed.

In 2021, activities leading 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, the prescribed thresholds to be breached. These episodes did not, however, impact the quality of surface water bodies, thanks to the treatment carried out by purification plants downstream. Cases of limit breaches reported by the water purification plant did not compromise the operation of the plant.

In March and November 2021 Ratti SpA carried out the water campaign required by the ZDHC protocol, which involved an analysis of MRSL parameters as well as those that are key according to the **ZDHC programme** (*see the box "ZDHC and Supplier to Zero"*). The analyses show that MRSL substances have been eliminated from the production cycle.

For Ratti SpA, the procedure for managing water derived 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 plant, as per the **Autorizzazione Unica Ambientale** (*Single Environmental Authorisation*).

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 general, in Romania analyses of industrial wastewater are carried out annually, as prescribed. In 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.

ZDHC and Supplier to Zero

The Zero Discharge of Hazardous Chemicals (ZDHC) is an international programme born out of various studies on the pollution caused by the textile industries, 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.

Since 2019 Ratti has been a contributor to the ZDHC and, in 2020, it took its contribution a step further by updating the general supply

conditions for chemical products and dyes and by asking its suppliers to commit to implementing the ZDHC programme and registering the products supplied in the ZDHC gateway.

In 2021 Ratti signed up to the new ZDHC project "Supplier to ZERO", a programme aimed at brands, suppliers and formulators, with the objective of improving the system for managing chemical products through the application of the new standards, best practices and recommendations of the ZDHC.

By subscribing to a dedicated platform, the company will be able to certify its performance in terms of the system used to manage chemicals, in a process consisting of three levels:

LEVEL 1 – FOUNDATIONAL: BY completing the first level, the company demonstrates its awareness of how to manage ZDHC chemical products as well as how to implement ZDHC solutions;

LEVEL 2 – PROGRESSIVE: BY completing a performance review, the company can demonstrate continuous, progressive improvement;

LEVEL 3 – AMBITIOUS: the company supports the planning and continuous improvement of ZDHC solutions and remains at the forefront of innovation in the safest possible management of chemical products.

In 2021 Ratti successfully completed the first level and is expected to complete the "Progressive" level in 2022.



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



WITH THE OBJECTIVE OF REDUCING FUTURE WATER CONSUMPTION, IN 2021 RATTI SPA MADE A NUMBER OF INVESTMENTS AIMED AT REDUCING THE CONSUMPTION OF THE SERVICE FACILITIES IN THE FACTORY.

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 channels, seeking, in recent years, to extend the network further.

With the objective of reducing future water consumption, in 2021 Ratti SpA made a number of investments aimed at reducing the consumption

of the service facilities in the factory. In particular, the revamping of the pumping system of the homogenisation tank was completed and, in the first half of 2021, SEAM Engineering carried out a water balance test at the Guanzate plant following a block diagram, measuring the quantity of water drawn, by type, and the quantity discharged.

In addition, during 2021 Ratti SpA introduced a significant innovation in the discontinuous washing and dyeing departments. These departments are subject to continuous improvement initiatives because, by their very nature, they require large quantities of water. In particular, Ratti SpA replaced the detergent which is normally used during discontinuous washing processes, which gave rise to two benefits. There was a benefit from increasing the potency of the first cold wash, eliminating a cycle, while there was also a benefit from using a new product which did not contain an anti-foaming agent, and was therefore more concentrated and effective. It is estimated that this has made it possible to **save, for each wash, 1 m³ of water and, therefore, – assuming an average of 3-4 washes per day – about 900 m³ per year.**

For the Tunisian companies Creomoda and La Maison des Accessoires, given that these are not production sites, water consumption is limited to use for civil purposes. In the case of Textrom, however, during 2021 a feasibility study was carried out to rationalise activities at the production site, with a focus on the management of water resources and energy consumption.

Ratti SpA, Creomoda, La Maison des Accessoires and Textrom are adopting environmental policies which, in terms of energy, are aimed



at monitoring consumption and seeking opportunities to achieve reductions.

During 2019 Ratti SpA concluded activities for certifying the Energy Management System according to the standard ISO 50001:2018, carrying out energy analysis on the basis of 2018 consumption. During 2021 the system was confirmed compliant with ISO 50001:2018, and an energy analysis was carried out of 2020 consumption. In 2022 an external company will carry out a new assessment focusing on identifying new energy efficiency projects.

The energy efficiency actions are directly linked with improving the systems that control and measure consumption.

For some 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 2020, this measurement, which included the main sources of consumption relating to production, was further widened to include the monitoring of individual users, with data gathered on a daily basis.

In 2022 the monitoring network is expected to grow further. While at the moment the Group monitors the big items – the transformers, control panels in the electricity cabinets, control panels in the departments, the principal machinery – over the next year the possibility will be assessed of installing software that enables data elaboration.

At the Guanzate site, Ratti ensures compliance with the applicable authorisations, laws and regulations, as well as the monitoring of specific KPI parameters for environmental performance through 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 re-using energy to heat the in-flowing water

that replenishes the tanks that form part of the washing line.

In 2021 the following steps were taken to reduce energy consumption:

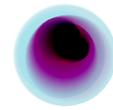
- Completion of the installation of a new air treatment system in the new weaving room;
- Completion of the LED lighting system in the printing area;
- Replacement of some older-generation batteries and battery chargers that had come to the end of their useful life with new, high-efficiency batteries, guaranteeing a saving of about 30% in recharging;
- Enlargement of the photovoltaic plant by adding two new sections;
- Increase in the number of charging points for recharging electric vehicles;
- Completion of a new water treatment plant for warping;
- completion of a new plant for recovering condensation from boilers.

In addition, in 2021 Ratti SpA reviewed its dyeing cycles in terms of the quantity of dye used in the products. While maintaining the same colour performance, it was decided to lower the washing temperature by 20°C. This led to a significant saving in methane gas used to heat water.

Ratti is also involved in a feasibility study which is looking at increasing the power of the photovoltaic plant by a further 500 KW.

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 have allowed (since 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 2020 a new air treatment system was installed in the new



1,165,689

KWH ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN RATTI SPA IN 2021 (WITH AN INCREASE OF 28.59% SINCE 2020)

100%

THE PERCENTAGE OF GUARANTEED-ORIGIN GREEN ENERGY PURCHASED BY RATTI SPA

61,337

KWH ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN CREOMODA IN 2021 (WITH AN INCREASE OF 129.28% SINCE 2020)

44,280

KWH ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN RATTI SPA PROVIDED TO THE NATIONAL GRID IN 2021

396

TONS OF CO₂ AVOIDED IN 2021 THANKS TO PHOTOVOLTAIC PLANT IN RATTI SPA AND CREOMODA



weaving room. The system is highly efficient and uses a lower number of energy sources from the energy plant and the refrigeration units. This has led to estimates, according to the data provided, of savings of 32% for electricity, 12% for methane gas and 30% for water.

Energy production from the renewable sources of the photovoltaic plant at the Guanzate site made it possible, during 2021, to produce 1,165,689 kWh of electricity, an increase of 28.59% on 2020. Of this self-produced energy, Ratti released 3.8% to the grid, keeping the remaining 96.2% for its own consumption. Just in 2021, the photovoltaic plant at the Guanzate site allowed Ratti SpA to avoid 367 tons of CO₂ emissions.



THE RATTI GROUP IS CONTINUING TO INVEST IN ENVIRONMENTAL SUSTAINABILITY, THE AIM BEING TO INCREASINGLY BECOME A "PLASTIC FREE 100% RECYCLED" COMPANY.

Since 2020 the Creomoda site, in Tunisia, has also had its own photovoltaic plant, which has a power of 50.6 kW. During 2021, it produced 61,337 kWh of electricity, an increase of 192.28% on the figure for 2020. This enabled Creomoda to avoid 29 tons of CO₂ emissions.

In addition, since 2020 electricity purchased for use by the Guanzate site has come from sources which are 100% renewable, certified by a Guarantee of Origin and in part self-produced by the company's photovoltaic panels. This has made it possible to avoid 2,214 tons of CO₂ emissions related to the purchasing of electricity. It is an eco-sustainable choice which will contribute to protecting the environment and building a better future.

Materials and packaging

Another important aspect of environmental policy the Ratti Group focuses on is the **optimisation of packaging**.

In 2021 the Group increased its investment in the use of renewable and recycled sources for its packaging. It recorded a reduction of 11.55% in the use of plastic packaging, using **over 300% more plastic from recycling** – this was forecast and necessary.

In general, in 2021 there was an increase of 17.22% in the use of packaging compared with the previous year. This was strongly impacted

by the reduction in production volumes caused by Covid-19. It should be noted that the Group significantly **increased its purchasing of sustainable packaging (+23.95% compared with 2020)**.

In addition, Ratti is broadening its research:

- Into partially recycled and recyclable plastic packaging;
- Into packaging which uses thinner paper;
- Into the flows of reusable packaging from and to its suppliers.

For Textrom, Creomoda and La Maison des Accessoires, given the limitations on local purchases, packaging is centrally managed from Italy, following the same process of packaging efficiency.

In addition, the Ratti Group is continuing to invest in environmental sustainability, the aim being to increasingly become a "plastic free 100% recycled" company.

In responding to the issue of plastic consumption, Ratti is not looking to demonise anyone, but is instead seeking to find an alternative to the quantity of plastic that is used on a daily basis.

With this in mind, Ratti has decided to do a number of things to eliminate single-use plastic



SUSTAINABLE TRAVEL

CAR POOLING

- PARKING PLACES RESERVED FOR WORK TEAMS
- COMPANY CARS AVAILABLE WHEN OVERTIME IS REQUIRED

6

PEOPLE INVOLVED OVERALL IN 3 TEAMS DURING 2021

ELECTRIC CARS

THE COMPANY'S CAR FLEET HAS 5 ELECTRIC CARS, WHICH IN 2021 WERE USED TO TRAVEL 27,163 KM.

BICYCLES

NUMBERED AND PERSONALISED RACKS WITH LOCKS

14

PEOPLE INVOLVED IN 2021

CO₂ SAVED

1 TON OF CO₂ SAVED THANKS TO SHARING THE JOURNEY TO AND FROM WORK THROUGH CARPOOLING, OR THROUGH USING PUBLIC TRANSPORT OR BICYCLES.

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.

- EMPLOYEES MAY PURCHASE AN ANNUAL SEASON TICKET FROM THE COMPANY (TRAIN AND/OR BUS), AND THE AMOUNT IS DEDUCTED FROM SALARIES IN TEN MONTHLY INSTALMENTS

3

PEOPLE INVOLVED IN THE PROJECT

SHUTTLE BUS

CREOMODA, LA MAISON DES ACCESSOIRES AND TEXTROM HAVE ORGANISED AN EFFICIENT AND SAFE TRANSPORT SERVICE THAT MAY BE USED BY ALL WORKERS.

219

PEOPLE INVOLVED AT THE TUNISIAN SITES OF CREOMODA AND LA MAISON DES ACCESSOIRES

19

PEOPLE INVOLVED IN TEXTROM



at its Guanzate premises, introducing solutions such as the use of dispensers and jugs, the use of bio-bottles and bottles made from recyclable materials in the offices and, finally, giving each employee a personalised flask to use at the new dispensers installed in the office buildings and production areas.

The incentive to move towards encouraging more sustainable behaviour within the Group is without doubt one of the most significant educational aspects. This involves taking simple yet practical steps that make a difference in our everyday actions.

The initiatives adopted by the Ratti Group form part of the projects launched in the plastic-free campaign promoted by the Ministry of the

Environment, in parallel with reaching **Goal 14 of the United Nations' 2030 Agenda for Sustainable Development**, i.e. to "conserve and sustainably use the oceans, seas and marine resources for sustainable development".

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, providing 5 charging points. According to the policy governing the company's car fleet, 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 carpooling by employees who share similar journeys to and from work.

A shuttle bus has been made available to employees at the Creomoda, La Maison des Accessoires and Textrom sites. In November 2021 the carpooling initiative was relaunched.



THE RATTI GROUP MONITORS THE PRODUCTION OF WASTE USING KPIS ON A MONTHLY BASIS, AS PROVIDED FOR IN THE ENVIRONMENTAL MANAGEMENT SYSTEM.



7.05%

THE PERCENTAGE FALL IN HAZARDOUS WASTE RECORDED IN 2021 COMPARED WITH 2020

It had stopped in March 2020 because of the Covid-19 health emergency. The Group wishes to continue to incentivise such initiatives once the emergency is over, while fully complying with regulations on passenger numbers and the sanitisation of areas.

2.65%

THE PERCENTAGE FALL IN TOTAL WASTE IN RELATION TO METRES OF FABRIC PRODUCED RECORDED IN 2021 COMPARED WITH 2020

4.3 The circular economy and waste management

The management of waste produced by Ratti

The management of waste is carried out in full compliance with the legislation in force in the countries in which the Group has its production facilities, i.e. Italy, Tunisia and Romania.

18.86%

THE PERCENTAGE FALL IN HAZARDOUS WASTE IN RELATION TO METRES OF FABRIC PRODUCED RECORDED IN 2021 COMPARED WITH 2020

The production of waste is subject to internal reporting. On the basis of the data collected the staff, comprising the head of the Environmental Management System and the coordinator of the Working Group on Sustainability, interact with the production line to analyse performance and ensure that all necessary improvement measures have been adopted.

1.85%

THE PERCENTAGE FALL IN NON-HAZARDOUS WASTE IN RELATION TO METRES OF FABRIC PRODUCED RECORDED IN 2021 COMPARED WITH 2020

The Ratti Group monitors the production of waste using KPIs on a monthly basis, as provided for in the Environmental Management System. This also covers the performance of the subsidiaries in Tunisia and Romania. In addition, as stipulated in the relevant Italian legislation, Ratti SpA compiles a register of inflows and outflows of waste, transport documentation and an annual MUD declaration.

In general the KPIs used to evaluate the effectiveness of waste management policies are the absolute production of waste, the relative production of waste for metres of fabric produced, the breakdown by hazardous waste and non-hazardous waste and, finally, the destination (recycling/disposal) of the waste. These KPIs are constantly reviewed by Systems Management in the Ratti Group.

In particular, it is Ratti SpA that receives raw materials (mainly fabrics), chemical substances and all packaging from the supply chain. The company does this as it seeks to exert more control over materials and, as in the case of the procurement of chemical substances, to ensure full compliance with the **ZDHC protocol** for the elimination of hazardous substances, which the company has adhered to and promoted since 2019, as well as compliance with the **REACH** regulation and Schedule 24 of the *Disciplinare Serico (guidelines for silk)*. It is Ratti SpA itself which checks that all suppliers accept the written contents of the Group's Code of Ethics and, most of all, that they commit to assuming responsibility from an environmental perspective.

The activities carried out at the Guanzate plant and which, therefore, generate waste, are related to fabric printing and ennoblement. Almost all (96.11%) of the Group's overall production of waste can be attributed to the Ratti SpA premises. The waste management procedure, which is part of the Environmental Management System, applies for the above company.

The transport of waste to recycling and disposal facilities in Ratti SpA is carried out by third parties, except for specific cases in which the company is authorised to do it itself, in accordance with Article 212, paragraph 8 of Legislative Decree 152/2006. The company always checks that the means used by the third-party company is appropriately authorised to transport waste, by consulting the national register of environmental managers. The recycling and disposal of waste is carried out at third-party facilities and is subject to the controls established by the public authorities.

For Creomoda and La Maison des Accessoires, where there are no production facilities, only modest amounts of waste are produced in comparison with the Guanzate site. Such amounts are recycled/disposed of by specialised companies in accordance with the legislation in place. In order to implement monitoring that is increasingly detailed in terms

of quantity and type of waste produced, since 2018 Ratti has made a commitment to weigh, trace and report the main types of waste – paper, plastic, textile and unsorted waste, with the aim of improving its waste management.

The waste produced is managed by a third party, which is responsible for the transportation, recycling and disposal of the waste. For certain types of waste an agreement has been reached with a company accredited by the State.

The **Environmental Agency** of the Republic of Tunisia carries out all necessary checks on such companies, verifying compliance. At the Textrom site, 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. The transportation, recycling and disposal of the waste is managed by third-party contractors.

The amount of waste produced by the Group's companies can be divided into three main categories:

- Waste from production;
- Waste from activities associated with the maintenance of buildings and the maintenance of machinery;
- Waste from packaging.

The amount of waste linked to maintenance of buildings/maintenance of machinery is in no way correlated with the Group's annual production. However, it is strongly conditional on any building sites associated with renovation projects, the construction of new buildings or the revamping of the production areas.

In 2019, Ratti SpA carried out a gate-to-gate LCA survey for the Guanzate plant, which was reviewed by a certified third-party company (see 4.1 "Sustainability in textiles: challenge accepted").

The objective of this was to ascertain the impact of direct activities, and the results showed that there had been a negligible impact from the waste generated and its transportation.

The Ratti Group's attention is not devoted exclusively to the waste produced by its own companies. Instead, it looks beyond that to encompass what is happening downstream from its organisation.

To this end, waste that is produced downstream from the organisation is represented by products, whether fabrics or accessories, and packaging bound for customers.

Fabrics provided to customers are used to make items of clothing which, in turn, are purchased by the end-consumer and which, at the end of their life cycle, produce textile waste.

4 https://circulareconomy.europa.eu/platform/sites/default/files/national_strategy_for_circular_economy_11_2017_it1.pdf

EPR: a tool to render the textile/fashion sector more circular

One powerful circularity tool is **Extended Producer Responsibility (EPR)**, whereby producers' responsibilities extend to managing the end of life of products which they themselves launched on the national market.

In EPR, producers – i.e. companies in the textile/fashion sector – come together to organise and finance the collection, selection and treatment of textile waste.

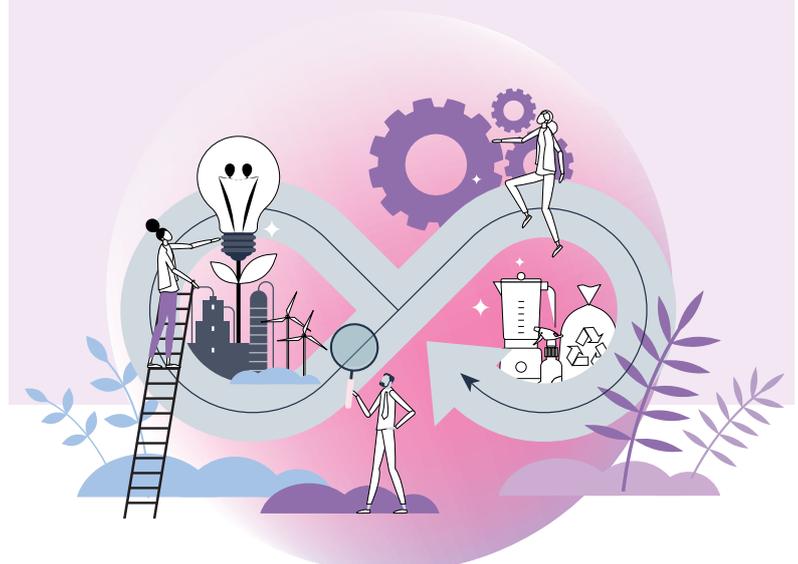
In EPR, the responsibility attributed to the industry is seen as a way to improve both the rate of collection and the results from re-using and recycling materials. Experiences in Italy of non-textile products (such as batteries, tyres, electrical and electronic equipment) bear witness to the validity of the tool.

In addition, thanks to the implementation of the **European Circular Economy Package**, a number

of specific decrees were emitted in Italy, including Legislative Decree 116 of 3 September 2021 which dealt with the topic of EPR.

In this regard, the Ministry of Ecological Transition (MITE) has begun a public consultation on the national strategy for the circular economy⁴, stating that it wants to render EPR operational in the textile sector.

In anticipation of the introduction of textile EPR in Italy, Ratti SpA, together with the Herno clothing company, commissioned a feasibility study to look at introducing a collective EPR system in the textile/fashion sector. With regard to the public decision-maker, the initiative was taken by the Confindustria association SMI (*Sistema Moda Italia*), of which Ratti and Herno are members, which wrote and published a position paper on the matter.





68%

OF WASTE FROM GARMENTS AND ACCESSORIES IS DESTINED TO FORM PART OF PREPARATION FOR RE-USE IN CYCLES OF CONSUMPTION

29%

IS SENT FOR RECYCLING (PRODUCTION OF INDUSTRIAL CLOTHS, SECONDARY RAW MATERIALS FOR THE TEXTILE INDUSTRY, LINING, SOUND-ABSORBING MATERIAL)

3%

IS SENT FOR DISPOSAL

Source: L'Italia del riciclo, 2020 edition

According to **L'Italia del riciclo** (*The Italy that recycles*), 2020 edition, a study carried out by the **Foundation for Sustainable Development**, the destination of post-consumption textile waste collected on the national market breaks down as follows:

- 68% of waste from garments and accessories is destined to form part of preparation for re-use in cycles of consumption;
- 29% is sent for recycling (*production of industrial cloths, secondary raw materials for the textile industry, lining, sound-absorbing material*);
- 3% is sent for disposal.

Ratti intends to participate in collaborative projects on the theme of waste management, such as **Extended Producer Responsibility Systems**. The company plans to develop circular textile products and services for the market (see the subsequent paragraph "*The circular economy for Ratti*" and the reference to the *2ndLife* project), offering waste management opportunities along its entire value chain, including downstream of the organisation.



THE ATTENTION OF THE RATTI GROUP IT DOES NOT END EXCLUSIVELY WITH THE WASTE PRODUCED BY ITS OWN COMPANIES, BUT GOES FURTHER, TO UNDERSTAND WHAT HAPPENS DOWNSTREAM OF ITS ORGANIZATION.

