



RATTI FOR RESPONSIBILITY

# Ratti Group 2020 Sustainability report

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

**RATTI**

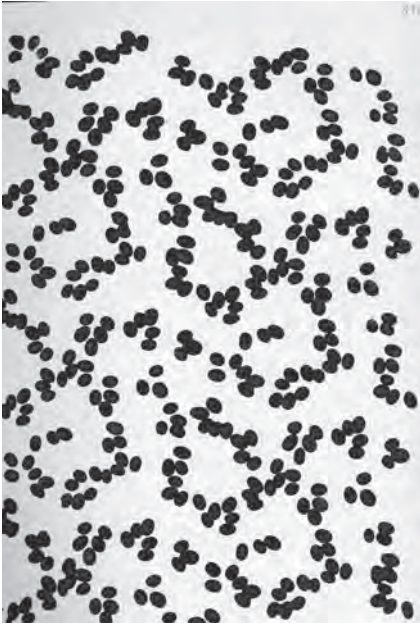


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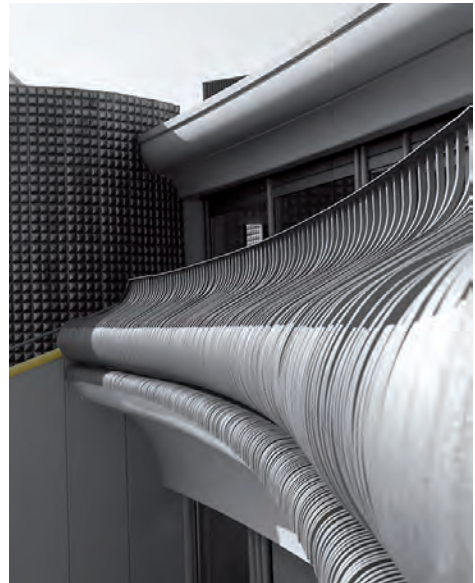




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## Letters from the Chairman and from the CEO



### Letter from the Chairman

I write this letter introducing our latest sustainability report at a moment in history that cannot be ignored. 2020 was a year in which it had become clear that looking after people was central to the future of the business, obliging us to think about creating new ways of working together and communicating with our customers.

This is why, within the Guanzate premises, we dealt with uncertainty with great determination, organising ourselves in order to safeguard operations, ensuring the health and safety of our colleagues was a top priority. It would, therefore, be unthinkable to write and speak today of the future if we did not view people and the context in which they work as central.

It is this wealth of knowledge, talent and creativity through which the firm lives and, as such, must be protected so that it can continue to shape ideas and offer services of the highest quality.

In our report you will find examples of situations which reveal our need to consider sustainability and its implementation to be of central importance, not as an abstract idea but in our daily activities. The sustainability of the future is dependent on the development and use of digital technology and on a significant change to our ways of thinking and producing.

From now on it will be important to listen vigilantly, to keep alive the energy of motivation and dialogue so we can continue to express creativity and produce beauty with the same passion, dedication and perseverance that has always distinguished us.

**Donatella Ratti**

### Letter from the CEO

In producing this, our fourth sustainability report, we have started with projects carried out as well as with objectives reached because these speak of us, our talent and our creativity, defining both style and character. These are all concrete facts which speak about our reality and our contribution to responsible development in a moment of significant emergency and in the face of new scenarios which we are making a great effort to redefine.

This work started four years ago with a process of listening which required – at both Group and individual level – everyone to be aware of their role and never lose faith in what they do. Ratti is a concrete example of a company showing resilience in integrating sustainability into its strategies, and in continuing to invest in technology, in the new digital frontier and the process of digitalisation, with the aim of improving our daily lives.

Writing this letter today gives one a feeling of speaking about a world that no longer exists. Certainly the consequences of the pandemic are clear to everyone. Ratti will make every effort, including through its retraining programmes, to limit the social impact of adjusting to the new conditions.

Throughout the year, looking after our employees, paying attention to their health and developing their skills has been at the forefront of every decision we have taken.