Other action taken in 2021 with regard to waste includes the implementation of a new colour kitchen facility and the **Procol Program** (*procurement software*)⁵ and participation in the Recycling of textiles programme focusing on the exchange of good practices, organised in partnership with **SMI** and the **AFIL Lombardy Region cluster**.

In addition, during 2021 Ratti SpA joined the **Rehubs programme of Euratex**, the European confederation of textile and clothing companies, of which SMI is the main stakeholder. Rehubs are centres which have been designed to develop technologies for the collection, selection and recycling of textile waste.

With regard to preventing waste, Ratti SpA is working with **Siticibo** on collecting excess food and providing textiles (*pattern books and fabrics*) to non-profit organisations. It also uses its 100% silk by-product to make padding to be used as lining (see the subsequent paragraph "*The circular economy for Ratti*" and the *2ndLife Fibers* project).

For Creomoda and per La Maison des Accessoires, efficiency enhancement was carried out in relation to the transportation by sea of accessories from Tunisia to Italy. In particular, disposable cardboard packaging was replaced by a more durable "travelling" packaging.

The circular economy for Ratti

An economy is circular when the value of products, materials and resources is kept alive as long as possible. In a circular company design encompasses product longevity and recycling, as well as the use of recyclable materials. Both consumption and waste are reduced, action is taken to prevent wastage, waste is recycled, and product re-use and repair

From offsets to inspiration, a partnership with Ushbag

In order to lend support to sustainability and innovation projects, since December 2021 Ratti has been partnering with Ushbag, with a view to recovering fabric scraps and developing new creative projects. Ratti intends to implement a more effective method of

managing offcuts. This will involve the reduction, recycling and enhancement of such offcuts. This is the concept which led to the partnership with Ushbag, a company dedicated to sustainability, and which partners with designers and manufacturers to minimise waste

in the fabrics field, using offcuts to create new design products. The project made it possible to recover fabric scraps from the production phases and samples from Ratti's collections, and transform these into elegant and coloured notebooks, which are on sale in the company Outlet.

services are activated. During circularity, waste ceases to be waste (end of waste) and becomes a secondary raw material. Italy is not a primary raw materials country, but it is a secondary raw materials country. And this is our wealth.

In addition to seeking to reduce and improve the way it manages the waste it produces, Ratti has taken action which focuses both upstream and downstream of its value chain by launching "**2nd life**", a line of circular products and services.

The right mix of creativity, research, innovation and textile know-how revealed itself in 2020 to give life to three circular economy projects grouped under the name "**2ndLife**". These were new products, services and technologies derived from the re-use and recycling of the following materials.

2NDLIFE FIBERS



The first initiative, **2ndLife Fibers**, regards the creation of a lining textile (padding) based on the re-use and recycling of silk, which has extraordinary qualities which make it a versatile material:

it is a natural fibre, resistant and light, with notable thermal, breathability and hygroscopic properties.

The unique characteristics of the raw material, the know-how and the technological and transformation processes followed resulted in the creation of 2ndLife Fibers lining, a high-performance thermal insulation which lends itself to use as a lining for outdoor and casualwear garments.

The partnership agreement signed with Freudenberg Performance Materials, a worldwide producer of technically innovative fabrics, has played a key role in the development and creation of Ratti's new product. Applying the process through the use of air-laid technology has turned out to be a winning formula for making padding which re-uses/recycles silk. The three-dimensional structure derived from it allows the formation of innumerable miniscule air pockets which give "Fibers" excellent breathability and thermal properties. The high level of dimensional stability and resistance to washing are also indicators of quality. 2ndLife Fibers lining is 70% silk and comes in five different weights

In 2021 2ndLife Fibers lining found popularity amongst various Ratti customers, in particular with high-end brands whose collections are



IN 2021 2NDLIFE FIBERS LINING FOUND POPULARITY AMONGST VARIOUS RATTI CUSTOMERS, IN PARTICULAR WITH HIGH-END BRANDS WHOSE COLLECTIONS ARE INCREASINGLY CONCEPTUALISED ACCORDING TO AN ECO-DESIGN LOGIC AND WHICH ARE ABLE TO COMBINE TECHNICAL-AESTHETIC ASPECTS WITH THOSE WHICH ARE MORE INNOVATIVE AND RESPONSIBLE.



5 In 2018 Ratti launched a project dedicated to monitoring and calculating printing paste absorption. A working group from the Printing department was specifically tasked with revising the tables currently used for printing paste absorption by fabrics, with the aim of optimising production. Following this first phase of the project, Ratti moved on to the second phase which involved installing a new facility (colour kitchen) and, at the same time, new management software (Procol Program).



increasingly conceptualised according to an eco-design logic and which are able to combine technical-aesthetic aspects with those which are more innovative and responsible.



2ND LIFE HYDRO

The second Ratti project regards the reconditioning of used garments in order to revamp their water-repellent function.

With use over time, many garments become less waterproof.

However, using an eco-friendly industrial process, **2ndLife Hydro** plans to revamp the water-repellent function of such garments, allowing them to be re-used and their technical performance to return to its former level. The

first input came from the world of sport: in 2019 two Alpine guides presented their idea to Ratti, in whom they found the right partner to bring it to fruition. And this is how Ratti started its work of analysis, research and experimentation which gave life to the 2ndLife Hydro project.

"Hydro" is a process which operates directly on the garment, not on the fabric. It uses products which respect the environment and which comply with safety and quality standards which means, first and foremost, the total absence of any fluorocarbons.

The industrial application guarantees the uniformity and reproducibility of the results, as well as the level of resistance to washing compared with products for domestic use.

In 2021, the design and finalisation phases left room to gauge initial market reaction. From Hydro was born the trademark **Texun** (www.texun.it) which offers its services to a new and varied range of customers: from laundry to dry-cleaning services, to sportswear chains and the end-consumer through e-commerce sales.



IN 2021, THE DESIGN AND FINALISATION PHASES LEFT ROOM TO GAUGE INITIAL MARKET REACTION. FROM HYDRO WAS BORN THE TRADEMARK TEXUN (WWW.TEXUN.IT) WHICH OFFERS ITS SERVICES TO A NEW AND VARIED RANGE OF CUSTOMERS: FROM LAUNDRY TO DRY-CLEANING SERVICES, TO SPORTSWEAR CHAINS AND THE END-CONSUMER THROUGH E-COMMERCE SALES.



2ND LIFE PRINT

2ndLife Print is the Ratti Group's third circular economy project – it regards the reassessment of unsold garments and leftover stock.

2ndLife Print began to take shape in the spring of 2020 during the pandemic, when Ratti established a Resilience Committee. This



became a recipient of ideas and creativity, many of which translated into real projects which were adopted and implemented by the company. Of these 2ndLife Print, an initiative proposed by Ratti to solve the problem of excess warehouse stock, gave value back to the garments through the creativity of manual printing.

The rediscovery of the ancient a planche technique, together with other applications, has rendered each garment unique and unrepeatable, giving space to a limited and personalised series. The right solution is found for each garment through the support of a team of experts which is made available to each customer. The upcycling of unsold garments presents itself as a solution which makes it possible to avoid financial losses, recovering the capital value of stock which was either destined to be written down or, in a worst-case scenario, destroyed.

Upcycling is more than just selling at a discount in that it makes it possible to re-propose articles to the market at the right margin. The new garment can be sold at retail price or at an even higher price, with the margin only being reduced by the cost of the new printing or, even better, avoiding any loss at all.

In addition, 2ndLife Print contributes to the lowering of emissions by avoiding ex novo production and responds to market requirements which are more and more sensitive to sustainability. At the same time it offers better positioning in terms of brand reputation.

In 2021 items such as duvets, trench coats and t-shirts found a new aesthetic. Pigments, dyeing, tie-dyeing and original prints transformed the imagine of obsolete articles without any need to unstitch and detach all accessories, such as zips, buckles and buttons, from the item. An effective, creative, and, at the same time, responsible solution.

SECOND LIFE FIBERS: A COMPANY WHICH RECYCLES NON-HAZARDOUS WASTE

Second Life Fibers is also the name of a company set up by Ratti to recycle non-hazardous textile waste. The company, as a result of the authorisation process undertaken, is able offer "end of waste" to market destinations such as yarn production, lining, thermal and acoustic insulation, and textile coverings. This represents a choice made by the company to take on an active and responsible role in the management of waste.



IN 2021 ITEMS SUCH AS DUVETS, TRENCH COATS AND T-SHIRTS FOUND A NEW AESTHETIC. PIGMENTS, DYEING, TIE-DYEING AND ORIGINAL PRINTS TRANSFORMED THE IMAGINE OF OBSOLETE ARTICLES WITHOUT ANY NEED TO UNSTITCH AND DETACH ALL ACCESSORIES, SUCH AS ZIPS, BUCKLES AND BUTTONS, FROM THE ITEM. AN EFFECTIVE, CREATIVE, AND, AT THE SAME TIME, RESPONSIBLE SOLUTION.

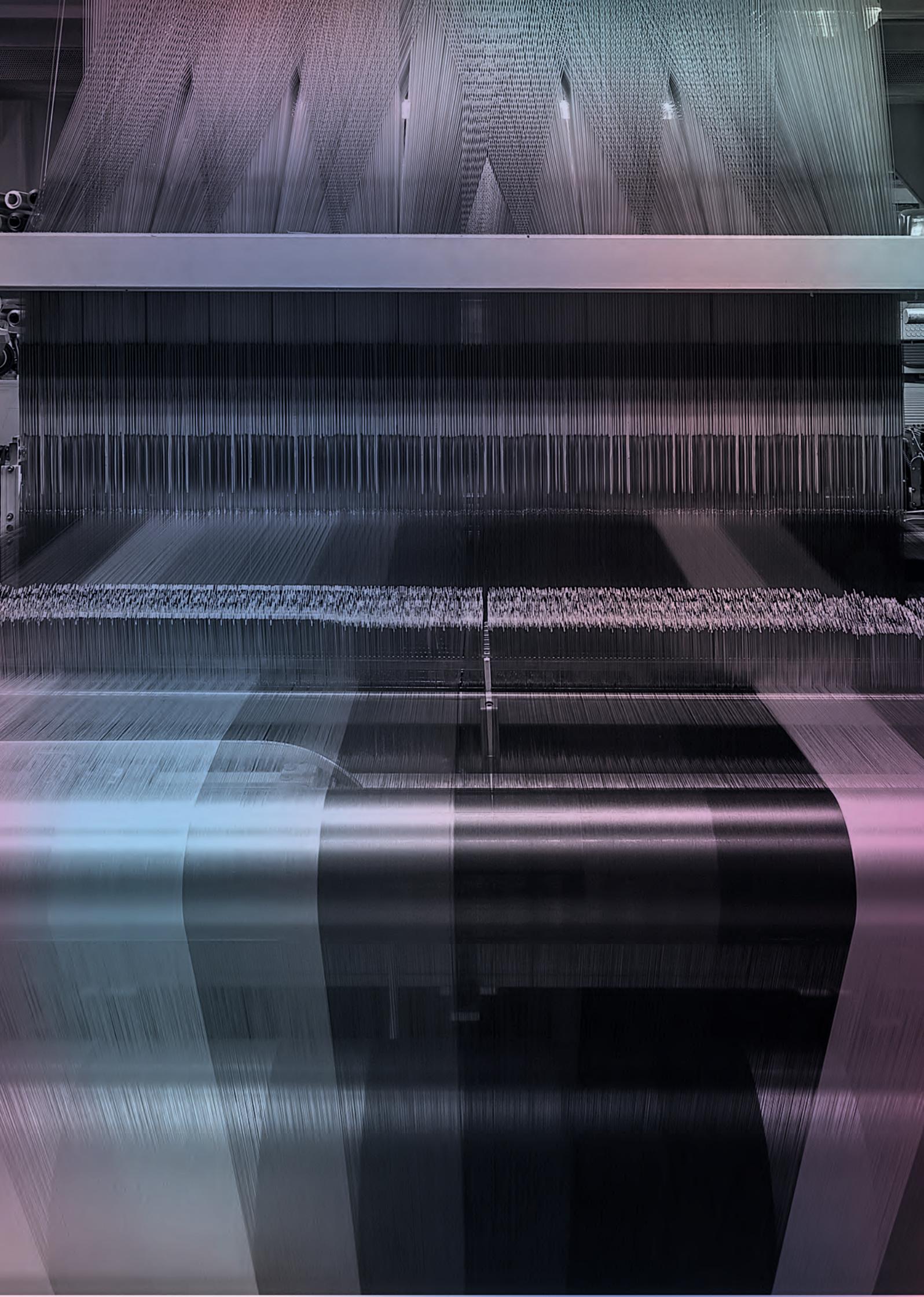




5

RATTI
ADDING VALUE
TO THE COMMUNITY
AND THE REGION





HIGHLIGHTS



The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 1, 4, 5, 10, 12 and 17. To do this, the Ratti Group:

- Invests in the future of the younger generation, partnering with schools and universities in Italy and abroad;
- Is actively committed to projects aimed at bringing to an end violence against and mistreatment of women;
- Promotes the improvement of the local community and the surrounding region;
- Works with its partners to help the most disadvantaged members of society;
- Participates in events and conferences to promote its new sustainable and responsible production model, based on the concept of circular economy (2ndLife);
- Promotes and encourages multilateral partnerships between public and private individuals who share knowledge, expertise and technology to support the sustainable development of the countries that face the most difficulties.

Ratti is one of the 150 leading companies in sustainability, according to a Il Sole 24 Ore ranking

Ratti is one of the companies listed by Greenitaly

In the report describing the situation of the green economy in Italy, and confirming the company's commitment to sustainable production models.

Antonio Ratti Foundation

Enhances the history of and developments in the world of costume and art, promoting initiatives, research and study.



RATTI AND ITS PARTNERSHIP WITH THE ETHICAL FASHION INITIATIVE

ITC, a UN agency, has concluded a partnership agreement with Ratti to launch the EFI (Ethical Fashion Initiative) programme.

Ratti promotes and supports the centuries-old tradition of fabric manufacturing in developing countries. Its objective is to contribute to the employment of women and the possibility of them earning a wage based on the work they carry out.

RATTI PARTICIPATES IN THE UNITED NATIONS' COP26 FOCUSING ON CLIMATE CHANGE

On the occasion of COP26, Ratti decided to participate by talking about its own "2ndLife" project, which is aimed at creating circular products and services as well as materials which can be given a new life.

Ratti confirms its own philosophy: enhancing its own experience of craftsmanship and investing in sustainability, technology and research in order to respond to the needs of the customer.

RATTI HAS LAUNCHED THE NEW BUSINESS UNIT RAINBOW PLATFORM. THIS WILL ALLOW CUSTOMERS TO DISCOVER, IN ADVANCE, ALL THE COLLECTIONS, WHICH WILL BE UPLOADED ON A MONTHLY BASIS.

RATTI TOOK PART IN THE FIRST EDITION OF "FASHION TALENT DAYS" PROMOTED BY CONFINDUSTRIA FASHION TO PUT TALENTED YOUNG PEOPLE IN TOUCH WITH THE MOST IMPORTANT MADE IN ITALY FASHION HOUSES.



“Inclusion is not a matter of political correctness. It is the key to growth”

Jesse Jackson

Since the Ratti Group was founded, the social dimension has represented one of the cornerstones of its business strategy, oriented towards both people and the community.

Aware of the positive impact this focus can generate, Ratti is committed to keeping its links with the community constantly alive. It does this through numerous initiatives which favour not only social inclusion, but also the enhancement of expertise in the region.

From this perspective Ratti maximises its focus on relationships with the institutions, the associations and the individual stakeholders who are, directly or indirectly, involved in the projects. There are many ways these relationships develop and they adapt to the needs and peculiarities of the initiatives.



TODAY, HOWEVER, LOOKING AT THE ENVIRONMENT AND SOCIAL ISSUES ALONGSIDE FINANCIAL OBJECTIVES HAS BECOME A NECESSITY.

5.1 At the forefront of communicating sustainability

The recognition obtained by the Ratti Group for its drive towards sustainability

“For a long time it seemed as if acting as a ‘good’ company was almost a luxury, a privilege or a nice accessory to the only thing of importance to a classic entrepreneur: profitability. Today, however, looking at the environment and social issues alongside financial objectives has become a necessity”.

That is how an article in **Sole24Ore** begins, with a quote from Thomas Clark. After considering 1,200 companies, Sole24Ore produced a list of 150, based on their published **Sustainability Reports and Financial Statements**, nominating them leaders in sustainability.

The Ratti Group was chosen because sustainability has always been integrated into its production system, allowing it to ascertain the optimal conditions for it to continue to offer a product of excellence.

In addition, in 2021 the **twelfth edition of the GreenItaly report** was published by **Fondazione Symbola and UnionCamere** in partnership with the Tagliacarne Study Centre.

The report offers a complete picture, enriched by concrete data and experiences, of the situation of the green economy in Italy. In the new report, confirming its commitment to sustainable production practices, Ratti was cited as also having extended GOTS certification





to weaving and hemming, as having obtained RCS certification for articles in wool and for new compositions, FSC certification for forest stewardship for a number of viscose articles and, at the start of 2021, GRS certification and OCS certification (see Chapter 3, paragraph 3.2 "A commitment anchored in the most advanced standards").

In addition the report also covered the 2ndLife project (see Chapter 4, paragraph 4.3 "The circular economy for Ratti") and it underlines Ratti's participation in the **SMART4CPPS project**. The latter sees different research organisations, such as Milan Politecnico, University of Bergamo and University of Brescia, committed to building digital models in support of sustainability programmes.

Second Life: a success which speaks of sustainability

During April 2021, Ratti decided to give greater visibility to the company's sustainability projects: Second Life Print, Second Life Fibers and Second Life Hydro. This was done by creating an ad hoc social editorial plan for a whole week, fully centred on Second Life projects.

The results achieved were surprising given that, in just a single week, Ratti recorded an increase of +47.6% in interactions on social media, an increase of +200% in interactions with stories, a rise of +95.5% in visits to the company's profile and growth of +95.6% in hits on the company's website.

A success that was completely green, given that sustainability was at the forefront.



Ratti's commitment to smart communication

In addition, Ratti has invested heavily in itself, convinced as it is that clear and transparent communication is one of the keys to guaranteeing the success of the business. In particular, marketing and communication policy at Group level is oriented towards implementing digital assets and launching new platforms supported by omnichannel communicational channels. In such an environment three working guidelines can be identified:

1. **Adapting** our product offer to the needs of the market and requesting greater digitalisation in terms of both offer and process;
2. **Supporting** the opening of new pathways for innovative business models;
3. **Working** towards the digital literacy of the staff within the company, particularly in the sales function.

During 2021 all digital marketing and communication activities followed a precise strategy aimed at following these guidelines.

With regard to social channels, the Ratti Group has two different brands: **Ratti and Carnet**. The editorial policies for both brands are continually reviewed and, within these, ample space is dedicated to sustainability, which is now seen as a key asset for the growth and innovation of the company.

In order to increase contact with foreign customers for the fabric brand African Wax, in May 2021 Ratti launched a brandstore on **Alibaba.com**, the e-commerce platform which was set up for B2B and which has become a giant of the internal market.

In addition, to increase sales on the **Amazon marketplace**, on which Ratti has been present since 2020 with an offer of fabric wax, there have been a number of implementation activities. These currently allow Ratti to reach a wider part of the international market in a way which is not only easier and more immediate, but also more innovative and sustainable, making it possible to shorten the distances from the furthest away customers and reduce the number of foreign trips made by sales representatives.

Finally, in order to increase its visibility and brand awareness in the Chinese market, Ratti

has decided to add its company profile to the **Wechat platform**, the social network which is by far the most widely used across China.

In the process of digitalisation under way in the company, for the new Rainbow business unit it has become necessary to plan a site that would allow customers to access the collections remotely.

The **platform Rainbow.it** gives an advance preview of all the collections, which are uploaded on a monthly basis. Using the log-in credentials available on request, customers may view the collections exclusively and make a selection of their preferred designs. It is guaranteed that their order will be processed within 24 hours.

5.2 Believing in talent, investing in the future

Schools, universities and training

Ratti has always shown that it believes in young people and their development, taking part in various initiatives focusing on the relationship between education, the world of work and the local region. The methodology adopted by Ratti to cultivate these relationships and reinforce collaboration with the fashion and design institutes involves:

- Scouting for talented young people to take on as interns;
- Offering them support with their dissertations;
- Supplying fabrics and pattern books for workshops or courses;
- Providing technical sponsorship for events, exhibitions and competitions organised by schools and universities;
- Organising guided tours of the company.

Every year, in fact, 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 takes part in training events to stimulate the relationship with students from both secondary schools and universities.

This year, once again, **Ratti will be partnering**



RATTI HAS ALWAYS SHOWN THAT BELIEVES IN YOUNG PEOPLE AND IN THEIR TRAINING, TAKING PART IN VARIOUS INITIATIVES FOCUSED ON THE RELATIONSHIP BETWEEN SCHOOL TEACHING, THE WORLD OF WORK AND THE TERRITORY.

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 from Istituto Setificio Paolo Carcano di Como in the area of textiles. 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

weaving area, 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.

"Setificio" ISIS Paolo Carcano on the ITS

course. The school has always assumed great responsibility in developing young people, providing them with a method which allows them to understand the current situation, developing a structured line of reasoning that enables them to remain autonomous when forming an opinion.

On the basis of this concept, the school and the company work together to identify subject matter, professional profiles and areas of expertise that will enable the "youngsters" to have a productive entrance into the world of work.

For this reason, and to compensate for a lack of specialised professional figures, this study programme has been initiated. It guarantees, in addition to technical training, an appropriate interface between school and work. In particular, in 2021 the **Fondazione Setificio**, in partnership with **Como textile companies**, organised training courses for **Textiles Chemicals** students at the Setificio school. Technical experts from the various companies, including Ratti, gave lessons on the various processes of printing and weaving.



Since 2021, **luav University of Venice** and Ratti have been working together on the **Sustainable Textile Design workshop**, which is aimed at students studying for a **master's degree in Visual Art and Fashion**, Fashion stream.

luav has for some time been committed to themes associated with social and environmental sustainability. It has done this through a series of research projects, with lecturers taking scientific responsibility, involving companies, bodies and associations from local to national level, and with an impact on teaching activities.

The research group is working on innovative and bio-based materials, on the development of Made in Italy production chains and the professional figures involved, on the transition

have made wax one of its strongholds, as well as a symbol of belonging.

Fluidity and versatility are "musts" for Italian Wax by Ratti, which is interpreted through the lens of the latest fashion trends in a way that offers a transversal customer base a versatile tool which marries the history of a brand such as Ratti and its heritage with the lightness and contemporary feel of the first decade of the 2000s.

In 2021 Ratti also continued its partnership with **Milan Polytechnic**, organising a lecture about Italian manufacturing excellence, in which experience and technology cohabit, as do sustainability and quality.

The lecture was structured to take the form of a journey that started with Ratti's historical archives, the starting point of any creative exploration, before moving on to sustainability through research, experimentation with materials and the technical aspects of production. In addition, Poli.design chose Ratti to recount its sustainable journey and its heritage, focusing on training and information in an actual case study.

The course set itself the objective of training, in the world of fashion, specialists in sustainability.

Once again Ratti has chosen to partner with the **Accademia Costume e Moda** in organising a master's programme that enhances Italian manufacturing and that marries together experience, tradition, experimentation, technology and quality.

The **Master's in Fabrics Innovation Design** seeks to offer a programme based on culture, on knowledge, on the development of creativity and on the use of innovation in order to produce designers and professionals who 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.

The companies, such as Ratti, which work together on training projects of this type make a contribution by offering lessons on the specific characteristics and excellence of their activities in the textile area. They provide samples for the lessons and allow visits to the companies and the archives. They also offer support in terms of arranging internships for the students.



RATTI IS SEEKING TO BECOME A POINT OF REFERENCE FOR ALL ORGANISATIONS THAT PROMOTE PROJECTS THAT FIT THE THEME OF SUSTAINABILITY.

from a linear to a circular model, and on the opportunities presented by the digital transition. From this perspective, Ratti has got involved because its philosophy is, as it always has been, built on the strong enhancement of craftsmanship and cultural resources, as well as on investment in sustainability, technology and research, enabling it to respond to the needs of a market which is transmitting more and more requests for clarity and transparency.

In Ratti, in fact, design investments and production choices are always made with the goal of seeking sustainable solutions, leading the Guanzate site to become a real arena of experimentation in innovation and the product itself. Knowledge transfer will enable students to analyse design and production processes for sustainable fabrics for fashion. It will also enable them to try out printing techniques, achieving an ecological transition in line with **GOTS standards**.

In addition, in 2021 Ratti took part in the second edition of the **International Winter School Global Scapes** organised by the Department of Social and Political Science of the University of Pavia. Dedicated to the world of work, and paying particular attention to the textiles supply chain and to Africa, Ratti presented its own case history, recounting its experience with Wax, a fabric which is based on creativity, imagery and techniques which recall a recent past and which

Ratti also participates in Industry Projects. These include the biggest companies in the sector and involve professionals and designers who track their development.

The object of each Industry Project is to bring together technical expertise, conceptual research, experimentation and the development of the final product.

In November, Ratti took part in the first edition of "Fashion Talent Days" promoted by Confindustria Fashion: a new type of digital trade fair which puts talented young people in touch with the most important Made in Italy fashion houses.

During these three days, both companies and talented young people were given a chance to get to know each other and assess each other. Meetings and discussions were favoured which set aside opportunities for development, with those present ranging from more traditional and technical figures and those associated with the digital and communications world to include new professions such as environmental sustainability managers.

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 accountability.

Ratti made a presentation to the United Nations conference on climate change: COP26

For over 30 years, the United Nations has brought together all the countries of the world to deal with the topic of climate change, trying to ensure that it becomes a top priority. During the Glasgow summit there were a number of presentations on how to deal with climate change and how to decide on a long-term strategy in respect of the circular economy.

On the occasion of the 26th summit, COP26: Ratti decided to participate and to talk about its own "2ndLife" project, which is aimed at creating circular products and services as well as materials which can be given a new life.

From this point of view, Ratti confirms that its philosophy is underpinned by the significant enhancement of its own experience of

craftsmanship. It also shows great sensitivity towards investing in sustainability, technology and research, trying to respond to the needs of the market.

Ratti and Tolo Green in the Italian Pavilion at Expo Dubai 2020

Tolo Green presented, in the Italian Pavilion, advanced technology which uses microalgae in the biofixation of the CO₂ exhaled by visitors to produce oxygen.

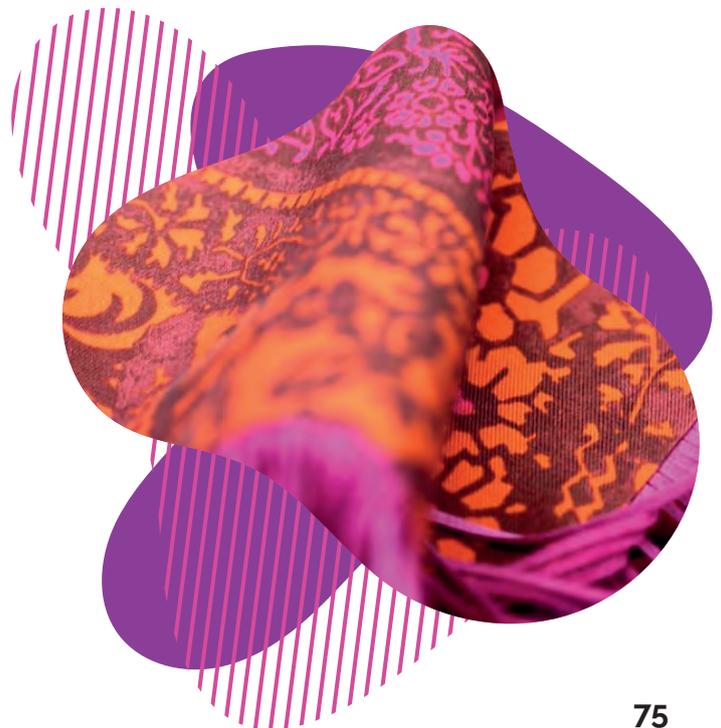
The Tolo Green installation represented some of the main themes of Expo 2020 Dubai, such as innovation through technology that is 100% Italian, the sustainability of water and energy consumption in the production of proteins from the plant world, and safety.

All this meant the Italian Pavilion was the only building that truly "breathed". Ratti participated in the project by providing the sustainable fabrics used to make the clothes that the Tolo Green workers wore during Expo 2020: a collection of leggings, a representation of the aspirations of Tolo Green towards sustainable policies and a clear desire to change the world for the better.

The partnership between Ratti and Ferragamo

Ferragamo held discussions with Ratti about the creative process which formed the basis of the Second Life innovation project.

This project, thanks to the re-use and recycling of silk, made it possible to develop the padding present in a selection of Ferragamo coats and jackets in the **Pre-Fall 21 capsule collection**.





The themes covered during this virtual conversation concerned the shared experiences of two companies in redefining their creativity, as well as how the topic of sustainability must bring people and culture to the forefront.

In addition, Ratti was chosen by Ferragamo for the **SETA exhibition**, held at Palazzo Spini Feroni in Florence, and for the "**La Signora della seta**" documentary. So much history in a scarf: **Fulvia Ferragamo** (1950-2018), of Sky Art. The exhibition and the documentary recount, through the story of Fulvia Ferragamo, the magic of silk, and the magnetic and mysterious fascination of one of the most iconic fabrics of the fashion house

Ratti's silk meets art through a limited edition of Kooness

Ratti's textile expertise interacted with the **artistic mission of Kooness**, a contemporary art platform, bringing together three artists from different generations, nationalities and styles to produce an exclusive edition of scarves in silk, in a limited edition. Each work of art was printed on



RATTI'S TEXTILE EXPERTISE INTERACTED WITH THE ARTISTIC MISSION OF KOONESS, A CONTEMPORARY ART PLATFORM, BRINGING TOGETHER THREE ARTISTS FROM DIFFERENT GENERATIONS, NATIONALITIES AND STYLES TO PRODUCE AN EXCLUSIVE EDITION OF SCARVES IN SILK, IN A LIMITED EDITION

organic silk and became a product which told a shared story and vision of the artist.

Ratti and Kooness decided to work together on this project in a story consisting of images and material to point the visitor towards the graphical elements which surround each artist, accompanying that visitor along a fascinating journey which revolves around creativity, activism and a culture of beauty.

Ratti 2ndLife and the 3sixty capsule collection

3Sixty sweatshirts marry together creativity and upcycling, as they do craftsmanship and innovation, to create a new style which is both responsible and sustainable.

The authenticity of each piece resides in Ratti's printing which allows all the energy and beauty of this marriage to emerge.

3Sixty presents a project which interprets the iconic sweatshirts of the fashion house from an eco-friendly perspective thanks to the uniqueness of the **2ndLife Ratti project** with its a planche printing. Quality and sustainability for a product which is able to set a new agenda in terms of responsible style.

Ratti, EFI and the UN

Sustainability is not only a green revolution, it also contributes to social wellbeing. Social sustainability goes beyond the limits of the company and the local community and extends to the neediest areas of the world. It is precisely in this environment that the partnership between Ratti and the **Ethical Fashion Initiative** (EFI), a programme of the **International Trade Centre of**

Carnet brand projects for 2021

CARNET, TOGETHER WITH DUCA VISCONTI DI MODRONE AND RATTI IN A PARTNERSHIP OF EXCELLENCE.

In a society which is striking an increasingly fine balance between ethics and aesthetics, such as that between sustainability and style, Carnet chooses to continue to be a selector of Italian textile excellence.

This is achieved through an offer of over 10,000 articles destined for high fashion for both men and women. And this is an exploration which, starting from traditional Made in Italy craftsmanship, encapsulates the sustainable innovation and material quality of Carnet fabrics. In particular, in 2021 there were two partnerships which contributed further to enriching the tailoring heritage of the brand: the velvets of

Duca Visconti di Modrone and the printed silk of Ratti. With the Duca Visconte di Modrone project, the style offices worked on innovation, with a focus on sustainability, of corduroy, developing two new exclusive bunches, each with 36 variations. With Ratti, however, the work started from the huge archive, creating a collection of printed silk which expressed the entirety of the Como company's manufacturing craftsmanship and creative refinement.

CARNET PARTICIPATES IN THE ULTRAGREEN PROJECT

This was a project promoted by Ferrari Fashion School and which focused on sustainable fashion, i.e. taking care of the environment and the people living in it through all the various phases:

conception, then production, then distribution, and finally sales. Students were asked to present their projects within this new paradigm, using green fabrics from the best Italian textile supply chain and applying innovative style and aesthetics solutions.

CARNET IS PARTNERING WITH THE TULLIO CAIROLI AND NOI SEMPRE DONNE ASSOCIATIONS

Art, culture and, not least, philanthropy have always cohabited within Ratti. Derived from the Greek word for "love for man", this term bears witness to and incarnates all the shared values of the Guanzate-based Group, inscribing them in the surrounding creative, cultural and social context and translating them into



RATTI IS SUPPORTING THE PROMOTION OF MANUFACTURED ARTICLES AND IS CONTRIBUTING TO THE TRANSITION TO THE "JUST WORK" OF THE INITIATIVE. THE PROSPECT OF EARNING A WAGE FROM THE OBJECTS THEY MANUFACTURE IS, FOR THE LOCAL COMMUNITY, BECOMING A REALITY

the United Nations, is located.

The remit of the initiative is to combine brands and global fashion talent with a tradition of textile craftsmanship which goes back hundreds of years in some of the poorest areas of the world. The goal is to support economic independence, employment of women, and the fight against poverty.

"No charity, just work" is the hashtag of the initiative. The EFI has chosen Ratti for its creative capacity and its business know-how. Ratti is supporting the promotion of manufactured articles and is contributing to the transition to the "just work" of the initiative. The prospect of earning a wage from the objects they manufacture is, for the local community, becoming a reality. In 2020 the cooperation between Ratti and EFI was further reinforced through the signing of a partnership agreement based on the shared objectives of the United Nations' sustainable development goals and inspired by the principles and logic of the **International Bill of Human Rights**.

In particular, Ratti is committed to **The Peace**

Scarf, a programme featuring silk scarves from Afghanistan, the Faso Dan Fani programme, featuring fabric from Burkina Faso which is a symbol of national pride, and the Bogolan programme, featuring cotton fabric from Mali with motifs created using natural colours and fermented mud.

In detail, as a project The Peace Scarf involves more than 30 silk producers in the Shekidan district in the province of Herat.

These producers follow the entire production chain from growing mulberry trees to breeding and producing silkworms, from the weaving and dyeing of fabric to the manufacturing of silk shawls, the result of the high level of craftsmanship offered by the hand looms with which each individual accessory is made. Ratti's contribution is to add further value to the prowess of Afghan craftsmanship, ennobling the garments using the a planche manual printing technique.

This marks a meeting between two worlds which, although they are far from each other, find in the ethics of beauty and tradition a focus on exchanging and sharing.

After completing work to fine-tune the product, in 2021 The Peace Scarf found its place in the collections of an Italian luxury brand. However, the difficult socio-political situation in Afghanistan has put the brakes on the project, which is still on stand-by, waiting for positive developments. In 2021, Ratti undertook a special project, the objective being to give further visibility to the partnership with EFI on the project **#nocharityjustwork**. In partnership with the **magazine Vogue**, Ratti established transversal

concrete action. In this way the partnership was established between Carnet and the associations "Tullio Cairolì" – set up in 1986 to support the oncology operational unit of Sant'Anna Hospital – and "Noi sempre donne" – which supports the senology and oncology unit of Valduce Hosiptal, as well as the radiotherapy unit of Sant'Anna Hospital. The objective was to create a collection of turbans using the company's fabrics, which could then be used to collect funds destined for the cancer research conducted by the two Como associations.

CARNET AND BEMBERG™ FOR THE LATEST COLLECTION OF PREMIUM, EXCLUSIVE AND RESPONSIBLE FABRICS

By choosing to work with **Bemberg**, Carnet

injected sustainability into its collections.

The goal was to offer the greatest possibility of quality to its tailors, designers, brands and garment producers who believe in and are committed to fashion which is responsible but, at the same time, premium and exclusive.

The collection reflects Carnet's constant search for exclusivity as well as its vision of the future.

Carnet's new 100% Bemberg™ collection of lining is also available online and includes 59 articles in vibrant and contemporary colours.





6 Instagram hits are the parameter that tracks all the instances in which users have viewed content (photographs, videos and stories). This parameter is extremely important as a social media marketing strategy because on Instagram it is possible to publicise the company to attract new visitors, generate traffic and involve potential customers through specific calls to action.

communication on three fronts: printing, digital and social. In detail, on the digital platforms, Ratti created a section of branded content on the website www.vogue.it, campaigns planned on behalf of Vogue Italia and, finally, a display campaign directly on the above website. This digital presence has allowed Ratti to achieve visibility quantifiable in 1.5 million hits⁶.

Project for People and Ratti: a capsule collection with wax fabric

Paying attention and respect to savoir-faire as an art form has deep roots. If these are then planted into an environment with concrete experience of social inclusion, a product is born which marries tradition, experience and the flavour of things made in art. Ratti, always attentive to all forms of social sustainability, and **Project for People**, an association that for 28 years has operated in the field of health, education and finance to support mothers

and their children in Bénin, Brazil, India and Italy, have come together in partnership to support a social tailoring workshop managed by professionals coming from various countries in Africa. They will produce a collection of bags and unique accessories.

Ratti wax cotton forms the basis of the work done by Project for People who, using jeans fabric, create a collection of bags and unique accessories, born out of a huge amount of study and research. Each piece in the collection recounts a beauty which is out of the ordinary. It becomes, in everyday life, an object which is able to solicit emotions in which quality is also measured in an ability to develop projects alongside mothers and children who are going through the most difficult phases of their lives. These range from medical treatment to microcredit and the various stages of education.

Ratti and Siticibo

On the occasion of the **National Day Against Food Waste**, Ratti renewed its support for the cause promoted by **Siticibo**, a programme run by the **Fondazione Banco Alimentare (Food Bank Foundation)**. This non-profit organisation was set up in Milan in 2003 in order to recover both cooked and raw excess food in the **Ristorazione Organizzata (restaurant network)**. In support of this association, Ratti also donated some of its silk accessories in order to raise funds which will be used to buy a manual pallet truck for the new warehouse in Como province.

Ratti is working with Telefono Donna to put a stop to violence

Ratti, together with other Como textile companies, has partnered with Telefono Donna Como to create the competition "Change with Fashion" (Change with Fashion), targeted at students from **Cometa, I.S.I.S Paolo Carcano and Centro Studi Casnati**. The competition was organised in partnership with the **Soroptimist Club** in Como and the "**L'Una e Le Altre**" refuge for mistreated women, with the aim of transmitting messages of non-violence, equality and sustainability through fashion, and giving rise to an important synergy between the voluntary sector, schools and the world of work. The work produced was examined by a commission, including Ratti, which chose the three best creations which distinguished themselves by their originality, quality of design and, most of all, by the message they transmitted. The award ceremony was held on 29 May at Palazzo Terragni. Among the winners was **Elisa Lietti**, from I.S.I.S Paolo Carcano, who designed a scarf at Ratti.



RATTI WAX COTTON FORMS THE BASIS OF THE WORK DONE BY PROJECT FOR PEOPLE WHO, USING JEANS FABRIC, CREATE A COLLECTION OF BAGS AND UNIQUE ACCESSORIES, BORN OUT OF A HUGE AMOUNT OF STUDY AND RESEARCH.



5.4 Ratti and the Foundation supporting culture

"Culture is entrusting to critical knowledge and to renewal the stillness we receive from the past and from the present", Antonio Ratti, 1990.

Ratti supports the **Antonio Ratti Foundation** in the promotion of initiatives, with the objective of spreading the culture of beauty as the primary 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; these textiles 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 3rd to the 20th 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 a number of 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 Antonio Ratti Foundation is moving ahead with a photographic campaign and the electronic filing of the items in its textile collections.

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. Added to this



"CULTURE IS ENTRUSTING TO CRITICAL KNOWLEDGE AND TO RENEWAL THE STILLNESS WE RECEIVE FROM THE PAST AND FROM THE PRESENT."
ANTONIO RATTI, 1990

"Antonio's dream: a journey between art and fabric"

From 10 October 2021 to 31 January 2022, the Antonio Ratti Foundation presented, at Como, the exhibition *"Antonio's dream: a journey between art and fabric"*. Curated by Lorenzo Benedetti, Annie Ratti and Maddalena Terragni, it was an exhibition which brought together the vision and the history of the entrepreneur Antonio Ratti and their place of origin – the city in which his idea of business culture developed, leaving a precious legacy

that lives on to this day. Combining antique textile articles, contemporary works of art and materials from the archive, the exhibition covers the life, work and vision of the businessman and patron Antonio Ratti. He was one of the great entrepreneurs who, after the Second World War and through his company Ratti SpA, was able to rebuild Italian industry, starting from a profound conception of philanthropy and culture.



7,800

BOOKS AND A RICH COLLECTION OF FASHION MAGAZINES IN THE LIBRARY

400,000+

A COLLECTION OF ANTIQUE TEXTILES

30,000

FABRIC CARDS DIGITALISED IN THE MULTIMEDIA CATALOGUE



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 Antonio Ratti 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 m² housing the textile collections of the American museum.

6

GOVERNANCE AND
MONITORING OF CORPORATE
ETHICS AND RISK





CE

M06



HIGHLIGHTS

THE NINE ETHICAL PRINCIPLES OF THE RATTI GROUP

LEGALITY,
LOYALTY
AND PROBITY

RESPECT FOR
THE INDIVIDUAL
AND DEVELOPMENT
OF PEOPLE

SAFEGUARDING
HEALTH AND
SAFETY 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

CORPORATE POLICY AND MONITORING SUSTAINABILITY

With the increasing attention paid to sustainability aspects, Ratti SpA has adopted a range of policies 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. The corporate policy, which also covers environmental aspects, was revised on 31/1/2021.

THE WORKING GROUP ON SUSTAINABILITY

It is the driver of sustainability in Ratti. Coordinated by the company's Innovation Manager, it receives input from managers and specialists in various company functions.

In 2021 it was concerned with certifications, analyses of consumption, audits, training, an **EPR (Extend Producer Responsibility)** study and **Textile Rehubs**.

The company also began to apply the **OEF (Organisation Environmental Footprint)**, it carried out work related to customers' programmes and it continued with activities related to the "**Ethical Fashion Initiative**" programme.

SUSTAINABILITY'S AREA INTEGRATED INTO RISK MANAGEMENT

OF AN
ENVIRONMENTAL
NATURE

CONNECTED
TO CLIMATE
CHANGE

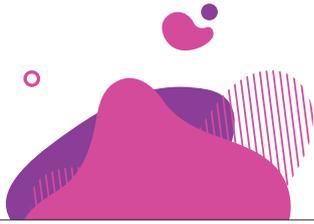
OF PERSONNEL
MANAGEMENT

AGAINST
CORRUPTION

OF A
SOCIAL NATURE

OF
SAFEGUARDING
HUMAN RIGHTS

In 2021, Ratti SpA launched a study analysing the climate change risks associated with the value chain, also in relation to the supply chain.



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

6.1 The governance structure of the Group

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, an **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**



THE SPECIFIC 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.

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.