This, together with our understanding of the current situation, has represented an input used to enrich our present and our future, orienting our strategy and our operational processes in a way that responds to the change and its digitalisation and reacting, in this way, to the needs and expectations of society and the market.

Based on this premise, our report not only bears witness to the dynamism and expression of the activities we carry out but, at the same time, it is also an account of the commitment and practical focus we have applied to our Group's work and mission.

Although we are facing a big challenge, the objective – ambitious though it is – represents a huge opportunity that is pushing us to bring into play all our creativity and ingenuity. In this way we can face this challenge with foresight and responsibility, assessing our choices before continuing on a journey that has made us strong and confident together.

**Sergio Tamborini**





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 main stakeholders of the Group, and for the sustainable growth of the business and its activities.

In addition, the Ratti Group, through its strategy of sustainable development, contributes to the Sustainable Development Goals (SDGs) defined by the United Nations; the 17 sustainable development objectives and the 169 sub-objectives seek, for

example, to bring an end to poverty and famine in the world, to guarantee the health and wellbeing of everyone, to provide education of quality, equality and inclusivity, achieving gender equality and guaranteeing the whole population of the world the availability and sound management of the resources offered by the planet.

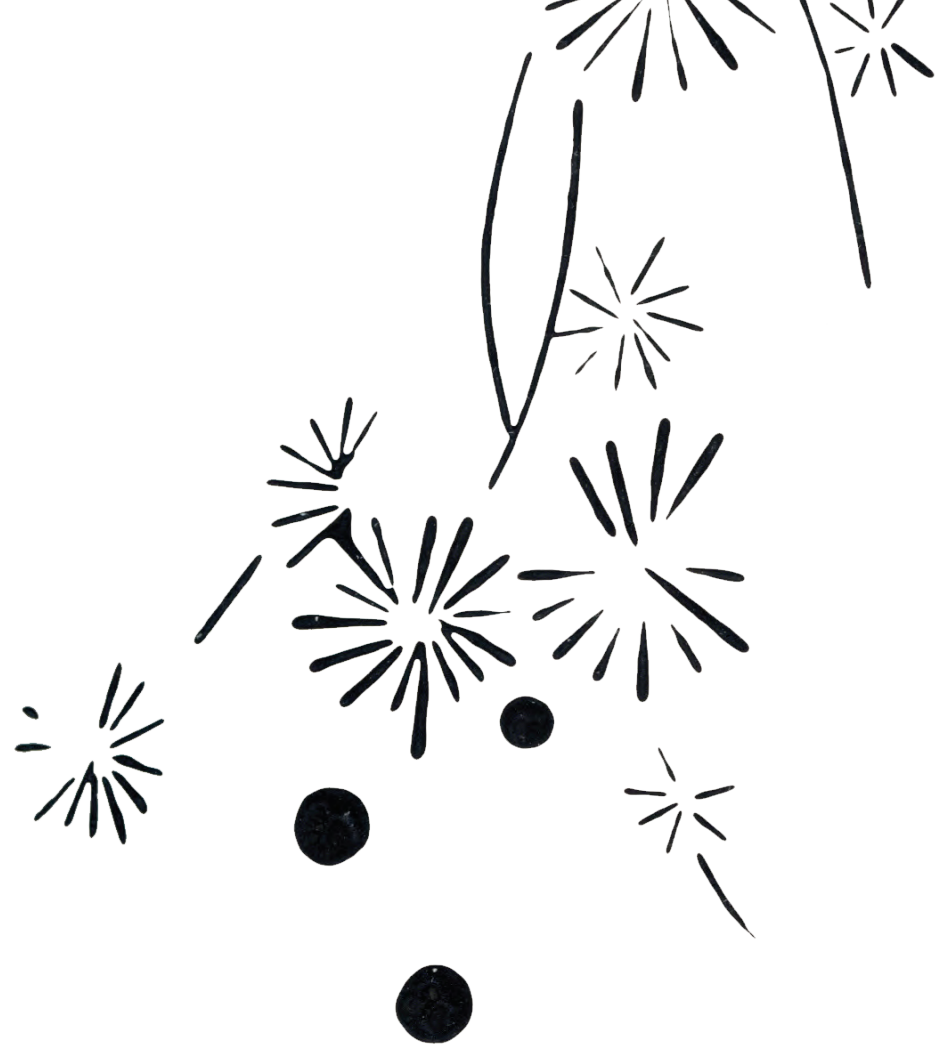
An idea that has become common, and is shared by the Ratti Group, is that companies can make a commitment and can make a contribution themselves, participating in this challenge and improving themselves from a sustainability point of view.