The Parent company Ratti SpA is a limited company which has been listed since 1989 on Mercato Euronext Milan. It has a system of corporate governance which complies with the Code of Corporate Governance 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 includes the Internal Auditing Function.

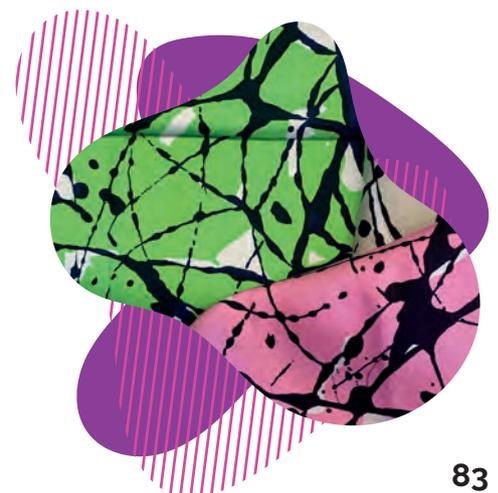
The reporting activities are audited by an independent third-party company.

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 Board of Directors 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 e 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 2024 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), Andrea Randazzo (Director), Giovanna Tecchio (Treasurer) and Liberio Romano (Secretary), who exercise all 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.

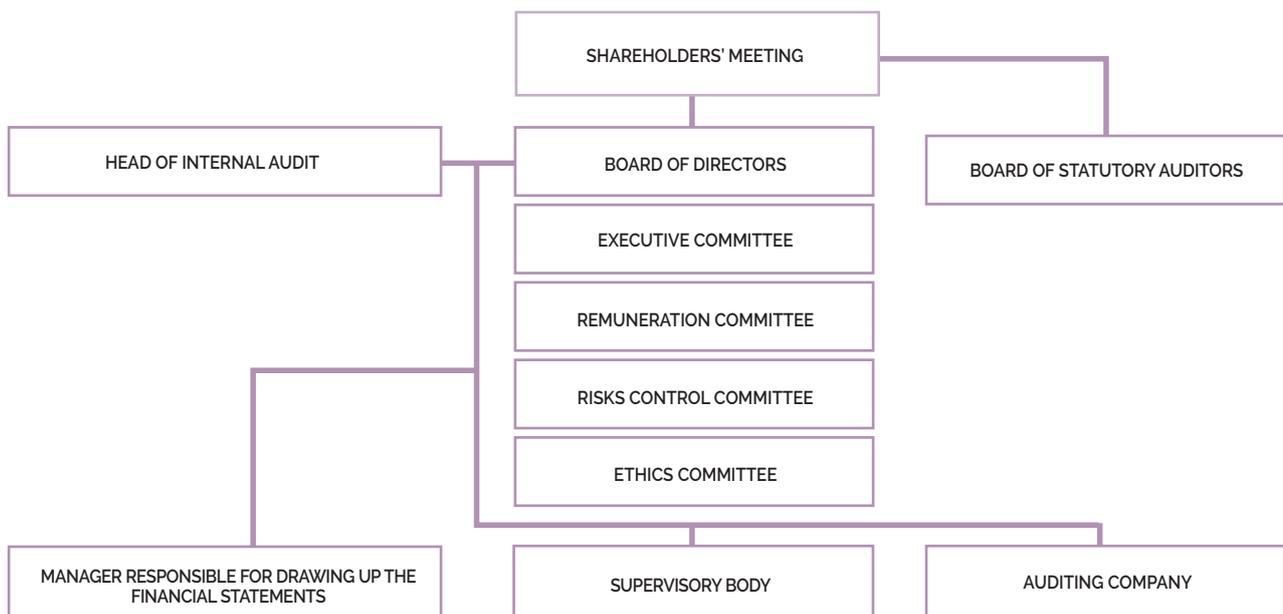
Table 2
Composition of the Board of Directors at 31.12.2021

At 31.12.2021 the BoD was composed of:

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

The Board of Directors appointed an Executive Committee consisting of three members elected

Figure 8 – The administration and control model of Ratti SpA



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 Board of Directors 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 Board of Directors 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, assumed the name, the characteristics and the functions of the "**Working Group on 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 policies 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 child labour, forced and compulsory labour, occupational health and safety, and non-discrimination against workers during the recruitment phase and following hiring (see Chapter 3, paragraph 3.2 "A commitment anchored in the most advanced standards").



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.

The Working Group on 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 cooperation with the production lines, programmes and actions to achieve 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, Chemical Management, Sales, Operations and Management Systems and reports to the CEO of the company.

The Group operates on the basis of

scheduled action plans and in 2021 it was concerned with certifications, analyses of consumption, audits and assessments, supporting the sales force, training, an EPR (*Extended Producer Responsibility*) study and Textile Rehubs. It also began work on the application of the OEF (*Organization Environmental Footprint*) and carried out activities related to customer programmes.

In 2021 the activities related to the "Ethical Fashion Initiative" programme continued (see Chapter 5, paragraph 5.3 "Partnerships that do good" for details dedicated to "Ratti, the EFI and the UN").

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. In 2021, Ratti SpA also launched a study analysing the climate change risks associated with the value chain, also in relation to the production chain.

The management of personnel and the defence of 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 Group pays attention to the fundamental rights of its workers, adopting measures to prevent and fight against forced and compulsory labour, including along its supply chain (see Chapter 3, paragraph 3.4 3.2 "A virtuous circle of good practice").

With regard to social themes, managing the health and safety of consumers is important. This aspect is linked to the quality of the



RATTI AIMS TO BECOME A POINT OF REFERENCE FOR ALL THE REALITIES THAT PROMOTE PROJECTS CONSISTENT WITH THE THEMES OF SUSTAINABILITY AND SOCIAL RESPONSIBILITY.

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 legislation and the customers' specific requests, as stipulated in the product certifications obtained by Ratti SpA, such as **Seri.co, Oeko-Text, GOTS and GRS**.

The same attention is requested of suppliers, e.g. the request to comply with the **REACH regulation** (see Chapter 3, paragraph 3.2 "A commitment anchored in the most advanced standards").

With regard to **corruption**, Ratti SpA follows 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 Group's Code of Ethics and its Ethics Committee, 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 paragraph "The Code of Ethics" and paragraph 6.3, "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 established 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 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 when necessary. 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. For Ratti SpA, managing significant risk profiles is in any case corroborated by appropriate evaluations carried out by the bodies which form part of the management and internal control system.

In addition, the Ratti Group has for some time been following a strategy of formally declaring its compliance in respect of social, financial and environmental issues. It has obtained and maintains a series of certifications, for details of which see Chapter 3, paragraph 3.2: "A commitment anchored in the most advanced standards". In relation to the activities of its subsidiary **Ratti International Trading (Shanghai) Co. Ltd.**, Ratti SpA intends to launch a project

aimed at compliance with the Chinese legislation in force in matters of privacy, recently updated with the "Personal information protection law (Pipl)" and which is likely to be implemented during the first half of 2022.

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 Remuneration Committee, in accordance with the Code of Corporate Governance, consists of non-executive independent directors. 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 Remuneration Committee has been given the task of:

- **Assisting** in the development of remuneration policy;
- **Presenting** proposals or expressing views on the remuneration of executive directors and other directors who cover particular roles, as well as setting performance objectives relating to the variable component of that remuneration;
- **Monitoring** the practical application of the remuneration policy and, in particular, verifying that the performance objectives have been reached;
- Periodically **evaluating** the adequacy and overall coherence of the remuneration policy for directors and top management.

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 personnel
- 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 Communications area of Ratti's self-service human resources portal or the website www.ratti.it in the section: "Investitori / corporate governance / procedure e codici" (*Investors / corporate governance / procedures and codes*).



IN ORDER TO BOLSTER THE ROLE OF ITS CODE OF ETHICS, RATTI ESTABLISHED A GROUP ETHICS COMMITTEE. ITS TASK WAS TO ENSURE THE CONSISTENT APPLICATION OF THE GROUP'S ETHICAL PRINCIPLE.

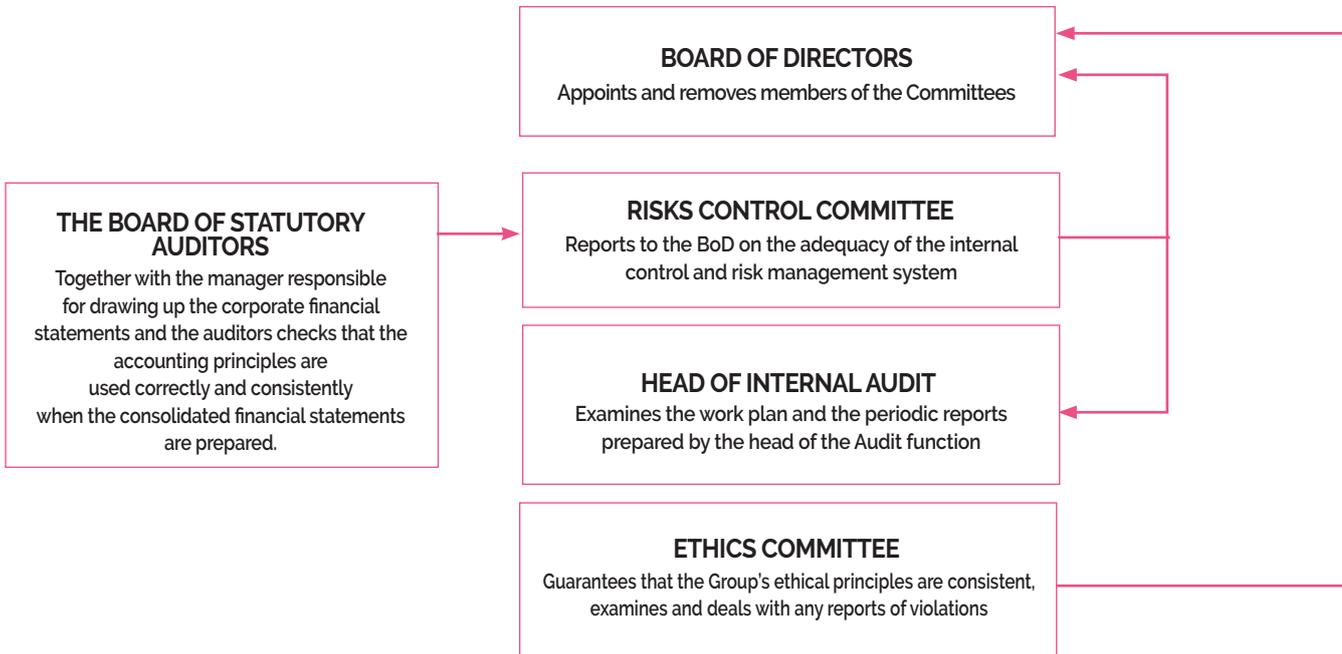
The Ethics Committee

In order to bolster the role of its Code of Ethics, Ratti established a **Group Ethics Committee**. This was carried out through a resolution of the Board of Directors for the whole of the period stipulated for its appointment. Its task was to ensure the consistent application of the Group's ethical principles, spreading these principles and investigating and managing any reports of violations or requests for clarification.

Appointment as 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.

All recipients of the Group's Code of Ethics, should they become aware of situations which, either actually or potentially, could represent a significant violation of the Code of Ethics, must communicate this to the Ethics Committee in a

Figure 9 – Monitoring the governance of the Ratti Group



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 Board of Directors in carrying out the duties the Code assigns to it in matters of internal control and risk management. More specifically, the Risks Control Committee:

- Evaluates, having communicated with the director responsible for preparing the company's financial statements, the statutory auditor and the control body, that the accounting principles have been correctly applied and, in the case of groups, are in line with the draft consolidated financial statements;
- Assesses the extent to which periodic information – whether financial or non-financial – correctly represents the business model, the company's strategies, the impact of the company's activities and the results obtained;
- Examines the contents of significant

periodic information of a non-financial nature for the purposes of the internal control and risk management system;

- Expresses a view on specific aspects inherent to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors in relation to risks deriving from prejudicial factors which have come to the latter's attention;
- Examines the periodic reports as well as those of particular importance prepared by the internal audit function;
- Monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- May task the internal audit function with the job of carrying out verifications on specific operational areas, at the same time providing communication of this to the chairman of the control body;

- Reports to the Board of Directors, at least on occasion of the approval of the annual and half-yearly financial statements, on the activities which have been carried out and the adequacy of the internal control and risk management system;
- Expresses, giving reasons, a non-binding opinion on the interests of the issuer on the conclusion of translations with related parties, on the benefit and accuracy in substance of the related conditions and, periodically, on the validity of the procedure governing transactions with related parties adopted by the Company;
- May carry out further tasks it may be assigned by the Board of Directors.

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.

timely manner. To this end, a dedicated procedure has been created and distributed which identifies the modes of operation and rules to be followed when managing any reports of violations received from recipients of the Group's Code of Ethics.

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 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

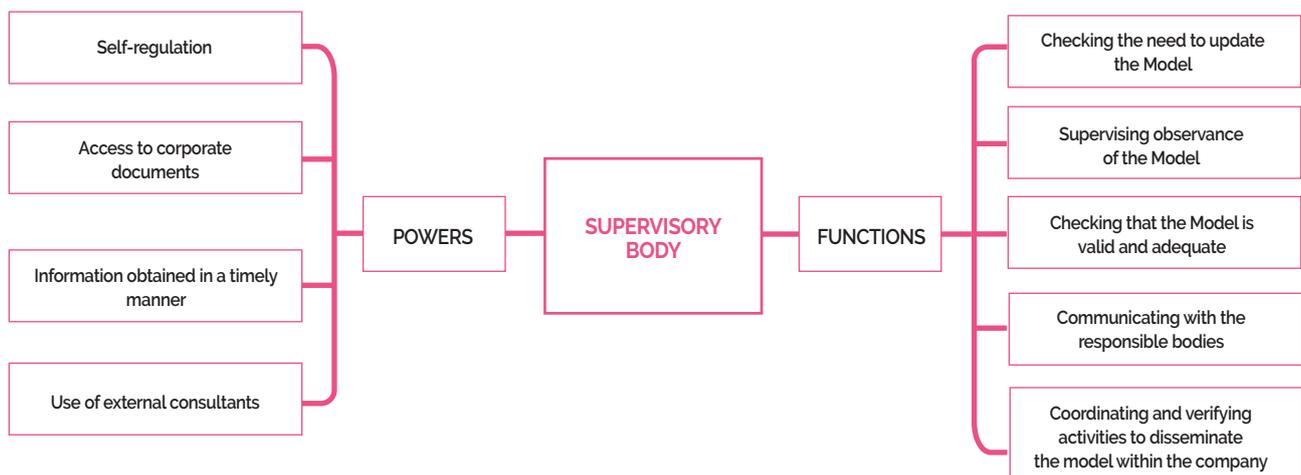
Since 2006, Ratti SpA has had an organisational, management and control Model which complies with Legislative Decree 231/2001 (MOG 231/01) and has appointed a Supervisory Body. The **Organisational Model** and the related attachments (*the Group's Code of Ethics, the Suppliers' Code, the Whistleblowing 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,

Figure 10 – Characteristics of Organisational Model 231



Figure 11 – Characteristics of the Supervisory Body





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,

SpA's ICRMS 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 Board of Directors 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 Board of Directors 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 CEO has the task of ensuring that the main corporate risks are identified, submitting these periodically to the Board of Directors, and implementing the Board of Directors' strategy through the ICRMS' planning, management and monitoring. Ratti SpA has also established an Internal Audit department, which supports the Board of Directors, the CEO, 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 Corporate Governance, has specifically separated control activities and has implemented various organisational practices, such as annual board meetings, regular reporting to the Board of Directors, the participation of the relevant parties in meetings of the Control Committee, and the implementation and maintenance of the management systems.

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.



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".

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 Corporate Governance, to which it adheres voluntarily. The ICRMS focuses on the Ratti Group, although its activities also relate to the subsidiaries. Ratti

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 Code of Ethics of the Ratti Group. With regard to the project to update Ratti SpA's MOG 231/01, procedures and operational practices aimed at preventing the crime of corruption have been analysed and verified.

The **Group's Ethics Committee** is responsible for receiving and handling any reports, including those relating to conduct that could potentially/in substance 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 3.4 "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 on behalf of the latter. For 2022, an update of MOG 231/01 is planned to include the new offences of this type and, subsequently, the Code of Ethics and the Suppliers' Code will be updated. 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 the training plan was limited by the health



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

emergency relating to the Covid-19 pandemic. Training relating to MOG 231/01 topics and the Code of Ethics (*with particular regard to protocols for the fight against corruption*) started up again in 2021, involving all newly hired personnel. For 2022 it is expected that training activities will continue to be offered to new-hires and senior positions, following the updates to **Model 231** and the **Code of Ethics**.

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 and Internal Audit functions.

From an analysis of the strategic risks and the risks mapped to maintain environmental, health and safety and energy certification (*ISO14001, ISO50001 and ISO45001*) and social accountability (*SA8000*), using mainly qualitative evaluation, risks were identified that could have a **significant impact on the activities of the Group** or the **individual 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. The analysis is carried out annually, on the basis of knowledge of processes, of any measures taken to reduce risks, of any verifications carried out, of reports received and any evidence which emerged during ordinary 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 fairly limited.

For more details of the environmental policy and specific projects undertaken see *Chapter 4 "Ratti's environmental commitment"*.

TABLE 3 – THE MAIN RISKS OF AN ENVIRONMENTAL NATURE FOR THE RATTI GROUP

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>Risk of non-compliance with the applicable regulations concerning atmospheric emissions, management of waste and discharges and, more generally, a lack of respect for environmental laws, with possible financial and administrative sanctions and associated reputational damage for local communities and customers.</p>	<p>In Ratti SpA the environmental management system has been renewed in line with the standard ISO 14001:2015. In addition, Ratti has adopted, and is also a contributor to, the ZDHC protocol, which prescribes the analysis and monitoring of micro-polluting substances in water (<i>an aspect not covered by the current standard</i>).</p> <p>Creomoda, La Maison des Accessoires and Textrom have specific environmental policies.</p> <p>In Textrom a dedicated consultant is responsible for ensuring compliance with national legislation.</p> <p>In Creomoda and La Maison des Accessoires such risks are negligible given the absence of production plant, the limited amount of material discarded and the lack of emissions. Despite the limited impact on Creomoda, a contract was signed with a company accredited in waste recycling. Finally, since 2018 separate waste collection has been in place at Textrom.</p> <p>Water discharges, both from Ratti and from Textrom, are channelled to public purification plants.</p>

The main risks relating to climate change

Identifying, evaluating and managing risks, as well as the opportunities associated with climate change, has become essential to guaranteeing the creation of value in the long term, to the point at which institutions and the business world have markedly accelerated their legal efforts as well as the action they take to prevent and manage the effects. 2015 was a turning point in the fight against climate change thanks to the adoption of the **Paris Agreement** and the launching of initiatives such as the **Task Force on Climate-related Financial Disclosures** (TCFD) to identify the risks and opportunities associated with changes to the economic-financial system.

The scale of these risks is recognised by the various actors. In 2020 eight of the ten biggest risks – in terms of impact or probability – identified by the **World Economic Forum** in its **Global Risk Report**, related to environmental phenomena.

The fashion sector is one of the sectors which is driving the fight against climate change.

The risks associated with climate change are basically of a nature which is exogenous to Ratti. The Company, to mitigate the impact of these risks rather than look for opportunities, retains that it should continue with the sustainable pathways/projects already under way.

TABLE 4 – PRINCIPAL RISKS ASSOCIATED WITH CLIMATE CHANGE IN THE RATTI GROUP

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
In the long term the increase in temperatures could carry the risk that water procurement will face difficulties.	<p>Since 2013, Ratti SpA has taken significant steps to boost efficiency in water use. This has resulted in a saving of 31% per metre produced in 2019 compared with 2013 (see the <i>environmental declaration of 27/12/2021 in accordance with ISO14021</i>). The main interventions include:</p> <ul style="list-style-type: none"> - a new Arioli washing line and rope MCS, discontinuous washing systems; - optimisation of work planning and replacing tanks; - new silk scouring machinery.
In the long term climate change could have a negative impact on the production/quality yield of natural fibres (<i>cultivation, breeding</i>), so the Company could find it difficult to source raw materials. The same criteria may be observed for synthetic fibres if there is a scarcity of energy.	<p>The company spreads its risks, given that it deals with different types of fibre.</p> <p>In Ratti, policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity.</p>
During the period of transition a scenario could arise in which European climate change legislation is stricter than it is in the rest of the world, with a consequent increase in costs and loss of competitiveness in European companies. Of fundamental importance will be the approach adopted by customers to sustainability and the consistency they demonstrate.	<p>Participation in Italian/European associations and working groups to safeguard the textile supply chain.</p> <p>Enhancement of the sustainable content of materials and market-oriented manufacturing.</p> <p>Investments made in sustainability since the beginning of the 2000s.</p>
During the transition period climate change-oriented legislation could lead to the closure of production sites, with subsequent difficulties obtaining raw materials/services.	<p>In Ratti, policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity. There will also be future audit processes in strategic suppliers.</p>



(FOLLOW) TABLE 4 – PRINCIPAL RISKS ASSOCIATED WITH CLIMATE CHANGE IN THE RATTI GROUP

DESCRIPTION OF THE MAIN RISKS

MITIGATION ACTION TAKEN

A scenario could arise in which new models of sustainable consumption such as, for example, lengthening the life cycle of the product, could lead to a reduction in demand for the fabric.

It is suggested that legislative pressure could reduce the space for greenwashing and that market preferences could reward sustainable companies. For more than a decade, Ratti has launched organisational processes oriented towards environmental sustainability, both in terms of improving the efficiency of production processes and in terms of offering a sustainable product. The Company has presented a transparent and sustainable image to the market (also from a social accountability point of view).

In addition, possible greenwashing policies implemented by economic operators in the textiles/fashion sector could penalise those companies that have invested in sustainability.

The transition from the linear economy to the circular economy could involve a reduction in consumption (a lengthening of the life cycle). However, it could also offer an opportunity for service companies to re-use and repair products, as Ratti has done through the **Second Life initiatives**.

In order to limit the phenomenon of **greenwashing**, it is useful to participate in associations and working groups whose aim is to safeguard the Italian/European textiles supply chain.

The risk that the Company might not contribute sufficiently to the reduction in CO emissions.

Since 2013, significant steps have been taken to boost efficiency in the use of energy resources. This has resulted in a **saving of 30% per metre produced** (2019 compared with 2013; *see the environmental declaration of 27/12/2021 in accordance with ISO14021*).

In 2021 an OEF was launched for the Guanzate site (*European standard used to determine environmental footprint*).

During 2021 the **Fashion Pact** was agreed. The objective was to reach zero net CO2 emissions by 2050.

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 occupational health and safety 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.

Since the outset of the Covid-19 pandemic, the risks associated with occupational health and safety also include the possibility that workers could contract the virus in the workplace.

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 policies for safeguarding the health and safety of employees and on managing talent *see Chapter 2 "Uniqueness and talent, ingredients for success"*.

TABLE 5 – PRINCIPAL RISKS ASSOCIATED WITH THE MANAGEMENT OF PERSONNEL

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
Risk of injury and/or occupational illnesses.	<p>Ratti SpA has management systems in place for Social Accountability (SA8000) and Health and Safety in the Workplace (ISO45001).</p> <p>Creomoda and La Maison des Accessoires are certified for Social Accountability (SA8000) and, as from July 2021, also for Occupational Health and Safety (ISO45001).</p> <p>Since 2018, in Textrom a social accountability policy has been in place which also covers the area of health and safety. Textrom also has a consultant who is specialised in and dedicated to ensuring compliance with the national legislation, with a contract that stipulates regular visits, and includes the provisions and updates of the Risk Evaluation Documentation and subsequent training.</p> <p>As far as the risks associated with the health emergency are concerned, in all Group sites the anti-contagion measures legally in force in the various countries were applied (<i>e.g. measuring temperature when entering, monitoring sanitisation, distributing masks</i>).</p> <p>In addition, Ratti SpA is continuing with contact tracing using a social distancing device, as well as voluntary health screening by testing for the Covid-19 virus. In Creomoda all staff were vaccinated by company medical personnel.</p>
Deficiencies in the ability to attract and retain talent in a sector in which peoples' expertise represents an extremely important competitive factor.	<p>Ratti has reached an agreement with the unions following negotiations to renew the supplementary company-level agreement. The results were satisfactory and included a remote working agreement as well as an agreement whereby if cassa integrazione (<i>temporary state lay-off fund</i>) is activated due to Covid, the Company guarantees staff that holiday and tredicesima (thirteenth month salary) contributions will be met (<i>something which is not obligatory by law</i>) and the Covid fund will be paid upfront.</p> <p>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.</p> <p>The Group conducts both internal and external training. This makes it possible for employees to acquire knowledge and expertise and develops and rewards them by investing in their professional future while setting in train programmes aimed at reskilling resources. In addition, the Group invests in retention and individual growth policies for high-potential resources and in corporate welfare policies.</p> <p>The Group has considered an internal job posting policy. In the case of a vacancy, priority is given to internal candidates for the role, the aim being to follow a growth pathway.</p>



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 of acts of corruption is still less significant for other Group companies since the activities that are generally at risk of 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".

TABLE 6 – PRINCIPAL RISKS ASSOCIATED WITH CORRUPTION IN THE RATTI GROUP

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.	<p>The Ratti Group is adopting organisational and procedural measures aimed at reducing the risks of illicit acts being committed – especially the risk of corruption. During 2018, Ratti updated MOG 231/01 by adding the offence of corruption between private individuals.</p> <p>Presence of a Whistleblowing policy.</p> <p>At Group level the Code of Ethics was updated and the Suppliers' Code was introduced – as was a procedure for allowing Group stakeholders to file reports relating to the Code of Ethics. To this end, a Group Ethics Committee was established, with the role of disseminating the principles of the Code of Ethics and dealing with any reports of violations. For 2022, an update of MOG 231/01 is planned to include the new offences of this type and, subsequently, the Code of Ethics and the Suppliers' Code will also be updated.</p> <p>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. In 2021, training was carried out for new-hires on MOG 231/01 and the Code of Ethics. After the Model and the Code of Ethics have been updated in 2022, training will be provided to the Group's senior management.</p>

The main risks of a social nature

The analysis of social aspects identified the type of risk with the greatest impact: that 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 takes environmental factors into consideration and satisfies ethical conditions.

These topics receive great attention in the fashion sector and from the Group's major customers.

The risk associated with the possible negative impact on the health of the end-consumer due to the use of chemical substances only concerns

Ratti SpA. This is because La Maison des Accessoires and Creomoda do not use chemical products and dyes, as they package textiles sent by the Parent company.

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

TABLE 7 – THE MAIN RISKS OF A SOCIAL NATURE FOR THE RATTI GROUP

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>The risk of harm to the health of end-consumers due to chemical substances in the products.</p>	<p>The Group partners with its suppliers to develop solutions that meet high safety standards, including the REACH regulation.</p>
<p>The risk of not responding to the expectations of customers who require an increasing use of products that come from certified supply chains.</p>	<p>Ratti SpA has a management system and subsequently achieved Seri.co certification. This requires ecotoxicological compliance for suppliers of chemical products, raw materials and external manufacturing, and tests on chemical products, dyes and wastewater according to MRSL parameters.</p> <p>From 2019, apart from requiring all suppliers of chemical products and dyes to guarantee compliance with MRSL ZDHC, they have been requested to register products in the ZDHC gateway. In 2020 Ratti asked its suppliers of chemical products to comply with the updated version 2.0 of the ZDHC.</p> <p>Oeko-tex certification on fabrics, polyamide/elastane, with traditional printing and with inkjet printing with acid ink.</p> <p>RCS (Recycling Claim Standard) and GRS (Global Recycle Standard) certification obtained.</p> <p>FSC (Forest Stewardship Council) certification obtained.</p> <p>GOTS (Global Organic Textile Standard) certification and OCS (Organic Claim Standard) certification obtained for silk, cotton and silk/cotton fabrics, printed in a single colour and internally produced. GOTS and OCS were also extended to finished garments and to textiles for linings;</p> <p>Creomoda and La Maison des Accessoires were also GOTS certified for the packaging of accessories.</p> <p>In 2022, RWS certification is expected to be obtained for the traceability of the supply chain for wool originating from responsibly managed livestock management.</p> <p>In 2021, Ratti signed up to the new ZDHC programme, Supplier to Zero. By subscribing to a dedicated platform, the supplier will be able to certify its performance in terms of implementing ZDHC in the system used to manage chemicals, in a process consisting of three levels. In 2021, Ratti successfully completed the first level (Foundational), which attests to the awareness of the supplier both of the ZDHC management of chemical products and of the implementation of ZDHC solutions. The Company is expected to achieve the second level (Progressive) in 2022.</p> <p>By the end of 2022, Ratti will have completed the project to update the software managing the chemical substances used in production.</p> <p>It is confirmed that EDTA, a chelating compound, known for its low biodegradability, that can accumulate in wastewater, has been eliminated from scouring. Chemical products containing PFC have been eliminated from finishing.</p> <p>Textrom uses the raw materials and dyes/chemical products sent by Ratti, and therefore respects the protocols defined by Ratti SpA.</p>



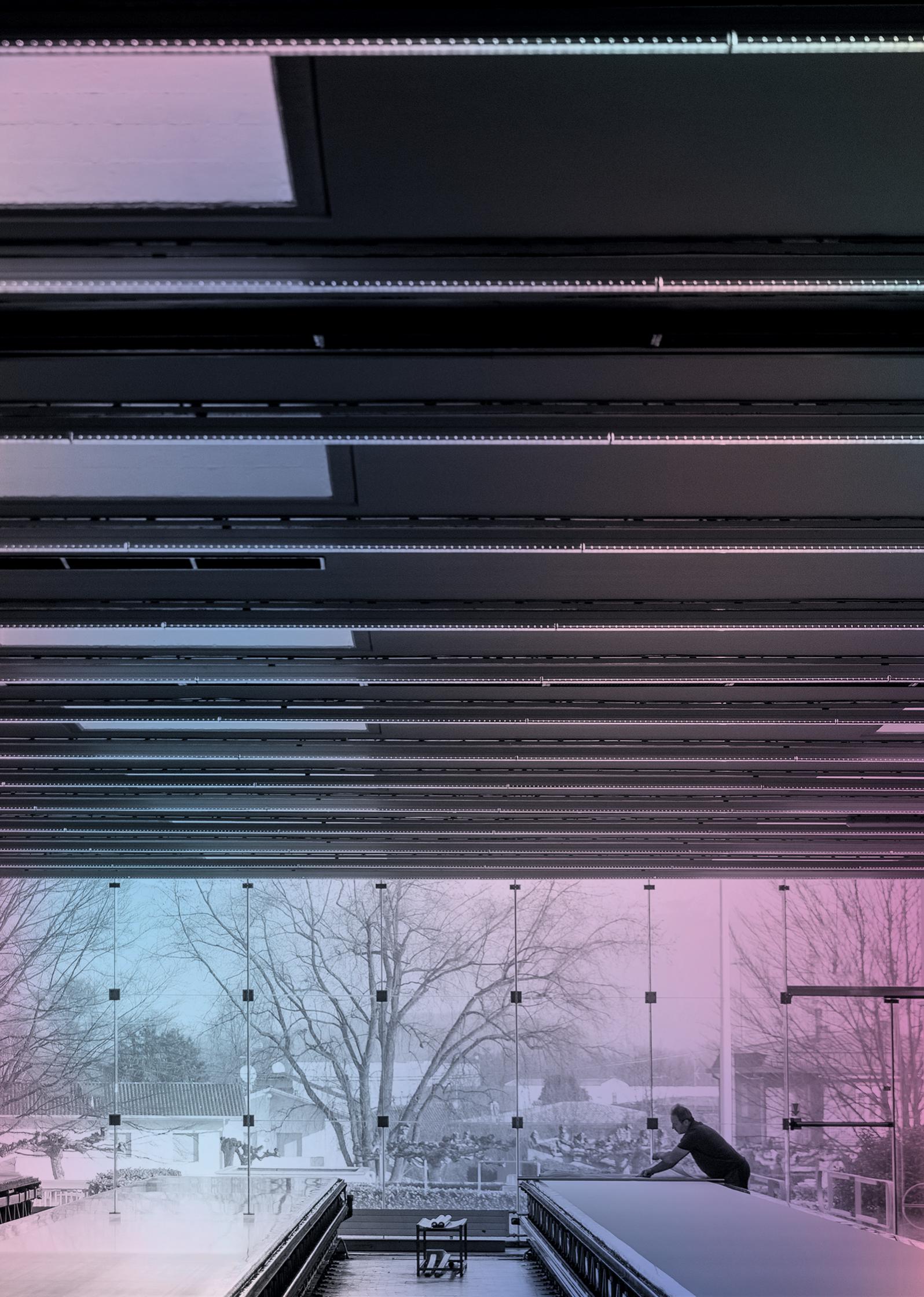
The main risks associated with the violation of human rights and those of workers

The Ratti Group monitors risks associated with the violation of human rights and, in particular, the use of child labour and forced/compulsory 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 and forced/compulsory labour *see Chapter 2 "Uniqueness and talent, ingredients for success" and Chapter 3 "Material becomes creation"*.

TABLE 8 – THE MAIN RISKS ASSOCIATED WITH THE VIOLATION OF HUMAN RIGHTS AND THOSE OF RATTI GROUP WORKERS

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>Failure to comply with the SA800 standard on social accountability with subsequent reputational damage.</p>	<p>Ratti SpA has an SA8000-certified management system which, among other things, covers the social accountability policy and the hiring procedure. Creomoda and La Maison des Accessoires are also SA8000-certified in terms of social accountability policy. Textrom has a social accountability policy.</p>
<p>Risk of violation of human rights and of child labour at Group companies or along the supply chain with consequent reputational damage.</p>	<p>The safeguarding of human rights is enshrined 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. 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.</p>
<p>Risk of violation of situations of forced/ compulsory labour at Group companies or along the supply chain with consequent reputational damage.</p>	<p>Since 2020, in Ratti SpA, the procedure for the certification, selection and evaluation of suppliers has been reviewed, updated and implemented, 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 systems adopted by Ratti. Finally, in order to improve the level of supplier monitoring, since 2020 a document titled "<i>Safety, Environment and Social Accountability check-list</i>" has been made available. In 2022, a structured audit of the supply chain is expected to begin.</p> <p>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. In particular, during 2021 suppliers considered to be at greater risk in terms of product type and geographical area of origin were asked to sign a specific declaration with regard to the fight against forced labour. For suppliers there are regular monitoring and evaluation procedures.</p> <p>The subsidiaries, even though they represent limited volumes of purchases, require their main suppliers to confirm, in writing, their acceptance of the Suppliers' Code. In Creomoda and La Maison des Accessoires suppliers also fill in the SA8000 self-assessment questionnaire.</p>



7

ECONOMIC PERFORMANCE





The following table shows, in thousands of euros, the economic value directly generated by the Ratti Group and distributed to internal and external stakeholders.

Table 9 – Economic value directly generated, distributed and held by the Ratti Group at 31.12 for the three years 2019-2021. Amounts are in thousands of euros.

	2021	2020	2019	Δ% 2021 on 2020
DIRECTLY GENERATED ECONOMIC VALUE	80,887	68,717	117,808	17.71%
Revenues from sales of goods and services	78,466	71,236	116,278	10.15%
Change in stock and work in progress	88	-4,203	-294	102.09%
Changes in fixed assets by internal works	312	84	0	271.43%
Other revenues and net income	1,617	1,196	1,354	35.20%
Financial income	404	404	470	0.00%
ECONOMIC VALUE DISTRIBUTED	73,156	62,975	100,316	16.17%
Operating costs (<i>for the acquisition of raw materials, subsidiary materials, consumables, goods, and for third-party services and leases and rentals</i>)	45,163	35,847	63,065	25.99%
Salaries paid to employees, including social security contributions, TFR (<i>employee severance fund</i>) and other costs	26,062	25,559	32,740	1.97%
Interest payable on loans and other forms of debt	601	869	1,024	-30.84%
Dividends distributed	0	0	0	0.00%
Income taxes and other tax liabilities	1,272	420	3,442	202.86%
Charitable gifts and donations	58	280	45	-79.29%
ECONOMIC VALUE RETAINED	7,731	5,742	17,492	34.64%

In 2021 the Ratti Group generated 80.9 million euros of economic value, an increase of 17.71% on the previous year.

The increase in the Group's revenues (+10.2% on the previous year, 2020) do not reflect the levels of production plant saturation and corporate structure costs seen before the pandemic. However, the continued focus on rationalising spending items and the careful monitoring of the global economic situation, evidenced by the high price levels and volatility of the supply chain, have made it possible to achieve the results shown here.

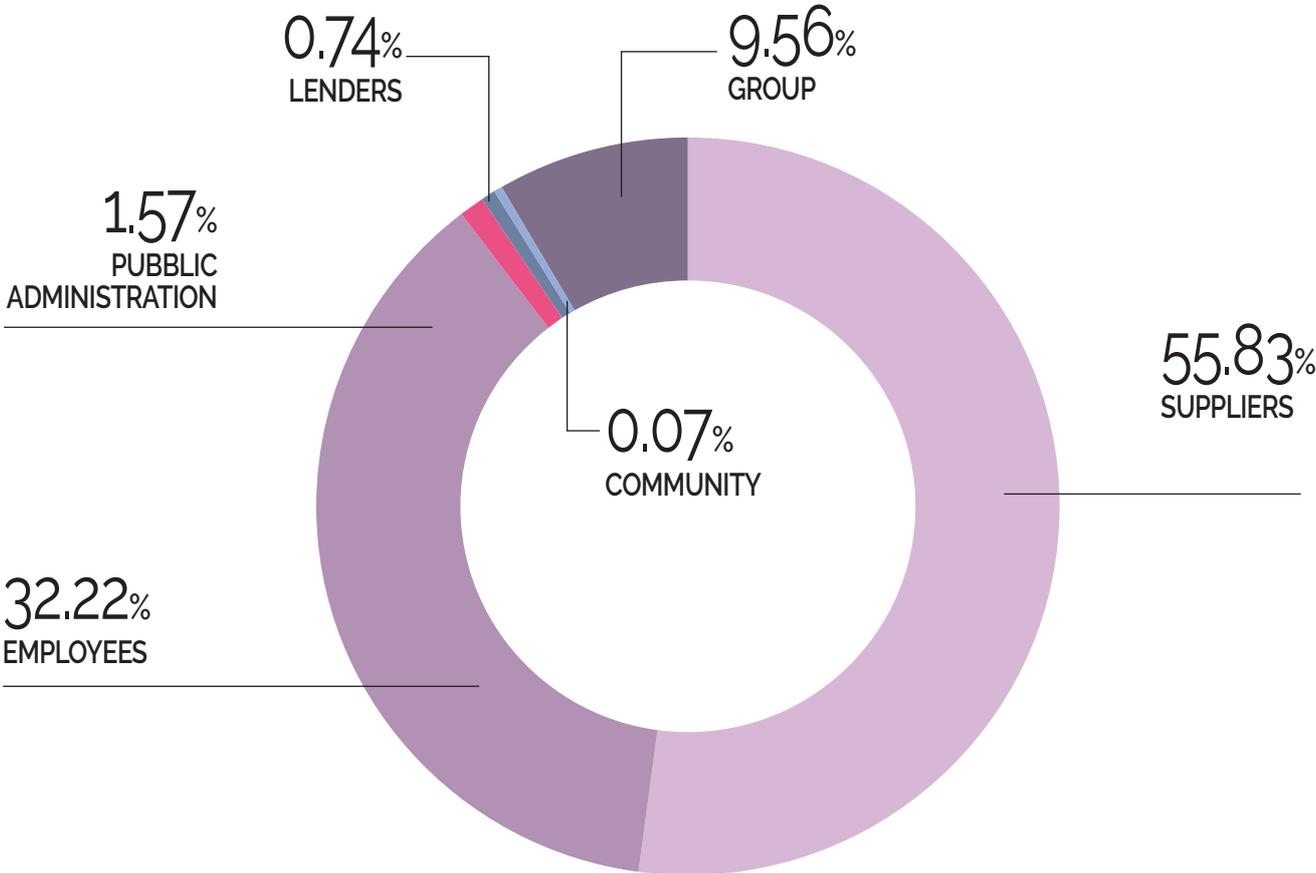
90.44% of this value was distributed to the reference stakeholders.

In detail, suppliers received 55.83% of this, employees 32.22%, the public administration 1.57%, lenders 0.74% and the community (in the form of charitable gifts and donations) 0.07%. The remaining 9.56% was retained in the Group to support future growth.



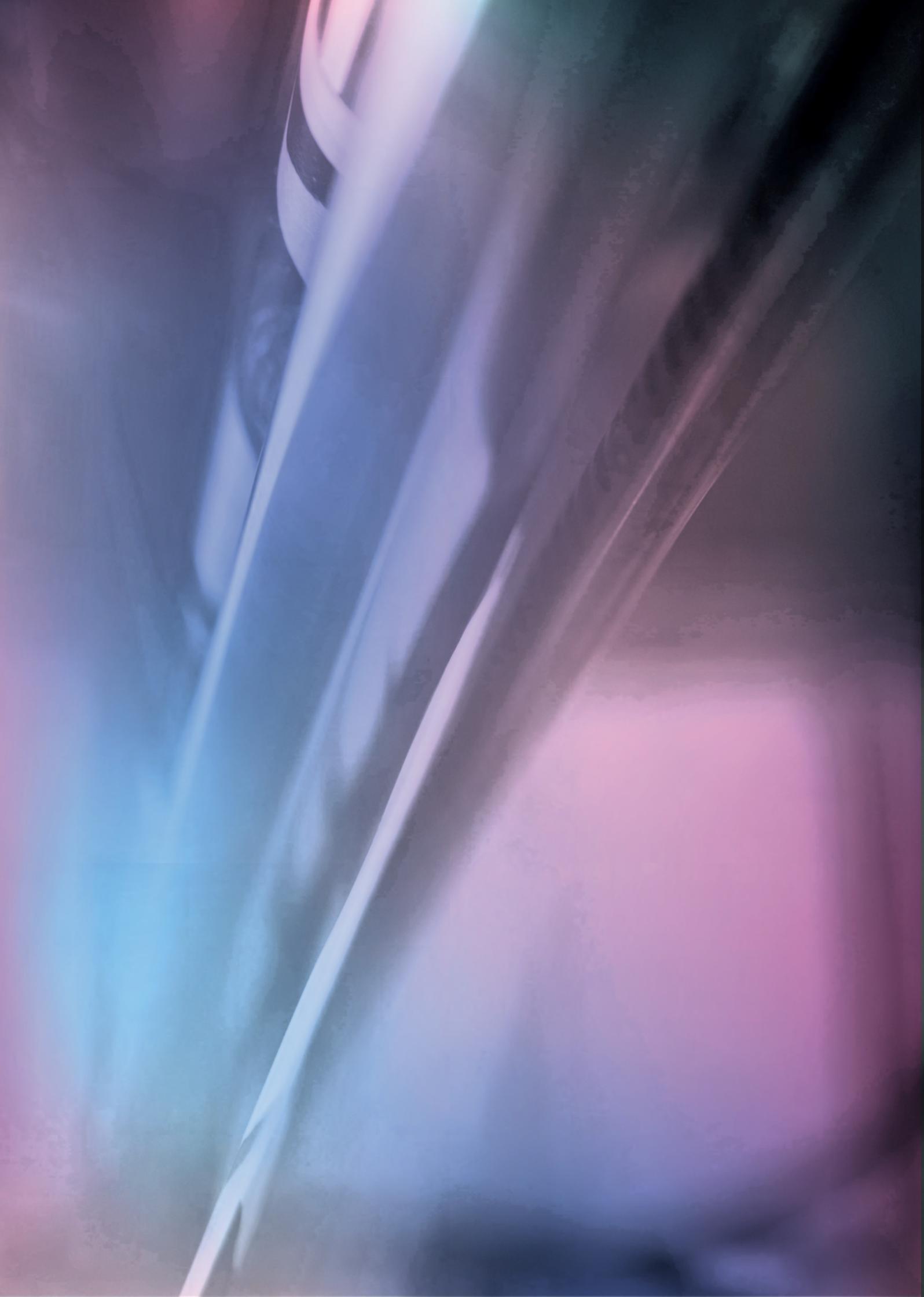
IN 2021 THE RATTI GROUP GENERATED 80.9 MILLION EUROS OF ECONOMIC VALUE, AN INCREASE OF 17.71% ON THE PREVIOUS YEAR.