## Resilience: Ratti's response to the health emergency

To deal with the inevitable impact of the spread of the COVID-19 virus, Ratti has put in place a form of resilience as a type of strategy which will enable it to adapt and transform itself in a world and a market which has already changed.

This system has enabled the company to respond to difficulties, proposing new business models. To do this, Ratti set up a Resilience Committee, a project team which, starting by recognising the key issues and the opportunities represented by the emergency, identified appropriate solutions and implemented possible development pathways and innovative projects.



# 1

Ratti a sustainable company





## 1.1 A story with deep roots

### Ratti's history and the company today

In 2020 Ratti, which has remained faithful to corporate values which blend heritage and innovation, as is the case with expertise and quality – the most sublime expression of this marriage – reached the major milestone of seventy-five years in business.

*"What counts is to want and to do; that is to create"*  
Emile Zola

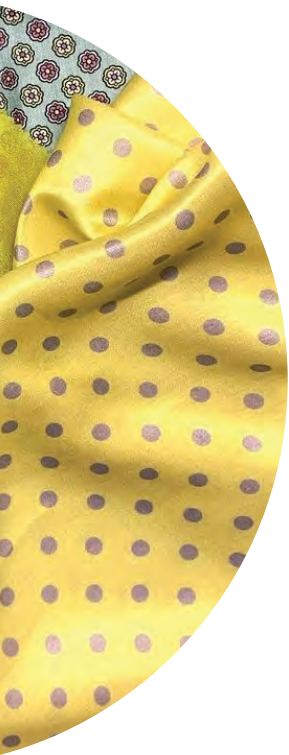
This is a quote that encapsulates the spirit of the Ratti Group which, from its very first actions on a printing table, in 1945, has made creativity its vocation. This has become a daily commitment which involves everyone who walks through the gates of Via Madonna.

This is a thought which nourishes talent and beauty, balancing innovation and practicality,

while always highlighting the prowess of our professionals and operating in a way that fully respects protection of the environment and the principles and values on which the Group is based.

If creativity always has one root in knowledge and represents an improvement on something that already exists, it is easy to appreciate the spirit and commitment shown by Ratti in taking care of and enhancing its own cultural heritage, which it houses in an exclusive archive. This is how it is able to offer, time and time again, designs and prints that become the preferred choice of major fashion and design houses throughout the world.

Every collection presented by Ratti draws inspiration from its exclusive archive, culminating



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

The history of the Ratti Group evolves in parallel with the centuries-old history of Como, city of silk.

The first traces of artistry in silk in the Como area date back to the XV century – a century during which Italian manufacturing prospered in particular and became oriented towards refined and exclusive products.

Thanks to this our country became famous throughout the world, to the extent that the expression *ouvrage de Lombardie* became synonymous with

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

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

of this new textile and replacing traditional wool production. This was a forward-looking vision which, according to many historians of economics, represented the first seeds of Lombardy's characteristic entrepreneurial spirit.

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

## Chapter 1

### Ratti a sustainable company

in exceptional care taken over every detail with which all fabrics and accessories are created, and which weave together aesthetic formulas, codes and designs with a strong Italian footprint. **Ratti fabrics**, with their uniqueness and artistic refinement are, more than anything else, the perfect embodiment of the spirit of this Group: a tribute to tradition as the starting point in the creation of a **new language** imprinted on a sinuous and noble material such as silk.