Figure 12 – Breakdown of the economic value generated for the stakeholders



THE CRITERIA OF THIS
REPORT







Methodological note

Perimeter, purpose and contents of the Sustainability Report and the 2021 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



THE SUSTAINABILITY REPORT WAS CONSIDERED TO BE THE IDEAL INSTRUMENT FOR PRESENTING TO THE STAKEHOLDERS THE ACTIVITIES, PROJECTS AND RESULTS ACHIEVED IN THE 2021 FINANCIAL YEAR

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 affected by the Decree, which is why this Sustainability Report complies with the obligations of the Decree and constitutes the 2021 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 2021 financial year (1 January to 31 December 2021) in economic, social and environmental terms, as well as initiatives

undertaken and the commitments made with the principal stakeholders.

The data is 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 DNF, updates have been made to environmental data. In detail: the data for managing waste in accordance with the new **standard GRI 306-2020** has been updated. The conversion coefficients for energy consumption have also been updated, in order to align sources and, for all the values quoted in the Annex (*Chapter 4*), to use the coefficients indicated by **DEFRA** (*Department for Environment, Food and Rural Affairs*) of the government of the United Kingdom. Given the minimal difference between the figures reported by DEFRA and those from previous sources, it was decided to proceed with the update only for 2021, without recalculating the figures for 2020 and 2019.

As far as value adjustments are concerned, the kg of total waste (Annex – Chapter 4) for 2020 and 2019 were modified, as the total for non-hazardous waste was updated in accordance with a more precise and accurate calculation criterion. In this regard, the new data also includes the Textrom's "waters from organic ditches" and the aqueous solutions discharged by Ratti SpA, which had not previously been counted. In the table "Material for offices" (*Annex – Chapter 4*) and, in particular, for the aggregate data for the Group for recycled paper, a small adjustment was made. Office paper bought by Textrom in 2020 (37kg) was not FSC certified and was therefore subtracted from the total previously shown. For each of the modifications carried out, a specific note has been added to indicate variations in performance data for 2019 and 2020.

The reporting perimeter is represented by all the companies consolidated within the Ratti Group, i.e. Ratti SpA, Creomoda Sarl and 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 – 2 female employees and 1 male employee, on permanent contracts, for Ratti USA Inc. and 3 female employees on permanent contracts for Ratti International Trading (Shanghai) Co. – as well as their negligible environmental impact, given that they do not have production activities.

In addition, in 2020 Second Life Fibers Srl, a company which deals with the recycling of non-hazardous textile waste, became part of the Ratti Group. The company is not currently active and is waiting to complete the process of obtaining the required administrative authorisations. Further limitations on the perimeter are appropriately indicated in the text.

This document (DNF) was approved by the Board of Directors of Ratti SpA on 23 March 2022. The Consolidated declaration of a non-financial nature was drawn up in accordance with GRI Standards: core option.

This DNF has been subject to a limited examination ("limited assurance engagement") according to the criteria indicated by the ISAE 3000 Revised principle by Deloitte & Touche SpA who, having completed their work, released the relevant report regarding the compliance of the information provided in the consolidated declaration of a non-financial nature drawn up by the Ratti Group in accordance with Legislative Decree 254/2016. The relevant report may be consulted on page 134.

This Sustainability Report may be downloaded from the website www.ratti.it, in the section "Sustainability". 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.



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.

In accordance with the **2016 GRI Sustainability Reporting Standards**, which are continually being updated, 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 adopted in 2017 for the publication of the first DNF and was renewed in 2020 for the update of materiality published in this Report.

The process was carried out by sending a written questionnaire to the five categories of stakeholder considered to be key to the Group, on the basis of the "stakeholder map" of the Group created in 2017 and then reassessed and updated by management in 2020. The five categories involved are: management, customers, employees, suppliers and, finally, universities. To make it easier to read the materiality matrix, some material aspects on a similar theme, and to which similar average values have been attributed, were grouped together. The materiality matrix was then approved by the CEO of the Group.

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

- 1. environmental themes:** environmental accountability, circular economy, compliance with laws and regulations (*from an environmental perspective*) and responsible management of the supply chain (*environmental evaluation of suppliers*);
- 2. social themes:** chemical management, responsible management of the supply chain (*social evaluation of suppliers*), compliance with laws and regulations (*from a socioeconomic perspective*), financial performance;

- 3. **themes relating to personnel:** health and safety at work, the enhancement of employees, the development of expertise, the safeguarding of diversity and equal opportunities, protecting against child labour and forced/compulsory labour;
- 4. **respect for human rights:** the safeguarding of human rights;
- 5. **the fight against active and passive corruption:** opposing corruption.

With regard to what emerged during the process of stakeholder involvement, the Ratti Group has decided to exclude the **topic GRI 417 "Marketing and Labeling"** from the matrix of sustainability, even though some material emerged during the compilation of the questionnaires. The exclusion of this topic was decided on the

basis of the significance for the Group in terms of the assessment of the impact of and risks associated with this theme. To this end, therefore, Ratti's discretion as to the information reported on the label was subordinate to the compliance requested of each of its customers. Due to the absence of such discretionary power, it was decided that it would be reasonable to exclude this theme from materiality in the Ratti Group's Sustainability Report.

The materiality matrix which emerged from the process of involving stakeholders was confirmed by the management and the Board of Directors of Ratti for 2021. This includes the 19 material themes presented in detail in Table 10. To make this easier to read it was decided to make a number of groupings. The graphical representation of the 2021 materiality matrix therefore shows 13 material themes following merging.

Material aspects for the Ratti Group

Figure 13 – The materiality matrix of the Ratti Group

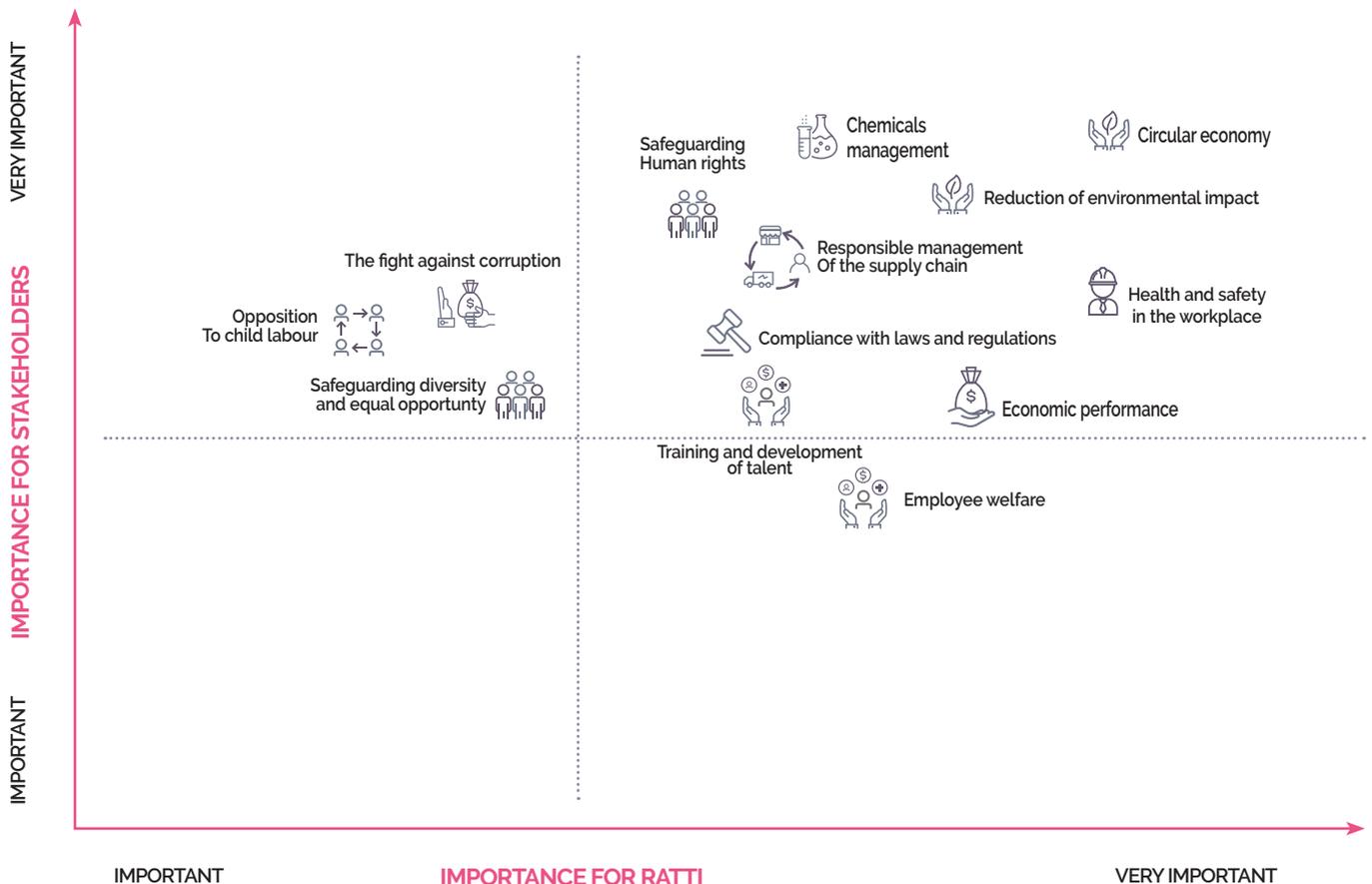


TABLE 10 – MATERIAL THEMES FOR RATTI, GROUPINGS, PERIMETER OF MATERIAL GRI ASPECTS AND TYPE OF IMPACT

MATERIAL ASPECTS FOR THE RATTI GROUP	MATERIAL ASPECTS GRI STANDARDS	PERIMETER OF THE MATERIAL ASPECTS	TYPE OF IMPACT
FINANCIAL PERFORMANCE	201 - ECONOMIC PERFORMANCE	RATTI GROUP	CAUSED BY THE GROUP
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	308 - SUPPLIER ENVIRONMENTAL ASSESSMENT	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
	414 - SUPPLIER SOCIAL ASSESSMENT	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
FIGHT AGAINST CORRUPTION	205 - ANTI-CORRUPTION	RATTI GROUP	CAUSED BY THE GROUP
ENVIRONMENTAL RESPONSABILITY	301 - MATERIALS	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
	302 - ENERGY	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
	303 - WATER AND EFFLUENTS	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
	305 - EMISSIONS	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
CIRCULAR ECONOMY	306 - WASTE	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
COMPLIANCE WITH LAWS AND REGULATIONS	307 - ENVIRONMENTAL COMPLIANCE	RATTI GROUP	CAUSED BY THE GROUP
	419 - SOCIOECONOMIC COMPLIANCE	RATTI GROUP	CAUSED BY THE GROUP
ENHANCEMENT OF PEOPLE	401 - EMPLOYMENT	RATTI GROUP	CAUSED BY THE GROUP
DEVELOPMENT OF COMPETENCES	404 - TRAINING AND EDUCATION	RATTI GROUP	CAUSED BY THE GROUP
OCCUPATIONAL HEALTH AND SAFETY	403 - OCCUPATIONAL HEALTH AND SAFETY	RATTI GROUP, SUPPLIERS, CONTRACTORS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES	405 - DIVERSITY AND EQUAL OPPORTUNITIES	RATTI GROUP	CAUSED BY THE GROUP
PROTECTION AGAINST CHILD LABOUR AND FORCED/COMPULSORY LABOUR	408 - CHILD LABOR	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
	409 - FORCED OR COMPULSORY LABOR	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
SAFEGUARDING HUMAN RIGHTS	412 - HUMAN RIGHTS ASSESSMENT	RATTI GROUP, SUPPLIERS	CAUSED BY THE GROUP AND DIRECTLY RELATED TO ITS ACTIVITIES
CHEMICAL MANAGEMENT	416 - CUSTOMER HEALTH AND SAFETY	RATTI GROUP	CAUSED BY THE 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 2021.

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 and were reconfirmed during the 2020 process of involving stakeholders.

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*).

Table 11 shows:

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

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.

The European Taxonomy

In addition to the provisions of Legislative Decree 254/2016, the Ratti Group has also taken into consideration the **European Taxonomy**, as set out in Regulation (EU) 2020/852 and which came into force on 12 July 2020, in order to define eco-sustainable activities.

The Taxonomy is an important piece of legislation which makes it possible to increase sustainable investment and, therefore, implement the **European Green Deal**. It applies



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 11 – LIST OF THE MAIN DIALOGUE INITIATIVES WITH STAKEHOLDERS AND THE KEY TOPICS DISCUSSED

Stakeholder	Key topics and critical issues	Principal initiatives for dialogue
Industrial shareholder (Marzotto Group)	Partnerships	Joint working groups
Employees and partners	Partnerships	Internal communication via email, noticeboards, welcome manual for new-hires and the company intranet.
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' timely completion of 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; requests to fill in questionnaires; joint projects on topics specifically linked to sustainability.
Customers and licensors	Monitoring of the supply chain and partnerships	Sharing and providing information on Ratti's various sustainability activities through newsletters and social channels; presenting the Group's sustainable activities through direct meetings with customers or in video conferences, supported in 2021 by a programme of specific appointments; joint participation in workshops and round tables; presenting the product's sustainable offer through the collections, the Tessuteca and sustainable textiles.
Schools and universities	Cooperation on innovation processes	Work-school alternation programmes; training programmes with possible recruitment by Ratti at the end of the process.

to all companies subject to Directive 2014/95/EU with regard to reporting non-financial information (also known as the *Non-Financial Reporting Directive – NFRD*).

This information is held in order to provide further details (*capital expenditure - Capex -and operational expenditure - Opex-*) of financial activities that are classified as sustainable, in response to six environmental objectives.

The following objectives are set by the Taxonomy:

1. mitigation of climate change;
2. adaptation to climate change;
3. sustainable use and protection of water and marine resources;
4. transition to the circular economy, also with regard to reducing and recycling waste;
5. prevention and control of pollution;
6. protection of biodiversity and the health of eco-systems.

The **Taxonomy Regulation** considers activities to be sustainable (*i.e. "Taxonomy-aligned"*) if they comply with various criteria, which includes making a "substantial" contribution to at least one of the six criteria that have been established.

The **Climate Delegated Act of 4 June 2021** sets out the technical criteria for selecting economic activities which are sustainable from an environmental point of view, and which make a significant contribution to the first two objectives, *i.e. "mitigation of climate change" and "adaptation to climate change"*.

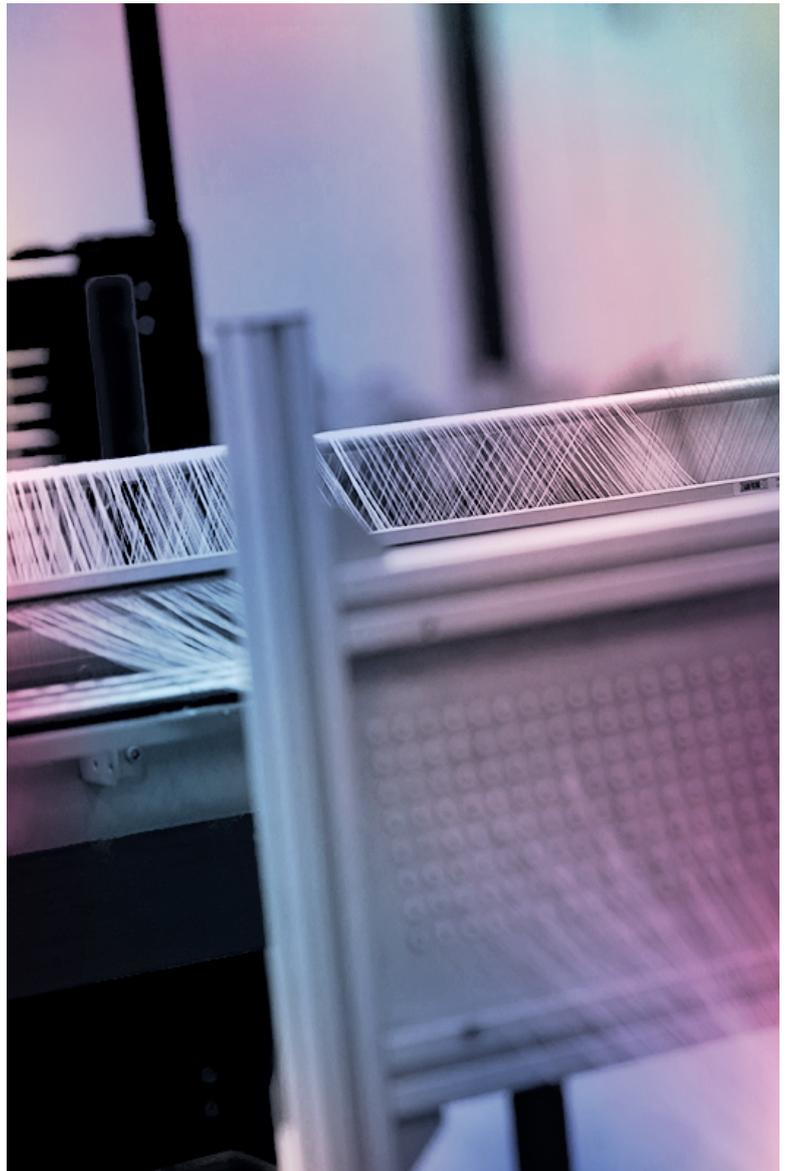
The Ratti Group, whose core business is represented by "textile finishing", a sector currently excluded from those considered for the first two objectives regarding climate change, is not eligible.

As a result of this, on the basis of the evaluations that have been carried out to date, the KPIs relating to turnover, Capex and Opex are all 0. It should be noted, however, that the current method used to evaluate admissible activities was developed on the basis of current information, so it should not be excluded that for the next reporting year (2022) the Legislator could provide guidelines or information that could modify the current interpretation.

Therefore, on the basis of these considerations and in relation to the future publication of delegated acts for the remaining four objectives, the Ratti Group will carry out a new evaluation of



RATTI'S LONG-TERM STRATEGIES AND ACTION PLANS ARE ALSO DEFINED WITH THE GOAL OF MEETING THE EXPECTATIONS OF THE VARIOUS STAKEHOLDERS,



its eligible activities, providing communication of this in the 2022 DNF. In particular, the company Second Life Fibers, a subsidiary set up by Ratti but not yet operational, will carry out certain activities which could contribute to *objective 4: "transition to the circular economy"*.

Annex

CHAPTER 2

GENERAL DISCLOSURES

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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
TOTAL	849	747	726	571	519	481	250	199	217	24	24	22
<i>Total women</i>	565	498	486	308	290	265	236	186	199	17	17	17
<i>Total men</i>	284	249	240	263	229	216	14	13	18	7	7	5
TOTAL EMPLOYEES	825	741	711	547	513	466	250	199	217	24	24	22
<i>Women</i>	553	494	479	296	286	258	236	186	199	17	17	17
<i>Men</i>	272	247	232	251	227	208	14	13	18	7	7	5
PERMANENT	586	647	596	539	507	460	19	111	108	24	24	22
<i>Women</i>	331	409	377	293	284	255	17	103	100	17	17	17
<i>Men</i>	255	238	219	246	223	205	2	8	8	7	7	5
FIXED TERM	239	94	115	8	6	6	231	88	109	0	0	0
<i>Women</i>	222	85	102	3	2	3	219	83	99	0	0	0
<i>Men</i>	17	9	13	5	4	3	12	5	10	0	0	0
OTHER EMPLOYEES	24	6	0	24	6	0	0	0	0	0	0	0
<i>Women</i>	12	4	0	12	4	0	0	0	0	0	0	0
<i>Men</i>	12	2	0	12	2	0	0	0	0	0	0	0
TEMPORARY	3	0	0	3	0	0	0	0	0	0	0	0
<i>Women</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Men</i>	3	0	0	3	0	0	0	0	0	0	0	0
PROJECT WORKERS	1	2	4	1	2	4	0	0	0	0	0	0
<i>Women</i>	0	0	1	0	0	1	0	0	0	0	0	0
<i>Men</i>	1	2	3	1	2	3	0	0	0	0	0	0
INTERNS	20	4	11	20	4	11	0	0	0	0	0	0
<i>Women</i>	12	4	6	12	4	6	0	0	0	0	0	0
<i>Men</i>	8	0	5	8	0	5	0	0	0	0	0	0

The workforce of the Ratti Group by labour contract, gender and geographical area as at 31.12 for the three-year period 2019-2021; at 31.12.2021 Ratti USA had 2 female employees, hired on permanent contracts, while Ratti International Trading (Shanghai) had 3 female employees, hired on permanent contracts.