Over the years, Ratti has been notable for its attention to detail and an international outlook, to the point where it has become one of the largest Italian textile manufacturers and was listed, in 1989, on the **Italian stock market** (*Mercato Telematico Azionario, MTA*). Towards the end of the 1990s, the industrialist and philanthropist, Antonio Ratti, decided to pass the baton to the next generation. His daughter Donatella took the helm of the company, confirming her prowess in the art of printing, and adding to the sensory, artistic and aesthetic value that underpins each piece of work.

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

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

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 between the **Marzotto Textiles Group** and **Faber Five Srl**, which became shareholders of **Ratti SpA**, holding a controlling interest. 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.

Over the years the Group's harmonious growth has led to Ratti becoming a member of various associations, networks and organisms which are committed to promoting and developing the textile industry. Ratti SpA is a member of organisations including **Confindustria** (*Unindustria Como e Sistema Moda Italia*) and **Centro Tessile Serico**. It also participates in the activities of the **European Technological**

### Ratti's shareholders

At 31 December 2020, **Ratti SpA**, the Group's centre of excellence for silk, is owned jointly by **Marzotto SpA** and **Faber Five Srl**. They each hold a 34.01% stake. **Donatella Ratti (DNA 1929 Srl)** holds 16.52% of the share capital, while the remaining 15.46% is held by other shareholders. See Figure 1

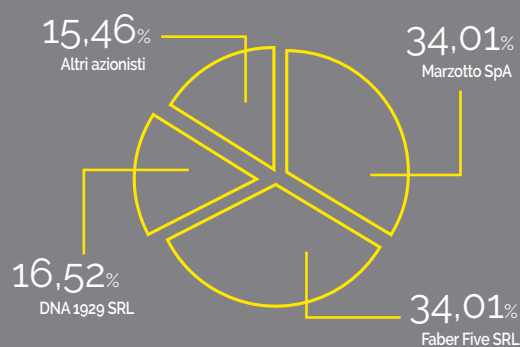


Figura 1 – Azionisti di Ratti SpA





Platform of the European Confederation of Fabric and Clothing Companies and contributes to the ZDHC programme. In addition, 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 cotton that respects the environment. The other companies in the Ratti Group are not members of any national or international associations.

### Mission, vision and values

*Looking at something is quite different from seeing it. You do not see something until you have seen its beauty.*

Starting from this assumption, Ratti continues its commitment to the care and enhancement of its art of beauty.

Ratti collections are a concrete expression of beauty and exclusivity. They are a tale of design

which unfolds in printing and weaving in which the art of beauty is seen not only in the stylistic choices adopted but also in the immense knowledge of these disciplines, a concrete expression of talent as well as constant creative, stylistic and technological innovation.

Study, research and experimentation permeate the traditional printing rooms as they do the adjoining digital printing rooms, before reaching the renovated rooms dedicated to weaving, with the main aim of breathing life into unique and exclusive masterpieces. In this way every product is a **creative project** that not only showcases the vivacity of the design, but also the expertise behind each creation.

In this way Ratti collections become the means for recounting a new beauty and exalting the business potential of the Group. This is how it manages to install a dialogue with its customers in a collective endeavour that makes visible an intersection of different DNAs and knowledge so that each product becomes a unique cultural and artistic artefact. This is the *modus operandi* the Ratti Group uses to offer an exclusive personalisation of the product.

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

## 1.2 The Ratti Group today

### The Ratti Group's activities

The Ratti Group is a leader in the creation and manufacture of printed, plain and yarn-dyed fabrics for clothing, neckwear, shirts, beachwear, underwear and textile accessories. Worldwide, it produces and distributes hemmed products, in particular accessories for men and women such as ties, shoes and scarves.

"ANTONIO RATTI WAS NOT A TYPICAL COLLECTOR OF CONTEMPORARY ART. INSTEAD OF POSSESSING IT, HE WANTED TO LIVE IT HIMSELF"

*Lorenzo Benedetti*



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

The company works with leading global luxury and prêt-à-porter fashion houses. Apart from Italy and Europe in general, the main markets served are America and Japan. Ratti customers from the fashion, luxury, fast fashion and furnishing sectors purchase textile accessories that are finished or still fabrics so they can proceed to hemming finished products (*clothing or furnishings*) that can be launched on the consumer market. For the licensing segment, belonging to Area

Ratti Studio (*cases in which Ratti – as the licensor – produces and sells textile accessories which sport a specific brand*), customers are retailers.

### 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 an equity investment in Marielle Srl (Italy).

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

### Carnet: the brand assumes a new image

After decades of growth and development, at the start of 2020 the Carnet brand underwent a restyling of its logo and all its related image.

The objective of this was to respond to the need for speed and dynamism now required by the market and the world of fashion, strengthening communication by imagery without, however, neglecting the content and quality of the fabrics themselves.

The new logo, modelled on a coat of arms whose waves refer to the brand's constant creative freedom, is presented in a more contemporary form in which the chromatic juxtaposition of saffron with various shades of black reinterpret the brand's austerity. This is the beginning of a new chapter in the history of Carnet, which accentuates its openness to a world in which it can synthesise both present and future while choosing, at the same time, Como as its preferred base for this new adventure.

### The Ratti Group's activities

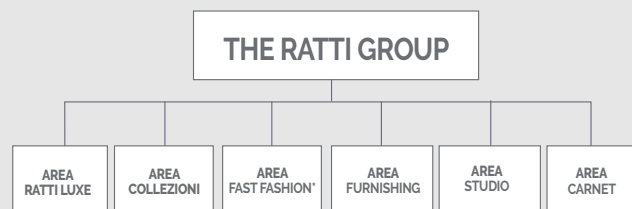


Figure 2 – The Ratti Group's activities subdivided by area

**Area Ratti Luxe:** the manufacturing and marketing of fabrics and textile accessories for the high-end market

**Polo Collezioni:** the manufacturing and marketing of fabrics and textile accessories for the mid-market

**Area Fast Fashion\*:** the manufacturing and marketing of fabrics and textile accessories for the Fast Fashion segment (*Men and Women*)

**Area Furnishings:** the manufacturing and marketing of printed, plain and yarn-dyed fabrics, for furnishings

**Area Studio:** the manufacturing and marketing of textile accessories through licence contracts or alternative distribution channels such as accessory dealers, uniforms and corporate gifting, e-commerce and new retailers

**Area Carnet:** the manufacturing and marketing of retail fabrics (*mainly to designers, quality hemming and creators of made-to-measure fashion*)

*\*Fast Fashion: settore dell'industria dell'abbigliamento che produce collezioni ispirate all'alta moda ma messe in vendita a prezzi contenuti e rinnovate in tempi brevissimi.*



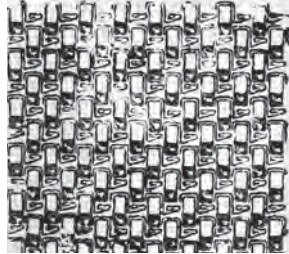


## Timeline



**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.



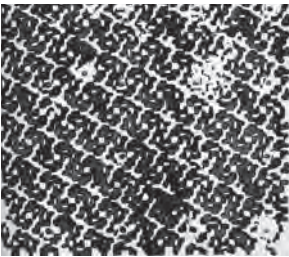
**1958**

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.



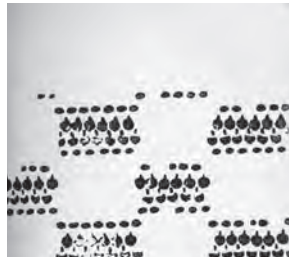
**1961**

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 responsibility,  
ISO14001 for environmental sustainability.



**2016**

The Tunisia company (Creomoda) obtains SA8000 certification.



**2017**

The Responsible Collection is launched; Ratti SpA obtains OHSAS 18001 certification relating to health and safety in the workplace, and publishes a certified environmental declaration in accordance with ISO 14021.



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.