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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
FULL TIME	782	706	681	506	480	438	250	199	217	22	22	20
Women	512	460	451	256	253	231	236	186	199	16	16	16
Men	270	246	230	250	227	207	14	13	18	6	6	4
PART TIME	43	35	30	41	33	28	0	0	0	2	2	2
Women	41	34	28	40	33	27	0	0	0	1	1	1
Men	2	1	2	1	0	1	0	0	0	1	1	1
TOTAL EMPLOYEES	825	741	711	547	513	466	250	199	217	24	24	22

Employees by employment type (full time/part time) by gender and geographical area at 31.12 for the three-year period 2019-2021. In Ratti USA and in Ratti International Trading (Shanghai), all employees are full-time. The figures refer to employees hired on fixed-term and permanent contracts.

EMPLOYMENT

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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
BELOW 30 YEARS	86	33	49	24	9	13	62	24	34	0	0	0
Women	74	30	35	14	6	4	60	24	30	0	0	0
Men	12	3	14	10	3	9	2	0	4	0	0	0
BETWEEN 30 AND 50 YEARS	43	27	29	14	11	16	25	15	14	3	0	1
Women	35	18	17	10	5	5	21	12	12	3	0	1
Men	8	9	12	4	6	11	4	3	2	0	0	0
OVER 50 YEARS	9	1	5	7	1	3	2	0	0	0	0	1
Women	6	0	3	4	0	2	2	0	0	0	0	1
Men	3	1	2	3	1	1	0	0	0	0	0	0
TOTAL EMPLOYEES	138	61	83	45	21	32	89	39	48	3	0	2
Total women	115	48	55	28	11	11	28	36	42	3	0	2
Total men	23	13	28	17	10	21	6	3	6	0	0	0

New personnel hired by age range, gender and geographical area at 31.12 for the three-year period 2019-2021. In 2021 staff turnover did not impact Ratti International Trading (Shanghai), while Ratti USA, during 2021, recorded the hiring of one new employee below the age of 30. The figures refer to employees hired on fixed-term and permanent contracts.

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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
BELOW 30 YEARS	39	70	29	8	6	7	31	64	21	0	0	0
Women	36	65	25	6	4	3	30	61	21	0	0	0
Men	3	5	4	2	2	4	1	3	0	0	0	0
BETWEEN 30 AND 50 YEARS	34	35	31	12	10	22	17	25	9	5	0	1
Women	26	26	22	7	5	14	15	21	8	4	0	1
Men	8	9	9	5	5	8	2	4	1	1	0	0
OVER 50 YEARS	25	40	53	19	39	50	6	1	0	0	0	3
Women	12	13	23	9	12	22	3	1	0	0	0	1
Men	13	27	30	10	27	28	3	0	0	0	0	2
TOTAL EMPLOYEES	98	145	113	39	55	79	54	90	30	5	0	4
Total women	74	104	70	22	21	39	48	83	29	4	0	2
Total men	24	41	43	17	34	40	6	7	1	1	0	2

Personnel that interrupted/terminated their employment, by age range, gender and geographical area at 31.12 for the three-year period 2019-2021. The figures refer to employees hired on fixed-term and permanent contracts. In Ratti USA and in Ratti International Trading (Shanghai), during the three-year period 2019-2021, no employee interrupted their employment.

GRI 401-1 RATE OF TURNOVER BY AGE RANGE, GENDER AND GEOGRAPHICAL AREA

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total employee turnover rate	28.61	27.80	27.57	15.36	14.81	23.82	57.20	64.82	35.94	33.33	0.00	27.27
Employee turnover rate (incoming)	16.73	8.23	11.67	8.23	4.09	6.87	35.60	19.60	22.12	12.50	0.00	9.09
Women	20.80	9.72	11.48	9.46	3.85	4.26	35.17	19.35	21.11	17.65	0.00	11.76
Men	8.46	5.26	12.07	6.77	4.41	10.10	42.86	23.08	33.33	0.00	0.00	0.00
BELOW 30 YEARS	35.68	17.93	26.52	27.91	11.25	17.57	40.00	23.08	32.08	0.00	0.00	0.00
Women	35.92	19.61	23.78	25.45	12.00	9.52	39.74	23.30	29.70	0.00	0.00	0.00
Men	34.29	9.68	36.84	32.26	10.00	28.13	50.00	0.00	80.00	0.00	0.00	0.00
BETWEEN 30 AND 50 YEARS	14.05	8.52	9.81	6.86	5.16	8.04	29.07	17.24	14.00	21.43	0.00	7.14
Women	15.77	7.89	7.83	7.75	3.70	4.00	26.25	15.19	13.19	27.27	0.00	9.09
Men	9.52	10.11	15.12	5.33	7.69	14.86	66.67	37.50	22.22	0.00	0.00	0.00
OVER 50 YEARS	3.24	0.42	1.87	2.72	0.45	1.55	22.22	0.00	0.00	0.00	0.00	12.50
Women	4.80	0.00	2.83	3.57	0.00	2.20	40.00	0.00	0.00	0.00	0.00	16.67
Men	1.96	0.79	0.93	2.07	0.84	0.98	0.00	0.00	0.00	0.00	0.00	0.00

	GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Employee turnover rate (outgoing)	11.88	19.57	15.89	7.13	10.72	16.95	21.60	45.23	13.82	20.83	0.00	18.18
Women	13.38	21.05	14.61	7.43	7.34	15.12	20.34	44.62	14.57	23.53	0.00	11.76
Men	8.82	16.60	18.53	6.77	14.98	19.23	42.86	53.85	5.56	14.29	0.00	40.00
BELOW 30 YEARS	16.18	38.04	15.47	9.30	7.50	9.46	20.00	61.54	19.81	0.00	0.00	0.00
Women	17.48	42.48	16.78	10.91	8.00	7.14	19.87	59.22	20.79	0.00	0.00	0.00
Men	8.57	16.13	10.53	6.45	6.67	12.50	25.00	300.0	0.00	0.00	0.00	0.00
BETWEEN 30 AND 50 YEARS	11.11	11.04	10.13	5.88	4.69	11.06	19.77	28.74	9.00	35.71	0.00	7.14
Women	11.71	11.40	10.00	5.43	3.70	11.20	18.75	26.58	8.79	36.36	0.00	9.09
Men	9.52	10.11	11.47	6.67	6.41	10.81	33.33	50.00	11.11	33.33	0.00	0.00
OVER 50 YEARS	8.99	16.67	24.77	7.39	17.73	25.91	66.67	12.50	0.00	0.00	0.00	37.50
Women	9.60	11.50	21.70	8.04	11.88	24.18	60.00	25.00	0.00	0.00	0.00	16.67
Men	8.50	21.26	27.78	6.90	22.69	27.45	75.00	0.00	0.00	0.00	0.00	100.00

Total annual turnover rate, subdividing employees by age range, gender and geographical area for the three-year period 2019-2021. The overall turnover rate is calculated as the relationship between: (Number incoming in the year + Number outgoing in the year/permanent and fixed-term workforce at 31/12) '100; the turnover rate (incoming) is: (Number incoming in the year/permanent and fixed-term workforce at 31/12) '100; the turnover rate (outgoing) is calculated as: (Number outgoing in the year/permanent and fixed-term workforce at 31/12) '100

OCCUPATIONAL HEALTH AND SAFETY

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

	RATTI GROUP			ITALY			TUNISIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
NUMBER OF ACCIDENTS RECORDED	7	1	9	6	1	4	1	0	5
of which occurred to employees	5	1	9	4	1	4	1	0	5
of which occurred to contractors	2	0	0	2	0	0	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
of which occurred 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 2019-2021. In the foreign subsidiaries, in the three-year period 2019-2021, 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

	GRUPPO			ITALIA			TUNISIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
RATE OF RECORDABLE ACCIDENTS AT WORK	4.66	0.95	7.68	6.17	1.49	5.31	2.03	0.00	12.93
<i>of which occurred to employees</i>	3.51	1.00	8.10	4.36	1.63	5.78	2.12	0.00	12.93
<i>of which occurred to contractors</i>	26.86	0.00	0.00	37.00	0.00	0.00	0.00	0.00	0.00
TOTAL NUMBER OF HOURS WORKED	1,500,664	1,051,605	1,172,458	971,879	672,602	752,772	492,482	343,683	386,601
<i>Total hours worked by employees</i>	1,426,214	994,236	1,111,354	917,821	615,233	691,668	472,090	343,683	386,601
<i>Total hours worked by contractors</i>	74,451	57,369	61,104	54,058	57,369	61,104	20,393	0	0

Rate of accidents relating to recordable accidents at work in the three-year period 2019-2021, including Ratti SpA, Creomoda and La Maison des Accessoires. In Textrom, Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2019-2021, 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 the Textrom subsidiaries' employees were 36,303 for 2019, 35,321 for 2020 and 33,085 for 2021 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 2019-2021, for all companies in the Group there were no accidents with serious consequences or any deaths at work, so the relevant rate of accidents at work with serious consequences and the rate deaths resulting from accidents at work are zero.

TRAINING AND EDUCATION

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

	RATTI GROUP			ITALY			TUNISIA			ROMANIA		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
EXECUTIVES	26	2	9	28	2	10	0	0	0	0	0	0
<i>Women</i>	28	6	6	28	6	6	0	0	0	0	0	0
<i>Men</i>	25	1	11	28	1	12	0	0	0	0	0	0
MIDDLE MANAGEMENT	24	7	10	24	7	10	0	0	0	0	0	0
<i>Women</i>	13	5	8	13	5	9	0	0	0	0	0	0
<i>Men</i>	29	9	11	29	9	11	0	0	0	0	0	0
WHITE-COLLAR WORKERS	14	4	5	12	4	5	44	6	8	6	6	6
<i>Women</i>	14	4	5	13	3	5	42	6	8	5	5	5
<i>Men</i>	11	6	5	10	6	5	67	6	8	7	7	7
BLUE-COLLAR WORKERS OR EQUIVALENT	6	3	6	6	1	5	5	4	7	12	11	13
<i>Women</i>	5	3	6	5	1	3	5	4	7	11	11	12
<i>Men</i>	6	2	7	6	1	6	5	8	6	12	12	16
TOTAL	10	4	6	11	3	6	7	4	7	10	10	11
<i>Total women</i>	9	4	6	12	3	5	7	4	7	10	10	11
<i>Total men</i>	11	4	7	11	3	7	9	7	6	11	11	13

Annual average training hours per employee, by category of employee, by gender and geographical area for the three-year period 2019-2021. 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 the Tunisian subsidiaries in 2020 there was 1 (male) executive and no middle managers. The figures refer to employees hired on fixed-term and permanent contracts.

DIVERSITY AND EQUAL OPPORTUNITY

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

	GROUP 2019			GROUP 2020			GROUP 2021		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
EXECUTIVES	23.08	76.92	100.00	30.00	70.00	100.00	36.36	63.64	100.00
<i>age below 30 years</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	0.00	20.00	15.38	0.00	28.57	20.00	0.00	28.57	18.18
<i>age above 50 years</i>	100.00	80.00	84.62	100.00	71.43	80.00	100.00	71.43	81.82
MIDDLE MANAGEMENT	35.56	64.44	100.00	39.53	60.47	100.00	38.10	61.90	100.00
<i>age below 30 years</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	37.50	58.62	51.11	47.06	69.23	60.47	50.00	57.69	54.76
<i>age above 50 years</i>	62.50	41.38	48.89	52.94	30.77	39.53	50.00	42.31	45.24
WHITE-COLLAR WORKERS	78.52	21.48	100.00	80.35	19.65	100.00	80.24	19.76	100.00
<i>age below 30 years</i>	20.09	15.63	19.13	18.34	12.50	17.19	16.26	12.00	15.42
<i>age between 30 and 50 years</i>	47.01	32.81	43.96	50.22	41.07	48.42	53.20	44.00	51.38
<i>age above 50 years</i>	32.91	51.56	36.91	31.44	46.43	34.39	30.54	44.00	33.20
BLUE-COLLAR WORKERS	63.97	36.03	100.00	60.79	39.21	100.00	63.21	36.79	100.00
<i>age below 30 years</i>	53.00	14.79	39.23	45.31	15.19	33.50	42.97	21.48	35.06
<i>age between 30 and 50 years</i>	35.33	26.04	31.98	42.86	29.11	37.47	44.53	31.54	39.75
<i>age above 50 years</i>	11.67	59.17	28.78	11.84	55.70	29.03	12.50	46.98	25.19
TOTAL	67.03	32.97	100.00	66.67	33.33	100.00	67.37	32.63	100.00

Employees of the Ratti Group by category of employee, gender and age range for the three-year period 2019-2021

GRI 405-1 COMPOSITION OF THE BOARD OF DIRECTORS BY AGE RANGE AND GENDER

	2019	2020	2021
BETWEEN 30 AND 50 YEARS	22.22	22.22	0.00
<i>Women</i>	50.00	50.00	0.00
<i>Men</i>	50.00	50.00	0.00
OVER 50 YEARS	77.78	77.78	100.00
<i>Women</i>	28.57	28.57	33.33
<i>Men</i>	71.43	71.43	66.67
TOTAL	100.00	100.00	100.00
<i>Total women</i>	33.33	33.33	33.33
<i>Total men</i>	66.67	66.67	66.67

Composition of the Board of Directors by age range and gender at 31.12 in the three-year period 2019-2021. The composition of the Board of Directors was stable in the three-year period 2019-2021. Of the 9 current members, 3 are women (33.33%), while 100.00% of members are over 50 years of age. The changes since 2020 regard a decrease of 2 members aged between 30 and 50 years and an increase of 2 members over 50 years of age.



CHAPTER 3

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 308-1 NEW SUPPLIERS THAT WERE SCREENED ENVIRONMENTAL CRITERIA

2019	Of the total of 254 new suppliers of Ratti SpA, the 2 suppliers assessed in accordance with environmental criteria represented 7.2% of the value of purchases generated by new suppliers during the year.
2020	Of the total of 221 new suppliers of Ratti SpA, the 5 suppliers assessed in accordance with environmental criteria (2.3% of the total) represented 27.2% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SpA, the 11 suppliers assessed in accordance with environmental criteria (4.7% of the total) represented 19.2% 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).

HUMAN RIGHTS ASSESSMENT

GRI 412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING

2019	There were 259 "significant" suppliers from a social accountability perspective 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.
2020	There were 210 "significant" suppliers from a social accountability perspective during 2020, representing 18.6% of total suppliers (1,131) with a turnover of €30,820,430, i.e. 76.2% of the total value of purchases.
2021	There were 212 "significant" suppliers from a social accountability perspective during 2021, representing 18.3% of total suppliers (1,159) with a turnover of €36,764,509, i.e. 76.6% 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 SA8000, 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 suppliers can be determined.

SUPPLIER SOCIAL ASSESSMENT

GRI 414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

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 Accountability represented 36.4% of the value of purchases generated by new suppliers during the year.
2020	Of the total of 221 new suppliers of Ratti SpA, the 9 that were assessed in accordance with social criteria as per the Manual of Social Accountability (4.1% of the total) represented 44.4% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SpA, the 13 that were assessed in accordance with social criteria as per the Manual of Social Accountability (5.5% of the total) represented 56.9% 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				Δ% 2021 on 2020
	u.m.	2019	2020	2021	
TOT. FABRIC PRINTED	m	5,196,385	3,053,969	3,581,970	17.29%
<i>of which certified fabric / sustainable brands</i>	m	134,070	666,892	1,222,706	83.34%
Percentage of certified fabric/sustainable brands of total fabric printed		2.58%	21.84%	34.14%	56.32%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties and including printing for samples. In 2021 there was an increase of 17.29% compared with the previous year. This was strongly impacted by the reduction in production volumes caused by Covid-19. There was a large and significant increase of 83% compared with 2020 and 812% compared with 2019, for certified fabrics and sustainable printed brands. This result may be explained by the growing market demand for fabrics of this type as well as the sustainability policies Ratti has in place.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP, DIVIDED INTO RENEWABLE MATERIALS AND NON-RENEWABLE MATERIALS

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS	RATTI GROUP			Δ% 2021 on 2020
	u.m.	2020	2021	
TOT. PRINTED FABRICS, EXCLUDING SAMPLES	m	3,011,451	3,527,222	17.13%
<i>of which 100% renewable articles</i>	m	1,647,741	2,080,939	26.29%
<i>of which mixed renewable articles (with renewable fibre composition ≥ 50%)</i>	m	442,713	605,385	36.74%
<i>of which renewable articles (with renewable fibre composition < 50%) and non-renewable articles</i>	m	920,998	840,898	-8.70%
Percentage of 100%-renewable articles of total metres of printed fabric	m	54.72%	59.00%	7.82%
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total printed fabric	m	14.70%	17.16%	16.75%
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabric	m	30.58%	23.84%	-22.05%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties, but excluding printing on samples (54,748 metres out of a total of 3,581,970 metres).

100%-renewable printed articles include: 100% cotton, 100% silk, 100% viscose, 100% linen, 100% wool, 100% cupro, 100% modal, 100% hemp. This category recorded an increase of 7.8% compared with 2020. Printed articles categorised as mixed renewables include all articles which have a percentage composition of renewable fibre equal to or higher than 50%. Also for this category, Ratti recorded a significant increase of 16.75% compared with 2020. The third category, which consists of articles with a renewable fibre composition of less than 50%, as well as non-renewable articles, showed a decreasing trend for 2021, both in terms of absolute values and in terms of the percentage of total printed fabric.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

ADDITIVES	GRUPPO RATTI				
	u.m.	2019	2020	2021	Δ% 2021 on 2020
TOT. DYES	kg	66,210	43,567	58,694	34.70%
TOT. CHEMICAL PRODUCTS	kg	611,619	426,885	494,856	15.92%
TOT. ADDITIVES	kg	677,829	470,453	553,550	17.66%

Total dyes and chemical products purchased by Ratti SpA for the Group. The Ratti Group does not use additives coming from renewable sources.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

FABRIC PRODUCED	RATTI GROUP				
	u.m.	2019	2020	2021	Δ% 2021 on 2020
TOT. FABRIC PRODUCED	m	4,469,074	2,942,174	3,370,380	14.55%

"Metres of fabric produced" represents the total fabric produced at the sites in Italy and Romania, excluding the printing outsourced to third parties but including samples. Since the 2021 DNF it has been decided to use this data in the calculation of indices, which means also including metres of samples which, until the 2020 DNF, had been excluded from the calculation of the relative indices. It was also decided that the previous indicators should be recalculated. This data is used as a denominator in the tables which follow in the calculation of relative consumption, so that the absolute data for packaging materials, energy and water consumption, and waste can be related to the quantity of material produced by the Group in the year in question.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

MATERIALS FOR PACKAGING	RATTI GROUP					
	u.m.	2019	2020	2021	Δ% 2021 on 2020	
PAPER	Tot. paper packaging	kg	6,802	3,905	5,416	38.68%
	<i>of which FSC certified</i>	kg	5,365	1,677	2,282	36.11%
CARDBOARD	Tot. paper packaging	kg	67,773	47,272	62,751	32.74%
	<i>of which FSC certified</i>	kg	4,727	35,289	50,672	43.59%
PLASTIC	Tot. plastic packaging	kg	15,105	14,711	13,011	-11.55%
	<i>of which recyclable</i>	kg	443	89	381	326.49%
PALLETS	Tot. pallet	kg	33,299	26,966	27,664	2.59%
	<i>of which re-used</i>	kg	26,350	21,250	18,935	-10.89%
Tot. PACKAGING	Tot. packaging	kg	122,978	92,854	108,842	17.22%
	of which sustainable	kg	36,885	58,305	72,270	23.95%
Tot. packaging over metres of fabric produced		kg/m	0.028	0.032	0.032	2.33%
The percentage of sustainable packaging of total packaging			29.99%	62.79%	66.40%	5.75%

The figures in the table in relation to paper, cardboard and pallets should be understood as relating to renewable materials, while plastic is considered to be a non-renewable material. In this regard, however, in 2021 the Ratti Group reduced its use of plastic packaging by 11.55%. It used over 300% more of recycled plastic, where this was forecast and necessary. The Group's policy of expanding the use of sustainable packaging continued. In 2021 the percentage of sustainable packaging of the total reached 66.40%, compared with 29.99% in 2019. In general, in 2021 there was an increase of 17.22% in the use of packaging compared with the previous year. This was strongly impacted by the reduction in production volumes caused by Covid-19, while the use of sustainable packaging increased by 23.95% compared with 2020.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

RENEWABLE MATERIALS FOR OFFICE	RATTI GROUP				
	u.m.	2019	2020	2021	Δ% 2021 on 2020
TOT. PAPER	kg	17,709	12,272	13,834	12.73%
OF WHICH RECYCLED	kg	13,200	8,700	11,121	27.83%

With regard to Group data for recycled paper there was a slight value adjustment: office paper bought by Textrom in 2020 (with a weight of 37kg) was not FSC certified. However, there was an increase of 12.73% in the use of office paper compared with 2020. The data was strongly influenced by the impossibility of running an office at full capacity due to Covid-19 and was broadly offset by the proportion of recycled paper (+27.83%).

ENERGY

GRI 302-1 AGGREGATE ENERGY CONSUMPTION, RELATIVE TO THE USE OF THE COMPANY'S EQUIPMENT, OFFICES AND CAR FLEET.