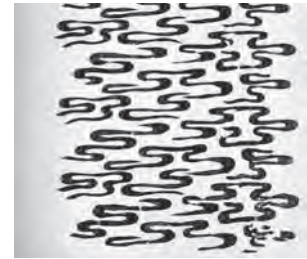
2004

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*)



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 farming and RCS certification relating to products obtained from recycled material, ISO 50001 system certification relating to energy efficiency and ISO 9001 relating to quality. It becomes a ZDHC contributor



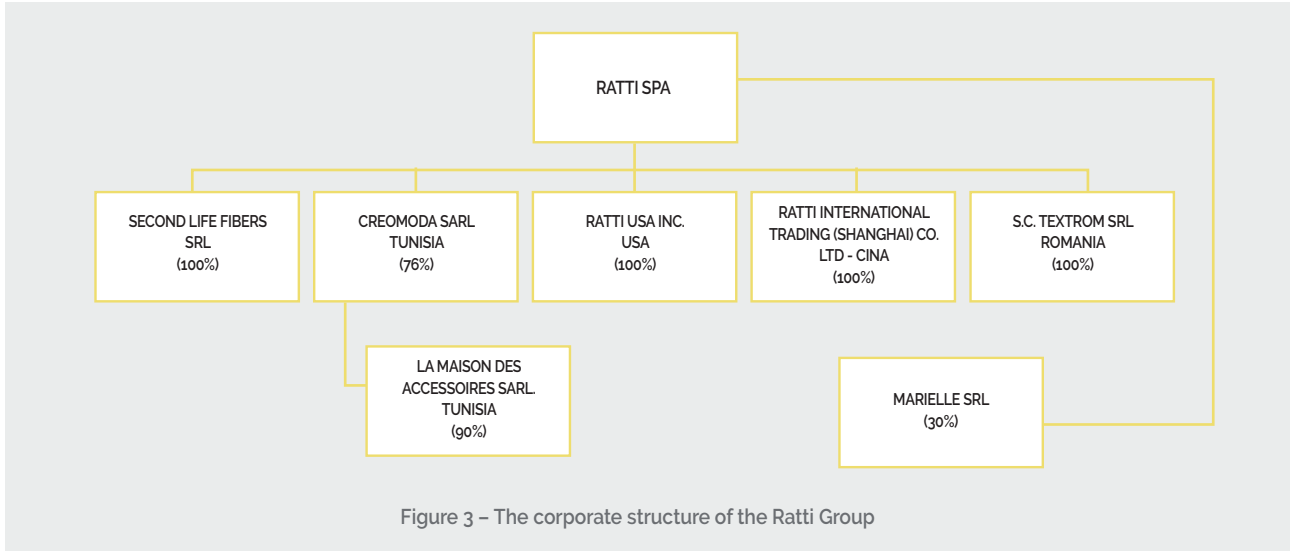
2020

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 health and safety in the workplace in accordance with ISO 45001 (replacing the previous OHSAS 18001 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* obtains SA8000 certification.



### Ratti and Marielle: a strategic alliance

The operation to acquire 30% of Marielle Srl was launched by Ratti with the objective of widening its offer and meeting its customers needs more amply.

Ratti believes strongly in the art of savoir-faire to underscore its leadership position in the market and its entry into the share capital of Marielle is confirmation of this policy and business vision.

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

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

In 2020 Ratti established 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.



Overall, at 31 December 2020, the Group had 741 employees in its various offices and subsidiaries

of hemming, sewing, and making fabrics and other textile articles. On 16 July 2019 the parent company Ratti SpA finalised its acquisition of 30% of the share capital of Marielle Srl and, in March 2020, Ratti SpA established Second Life Fibers Srl, a company it owns 100%.

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. Also based in Italy are Second Life Fiber Srl, a company which recycles non-hazardous textile waste and Marielle, 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.



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

Overall, at 31 December 2020, the Group had 741 employees in its various offices and subsidiaries.

### 1.3 Ratti's resilience in responding to the health emergency

**Resilience** is a mechanical property, and may be defined as the capacity of a material to absorb energy as a result of elastic and plastic deformations until it breaks.

To deal with the inevitable impact of the spread of the COVID-19 virus, Ratti has put in place a form of resilience as a type of strategy which will enable it to **adapt itself and transform itself in a world and a market which has already changed.**

Table 1 – General information on companies in the Ratti Group

<b>RATTI SpA</b> 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.
<b>CREOMODA SARL</b> Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse	Workshop Hemming of textile accessories.
<b>LA MAISON DES ACCESSOIRES SARL</b> Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse	Workshop Hemming of textile accessories.
<b>RATTI USA Inc.</b> New York (USA) 8 West, 38th Street	Sales office
<b>RATTI International Trading (Shanghai) Co. Ltd</b> Shanghai (China) Room 303B, N. 118 Xinling Road Waigaoqiao Free Trade Zone	Purchasing and marketing of fabrics and finished products
<b>S.C. TEXTROM SRL</b> Cluj-Napoca (Romania) Floresti, Luna de Sus, str. Hala nr. 10	Production specialised in the printing of finished garments, knitwear and leatherwear
<b>MARIELLE SRL</b> Firenze, Italy Via Giuseppe Campani, 46	Production of garments and knitwear accessories
<b>SECOND LIFE FIBERS SRL</b> Guanzate, Como (Italy) Via Madonna, 30	Recycling non-hazardous textile waste





This system has allowed the company to react to the current difficulties, suggesting new business models and transforming external stimuli into concrete plans of action and new forms of innovation.

### The birth of the Resilience Committee

The Resilience Committee is a project team which was set up with the goal of supporting the company in its efforts to deal with the sudden shock brought on by the Coronavirus. This means not only absorbing the impact, but also adapting itself and transforming itself so that it can

undertake new journeys towards sustainable and innovative development and growth.

The Resilience Committee reports to the Group's CEO and consists of representatives from different organisational units.

The activities of the Resilience Committee start by recognising the key problems and opportunities caused by the emergency (such as, for example, limits on office working or journeys to meet customers), and continue by identifying possible steps that can be taken to deal with these issues, evaluating the feasibility of these steps and, following a cost-benefit analysis, implementing appropriately innovative solutions and projects.

In order to make sure that all staff are involved, structured questionnaires have been used aimed at exploring employees' perceived needs. Considerable work has been done to investigate the tools used in other sectors, and frequent meetings of the Committee have been held to identify and propose new project proposals, to share progress made on activities currently under way and to ensure there is a constant focus on new emergencies/opportunities in the market.

### 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

### Initiatives undertaken by The Ratti Group to respond to the spread of the virus

In such a delicate situation it is essential to predict and interpret the needs and concerns that combine health and the economy into a single problem to face and resolve. Value should be restored to the essence of work, doing everything possible to safeguard human capital through the value expressed by work on a daily basis.

Since the beginning of the pandemic the Ratti Group has sought to protect the health of its employees, adopting the most stringent protocols in order to mitigate, as much as possible, the risks of contagion within the company.

Since the re-starting of business activities following the first lockdown, Ratti SpA and the unions have signed up to a company protocol consisting of measures aimed at combating and containing the spread of the COVID-19 virus in the



workplace. These range from taking employees' temperature before they enter the workplace to regular sanitisation; from the distribution of masks to employees to a supplementary healthcare system (see the box titled *"Safeguarding health in the fight against the spread of COVID-19" in Chapter 2, para 2.4 "Safeguarding the health and safety of employees"*)

In addition to the issue of safeguarding health, the Ratti Group has implemented a number of initiatives aimed at facilitating distance relationships with its customers and suppliers.

The company has set up and equipped new multimedia rooms at the Guanzate site, the aim being to enable users to **work and communicate in a way that maximises speed**, the use of multimedia, and professionalism. Remote access to its offer, as well as to the Ratti environment, has been made possible thanks to the use of HoloLens2 smartglasses, offering an experience of great emotional impact (see Chapter 3, paragraph 3.3 *"The drive towards innovation as a response to the Coronavirus"*)

Ratti has also reflected on its products and has also installed **metal-free anti-bacterial finishing** which is effective on silk, cotton and nylon fabrics. The project was born out of a proposal made by Ratti as a response to the health emergency and complies with the ZDHC (*Zero Discharge of Hazardous Chemicals*) protocol.