ENERGY CONSUMPTION		RATTI GROUP				
		u.m.	2019	2020	2021	Δ% 2021 on 2020
METHANE GAS	Consumption by offices and factories	GJ	143,229	101,361	117,858	16.28%
	Consumption by offices and factories	GJ	32,518	26,678	30,614	14.75%
	of which electricity purchased	GJ	29,479	23,584	26,356	11.75%
ENERGY ELECTRICAL	of which produced and self-consumed, from photovoltaic systems	GJ	3,039	3,094	4,258	37.62%
	Produced and released to the grid from photovoltaic systems	GJ	107	245	159	-34.96%
COMPANY CAR FLEET	Consumption of diesel	GJ	2,735	2,203	2,579	17.04%
	Consumption of petrol	GJ	26	86	177	104.22%
Tot. Energy consumption		GJ	178,508	130,329	151,228	16.04%
Tot. consumption of methane over total metres of fabric produced		GJ/m	0.032	0.034	0.035	1.50%
Tot. consumption of electricity over total metres of fabric produced		GJ/m	0.007	0.009	0.009	0.17%

The aggregate consumption of methane gas and electricity relate to the plant and offices of the sites in Italy, Tunisia and Romania. However, it should also be noted that there is no consumption of methane gas at the Tunisia premises.

To convert m³ into GJ of methane gas and kWh into GJ of electricity, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom.

Given the minimal difference between the figures reported by DEFRA and those from previous sources, it was decided to proceed with the update only for 2021, without recalculating the figures in GJ for 2020 and 2019.

Since 2020, the calculation of the electricity consumption of the photovoltaic plant has also included the total produced for the Cremoda site. Consumption related to the car fleet only applies to the Italy and Romania sites, given that there are no company cars at the Tunisian offices.

WATER AND EFFLUENTS

GRI 303-3, 303-4 WATER WITHDRAWAL AND DISCHARGE

		RATTI GROUP				
		u.m.	2019	2020	2021	Δ% 2021 on 2020
WATER WITHDRAWAL	Tot. water withdrawal	Mc	408,106	274,256	311,981	13.76%
	from well counters	Mc	406,046	272,755	310,443	13.82%
	<i>of which freshwater (≤1000 mg/l of total dissolved solids)</i>	Mc	N/A	N/A	310,443	N/A
	from aqueduct	Mc	2,060	1,501	1,538	2.47%
	<i>of which freshwater (≤1000 mg/l of total dissolved solids)</i>	Mc	N/A	N/A	1,538	N/A
	Tot. water withdrawal over total metres of fabric produced	Mc/m	0.091	0.093	0.093	-0.70%
WATER DISCHARGES	Tot. water discharges into the sewerage system	Mc	355,430	227,273	266,616	17.31%
	<i>- of which freshwater (≤1000 mg/l of total dissolved solids)</i>	Mc	N/A	N/A	5,056	N/A
	<i>- of which other types of water (>1,000 mg/l of total dissolved solids)</i>	Mc	N/A	N/A	261,560	N/A
	Tot. water discharges over total metres of fabric produced	Mc/m	0.080	0.077	0.079	2.41%

The calculation of water consumption, broken down by source and discharges, only includes the Italian and Romanian sites. This is because in Tunisia water consumption and discharges are associated with water drawn from a well, but that water is not used in the production cycle. The Guanzate and Textrom sites are situated in areas with a water stress < 20% (according to data provided by the Aqueduct Water Risk Atlas). As from 2021, the Ratti Group includes the distinction called for by GRI, whereby water consumption must be broken down into freshwater (≤1,000 mg/l of total dissolved solids) and other types of water (>1,000 mg/l of total dissolved solids). This information was not available before 2020. This has made it impossible to report the percentage variation compared with 2020, although this information will be available from the next reporting year.

EMISSIONS

GRI 305-1, 305-2 DIRECT AND INDIRECT EMISSIONS OF THE GROUP (SCOPE 1 AND 2)

CO ₂ EMISSIONS		RATTI GROUP				
		u.m.	2019	2020	2021	Δ% 2021 on 2020
SCOPE 1 - DIRECT ENERGY EMISSIONS		tCO₂e	8,244	5,884	7,001	19.01%
<i>from consumption of methane gas</i>		tCO ₂	8,013	5,700	6,691	17.39%
<i>from emission of refrigerant gas from air conditioning equipment</i>		tCO ₂ e	0	19	105	450.48%
<i>from company car fleet - consumption of diesel cars</i>		tCO ₂ e	229	160	193	20.68%
<i>from company car fleet - consumption of petrol cars</i>		tCO ₂ e	2	4	12	211.70%
SCOPE 2 - INDIRECT ENERGY EMISSIONS - LOCATION-BASED		tCO₂	2,956	2,212	2,321	4.92%
<i>from electricity bought for offices and factories</i>		tCO ₂	2,956	2,212	2,321	4.92%
SCOPE 2 - INDIRECT ENERGY EMISSIONS - MARKET-BASED		tCO₂	3,943	129	104	-19.19%
<i>from electricity bought for offices and factories</i>		tCO ₂	3,943	129	104	-19.19%

(FOLLOW) GRI 305-1, 305-2 DIRECT AND INDIRECT EMISSIONS OF THE GROUP (SCOPE 1 AND 2)

CO ₂ EMISSIONS	RATTI GROUP				
	u.m.	2019	2020	2021	Δ% 2021 on 2020
TOT. EMISSIONI SCOPE 1 E SCOPE 2	tCO₂e	11,200	8,095	9,332	15.16%
<i>Location-based</i>					
TOT. EMISSIONI SCOPE 1 E SCOPE 2	tCO₂e/m	0.0025	0.0028	0.0028	0.53%
<i>Location-based sul totale dei metri di tessuto prodotto</i>					
EMISSIONS AVOIDED THANKS TO ENERGY PRODUCTION FROM PHOTOVOLTAIC SOURCES	tCO₂	314	315	396	25.80%

To calculate Scope 1 equivalent tons of CO₂, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom. Given the minimal difference between the figures reported by DEFRA and those from previous sources, it was decided to proceed with the update only for 2021, without recalculating the figures for 2020 and 2019. In addition, to calculate CO₂ emissions from the vehicle fleet, starting from 2022 the Ratti Group has decided to report – separately for gasoline and diesel cars – litres of fuel consumed during the reporting year, rather than the total number of km driven by the Group's cars. This will make the reported data more accurate and reliable. For 2021, the company car fleet includes five hybrid cars – four gasoline and one diesel.

The calculation of electricity emissions using the location-based method uses the emissions factors published by Terna SpA's "International comparisons" at 31.12.2018 for 2019 data, "International comparisons" for 2018 for 2020 values and "International comparisons" at 31.12.2019 for 2021 values. The market-based method uses the emission factors published by the Association of Issuing Bodies (AIB), i.e. "European Residual Mixes" 2018 for 2019, "European Residual Mixes" 2019 for 2020 and, finally, "European Residual Mixes" 2020 for 2021.

In general, an increase in CO₂ emissions was seen in 2021 compared with 2020, although the figures for 2020 were significantly impacted by the reduction in production volumes caused by Covid-19. The increase recorded for refrigerant gas emitted by the air conditioning system was the result of a leak. This was quickly repaired and checked, in accordance with the protocol. There was a continued fall in SCOPE 2 market-based emissions, given that, since 2020, 100% of electricity bought for the Guanzate site has come from renewable sources certified by a Guarantee of Origin. A notable improvement was also recorded for CO₂ emissions avoided thanks to the production of energy by two photovoltaic plants at the Guanzate and Creomoda sites. This made it possible to avoid emitting 396 tons of CO₂ into the atmosphere, an improvement of 25.8% on 2020.

WASTE**GRI 306-3 TOTAL WEIGHT OF WASTE GENERATED, BROKEN DOWN BY COMPOSITION**

WASTE BROKEN DOWN BY COMPOSITION	RATTI GROUP				
	u.m.	2019	2020	2021	Δ% 2021 on 2020
Hazardous waste	kg	34,373	26,714	24,831	-7.05%
Non-hazardous waste	kg	762,584	539,214	606,268	12.44%
TOT. WASTE	kg	796,957	565,929	631,098	11.52%
Total waste over total metres of fabric produced	kg/m	0.178	0.192	0.187	-2.65%
Hazardous waste over total metres of fabric produced	kg/m	0.008	0.009	0.007	-18.86%
Non-hazardous waste over total metres of fabric produced	kg/m	0.171	0.183	0.180	-1.85%

Starting from the 2021 DNF, the reporting of waste produced by Ratti has been updated on the basis of the new GRI 306 of 2020. The Ratti Group, in line with the stipulations of previous DNFs, has maintained the subdivision of waste on the basis of whether it is hazardous or non-hazardous, considering the sites in Italy, Romania and Tunisia to be within the perimeter.

The kg of total waste for 2020 and 2019 were modified, as the total for non-hazardous waste was updated in accordance with a more precise and accurate calculation criterion. The new data also includes "waters from organic ditches" for the Textrom site and the aqueous solutions discharged by Ratti SpA, which had not previously been counted.

GRI Content Index

GRI STANDARD	INDICATORS	REFERENCE IN THE TEXT	OMISSIONS
GRI 101 – REPORTING PRINCIPLES 2016			
GRI 102 – GENERAL DISCLOSURES 2016			
PROFILE OF THE ORGANISATION			
102-1	Name of the organisation	Chapter 1 paragraph 1.1 A story with deep roots	
102-2	Activities, brands, products, and services	Chapter 1, Paragraph 1.2 The Ratti Group today	
102-3	Location of the headquarters	Chapter 1, Paragraph 1.2 The Ratti Group today	
102-4	Location of operations	Chapter 1, Paragraph 1.2 The Ratti Group today	
102-5	Ownership and legal form	Chapter 1, paragraph 1.1 A story with deep roots, box "Ratti SpA shareholders"	
102-6	Markets served	Chapter 1, Paragraph 1.2 The Ratti Group today	
102-7	Size of the organisation	Chapter 1, Paragraph 1.2 The Ratti Group today Chapter 2, paragraph 2.1 Ratti's employees. Chapter 7 - Economic performance	
102-8	Information on employees and other workers	Chapter 2, paragraph 2.1 Ratti's employees Annex Chapter 2	
102-9	Supply chain	Chapter 3, paragraph 3.4 A virtuous circle of good practices	
102-10	Significant changes to the organization and its supply chain	In the reporting period there were no changes to the organisation or to the supply chain.	
102-11	Precautionary Principle or approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
102-12	External initiatives	Chapter 3, paragraph 3.4 A virtuous circle of good practices; 3.2 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 and associations	Chapter 1, paragraph 1.1 A story with deep roots	
STRATEGY			
102-14	Declaration from senior decision-maker	Letter to the stakeholders.	
102-15	Key impacts, risks, and opportunities	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	Chapter 1, paragraph 1.1 A story with deep roots; Chapter 3, paragraph 3.4 A virtuous circle of good practices; paragraph 3.2 A commitment anchored in the most advanced standards Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics	

GOVERNANCE		
102-18	Governance structure	Chapter 6, paragraph 6.1 The governance structure of the Group; paragraph 6.2 The bodies and the instruments that monitor corporate ethics
102-22	Composition of the highest governing body and its committees	Chapter 6, 6.1 The governance structure of the Group; box "Composition of the Board of Directors"
INVOLVEMENT OF THE STAKEHOLDERS		
102-40	List of stakeholder groups	Chapter "The criteria of this Report", paragraph "The analysis of materiality"
102-41	Collective bargaining 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 between 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 company sign individual contracts. Overall, 99% of employees are covered by collective contractual agreements.
102-42	Identifying and selecting stakeholders	Chapter "The criteria of this Report", paragraph "The analysis of materiality"
102-43	Method of involving stakeholders	Chapter "The criteria of this Report", paragraph "The analysis of materiality"
102-44	Key topics and issues raised	Chapter "The criteria of this Report", paragraph "The analysis of materiality"
REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	Chapter "The criteria of this Report", paragraph "Methodological note"
102-46	Defining report content and topic Boundaries	Chapter "The criteria of this Report", paragraph "Methodological note"
102-47	List of material topics	Chapter "The criteria of this Report", paragraph "The analysis of materiality"
102-48	Restatements of information	Chapter "The criteria of this Report", paragraph "Methodological note"
102-49	Changes in reporting	Chapter "The criteria of this Report", paragraph "Methodological note"
102-50	Reporting period	Financial year 2021
102-51	Date of most recent report	The most recent document is the 2020 Consolidated Declaration of a Non-financial Nature, which was approved by the Board of Directors of the Ratti Group on 23 March 2021.
102-52	Frequency of reporting	Annual
102-53	Contact point for questions regarding the report	Chapter "The criteria of this Report", paragraph "Methodological note"
102-54	Claims of reporting in compliance with the GRI Standards.	Chapter "The criteria of this Report", paragraph "Methodological note"
102-55	GRI content index	GRI Content Index
102-56	External assurance	Assurance



GRI 201 – ECONOMIC PERFORMANCE 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 7 - Economic performance Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 7 - Economic performance
103-3	Evaluation of the management approach	Chapter 7 - Economic performance

GRI 201: Topic-specific disclosures 2016

201-1	Directly generated and distributed economic value	Chapter 7 - Economic performance
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GRI 205 – ANTI-CORRUPTION 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 6, paragraph 6.3 Managing risks to include sustainability; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach 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

GRI 205: Topic-specific disclosures 2016

205-3	Verified episodes of corruption and action taken	No cases of corruption were verified in 2021 or the two previous years
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GRI 301 – MATERIALS 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future; 4.3 The circular economy and waste management Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future; 4.3 The circular economy and waste management
103-3	Evaluation of the management approach	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future; 4.3 The circular economy and waste management

GRI 301: Topic-specific disclosures 2016

301-1	Materials used by weight or volume	Annex Chapter 4
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GRI 302 – ENERGY 2016**GRI 103: Management approach disclosures 2016**

103-1	Explanation of the material topic and its Boundary	Chapter 4, paragraph 4.2 Less resources consumed, a better future Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future
103-3	Evaluation of the management approach	Chapter 4, paragraph 4.2 Less resources consumed, a better future

GRI 302: Topic-specific disclosures 2016

302-1	Energy consumed within the organisation	Chapter 4, paragraph 4.2 Less resources consumed, a better future Annex Chapter 4
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GRI 303 - WATER AND EFFLUENTS 2018**GRI 103: Management approach disclosures 2016**

103-1	Explanation of the material topic and its Boundary	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach 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 approach	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future

GRI 303: Management approach disclosures 2018

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

GRI 303: Topic-specific disclosures 2016

303-3	Water withdrawal	Chapter 4, paragraph 4.2 Less resources consumed, a better future Annex Chapter 4
303-4	Water discharge	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; Annex Chapter 4

GRI 305 – EMISSIONS 2016**GRI 103: Management approach disclosures 2016**

103-1	Explanation of the material topic and its Boundary	Chapter 4, paragraph 4.2 Less resources consumed, a better future Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future



103-3	Evaluation of the management approach	Chapter 4, paragraph 4.2 Less resources consumed, a better future
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GRI 305: Topic-specific disclosures 2016

305-1	Direct emissions of greenhouse gasses (Scope1)	Annex Chapter 4
305-2	Energy indirect (Scope 2) GHG emissions	Annex Chapter 4

GRI 306 – WASTE 2020

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 4 paragraph 4.3 The circular economy and waste management Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 4 paragraph 4.3 The circular economy and waste management
103-3	Evaluation of the management approach	Chapter 4 paragraph 4.3 The circular economy and waste management

GRI 306: Management approach disclosures 2020

306-1	Waste generation and significant waste-related impacts	Chapter 4 paragraph 4.3 The circular economy and waste management
306-2	Management of significant waste-related impacts	Chapter 4 paragraph 4.3 The circular economy and waste management

GRI 306: Topic-specific disclosures 2020

306-3	Waste generated	Chapter 4 paragraph 4.3 The circular economy and waste management Annex Chapter 4
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GRI 307 – ENVIRONMENTAL COMPLIANCE 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 6, paragraph 6.3 Managing risks to include sustainability; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 6, paragraph 6.3 Managing risks to include sustainability
103-3	Evaluation of the management approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability

GRI 307: Topic-specific disclosures 2016

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.
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GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3
103-3	Evaluation of the management approach	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3

GRI 308: Topic-specific disclosures 2016

308-1	New suppliers that were screened using environmental criteria	Annex Chapter 3
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GRI 401 – EMPLOYMENT 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach 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 approach	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and company turnover

GRI 401: Topic-specific disclosures 2016

401-1	New employee hires and employee turnover	Chapter 2, paragraph 2.1 Ratti's employees; 2.2 The process of selection and turnover Annex Chapter 2
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 2 paragraph 2.5 The welfare of our employees

GRI 403 – OCCUPATIONAL HEALTH AND SAFETY 2018

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.4 Health and safety; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.4 Health and safety
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.4 Health and safety



GRI 403: Management approach disclosures 2018

403-1	Occupational health and safety management system	Chapter 2, paragraph 2.4 Health and safety
403-2	Hazard identification, risk assessment, and incident investigation	Chapter 2, paragraph 2.4 Health and safety; Chapter 6, paragraph 6.3 Managing risks to include sustainability
403-3	Occupational health services	Chapter 2, paragraph 2.4 Health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Chapter 2, paragraph 2.4 Health and safety
403-5	Worker training on occupational health and safety	Chapter 2, paragraph 2.3 Training and developing talent
403-6	Promotion of worker health	Chapter 2 paragraph 2.4 Health and safety; paragraph 2.5 The welfare of our employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 2, paragraph 2.4 Health and safety
403-8	Workers covered by an occupational health and safety management system	Chapter 2, paragraph 2.4 Health and safety

GRI 403: Topic-specific disclosures 2018

403-9	Work-related injuries	Chapter 2, paragraph 2.4 Health and safety; Annex Chapter 2
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GRI 404 – TRAINING AND EDUCATION 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.3 Training and developing talent; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.3 Training and developing talent
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.3 Training and developing talent

GRI 404: Topic-specific disclosures 2016

404-1	Average hours of training hours per year per employee	Chapter 2, paragraph 2.3 Training and developing talent; Annex Chapter 2
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GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.1 Ratti's employees; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.1 Ratti's employees
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.1 Ratti's employees

GRI 405: Topic-specific disclosures 2016

405-1	Diversity of governance bodies and employees	Chapter 2, paragraph 2.1 Ratti's employees; Annex Chapter 2
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GRI 408 – CHILD LABOR 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability

GRI 408: Topic-specific disclosures 2016

408-1	Operations and suppliers at significant risk for incidents of child labour	Chapter 3, paragraph 3.2 A virtuous circle of good practices Chapter 6, paragraph 6.3 Managing risks to include sustainability
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GRI 409 – FORCED AND COMPULSORY LABOR 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability

GRI 409: Topic-specific disclosures 2016

409-1	Activities and suppliers at significant risk of episodes of forced or compulsory labour	Chapter 3, paragraph 3.2 A virtuous circle of good practices Chapter 6, paragraph 6.3 Managing risks to include sustainability
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GRI 412 – HUMAN RIGHTS ASSESSMENT 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability
103-3	Evaluation of the management approach	Chapter 2, paragraph 2.1 Ratti's employees Chapter 3, paragraph 3.4 A virtuous circle of good practices; Chapter 6, paragraph 6.3 Managing risks to include sustainability

GRI 412: Topic-specific disclosures 2016

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Annex Chapter 3
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GRI 414 – SUPPLIER SOCIAL ASSESSMENT 2016

GRI 103: Management approach disclosures 2016

103-1	Explanation of the material topic and its Boundary	Chapter 3, paragraph 3.2 A virtuous circle of good practices Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 3, paragraph 3.2 A virtuous circle of good practices
103-3	Evaluation of the management approach	Chapter 3, paragraph 3.2 A virtuous circle of good practices

GRI 414: Topic-specific disclosures 2016

414-1	New suppliers that were screened using social criteria	Annex Capitolo 3
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GRI 416 – CUSTOMER HEALTH AND SAFETY 2016**GRI 103: Management approach disclosures 2016**

103-1	Explanation of the material topic and its Boundary	Chapter 3, paragraph 3.2 A commitment anchored in the most advanced standards; paragraph 3.4 A virtuous circle of good practices, box "Commitment to protect the environment and the safety of the end-customer" Chapter 6 paragraph 6.1 The governance structure of the Group Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 3, paragraph 3.2 A commitment anchored in the most advanced standards; paragraph 3.4 A virtuous circle of good practices, box "Commitment to protect the environment and the safety of the end-customer" Chapter 6 paragraph 6.1 The governance structure of the Group
103-3	Evaluation of the management approach	Chapter 3, paragraph 3.2 A commitment anchored in the most advanced standards; paragraph 3.4 A virtuous circle of good practices, box "Commitment to protect the environment and the safety of the end-customer" Chapter 6 paragraph 6.1 The governance structure of the Group

GRI 416: Topic-specific disclosures 2016

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No cases of non-compliance were reported in 2021.
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GRI 419 - SOCIOECONOMIC COMPLIANCE 2016**GRI 103: Management approach disclosures 2016**

103-1	Explanation of the material topic and its Boundary	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics; Chapter "The criteria of this Report", paragraphs "Methodological note" and "The analysis of materiality"
103-2	The management approach and its components	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics
103-3	Evaluation of the management approach	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics

GRI 419: Topic-specific disclosures 2016

419-1	Non-compliance with laws and regulations in the social and economic area	At 31 December 2021, there were no significant fines or non-financial penalties deriving from lack of compliance with laws or regulations.
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Deloitte.

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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
Ratti S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Ratti S.p.A. and its subsidiaries (hereinafter "Ratti Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 23, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*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. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Ratti Group as of December 31, 2021;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.



Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Ratti S.p.A., as well as carrying out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Ratti S.p.A., which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out remote calls, during which we have met its management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Ratti Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".



Other matters

NFS for the financial year ending on December 31, 2019, whose data are presented for comparative purposes, has been subjected to a limited assurance by another auditor who, on March 26, 2020, has expressed conclusions on this NFS without findings.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Marnati
Partner

Milan, Italy
April 6, 2022

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

With the methodological support of





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