Not least, Ratti has also decided to take action from a social point of view, seeking to assist those organisations that are most committed on the health emergency front.

In this regard it has earmarked 250,000 euros for the **Fondazione Provinciale della Comunità Comasca ONLUS** (*non-profit organisation*) for the acquisition of machinery and tools needed in the area of health, it has donated 200m of fabric to the **Associazione SoS Varese** for the production of masks for civil use and, finally, it has reached an agreement with **Talking Hands**, a permanent fashion, design and innovation workshop which has brought together a group of refugee asylum seekers to produce masks (see Chapter 5, paragraph 5.3 *"Partnerships that do good"*)





## ISO 45001

In 2020 it completed the transition to OHSAS18001 certification

## SA8000

the certification obtained by Ratti SpA, Creomoda and La Maison des Accessoires for safeguarding human rights

66.67%

percentage of employees of the Ratti Group

2,663

hours of training carried out by the Ratti Group for its employees in 2020

### Some of Ratti's anti-Covid measures

- Contact tracing through the use of 650 electronic bracelets
- Safety training courses for first aiders
- More than 185 swabs and 571 virus tests free to employees
- Distributing more than 112,000 surgical masks and 17,000 masks made from the company's printed fabrics
- Supplementary healthcare for employees

### Some of the services the Ratti Group offers its employees

SUPPLEMENTARY HEALTHCARE

FINANCIAL INCENTIVES FOR SUSTAINABLE TRAVEL

RECHARGING POINTS FOR HYBRID CARS

MARKET A KM ZERO

POST AND LAUNDRY SERVICE FOR EMPLOYEES

REMOTE WORKING



### Training to keep going

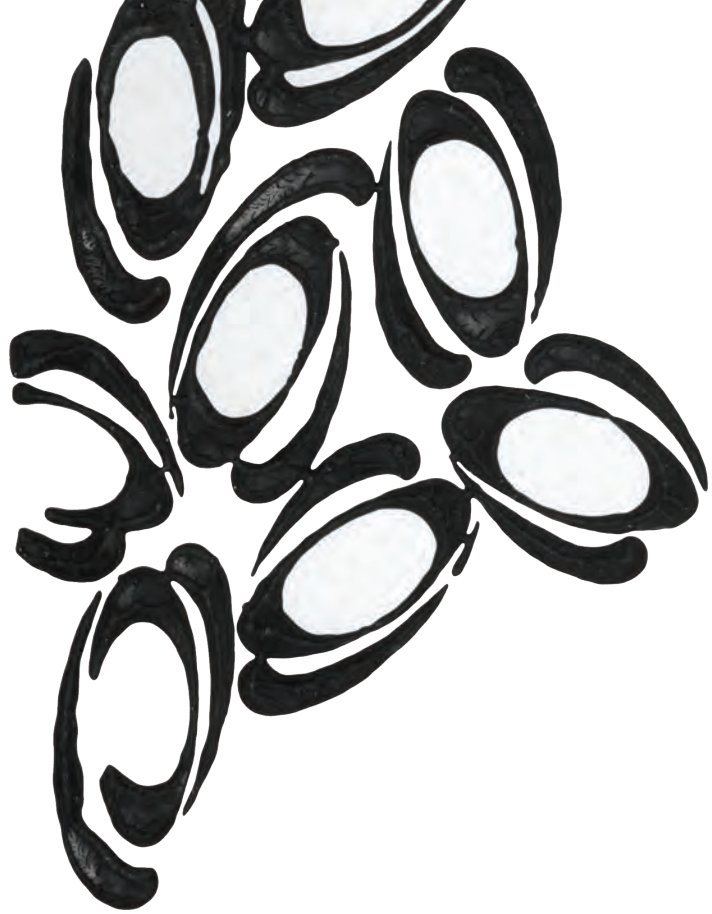
During lockdown Ratti launched the project "Training to keep going", a remote-learning programme in which the teachers were the same employees who had previously shared their knowledge in online lessons.

50 people were involved in two subject areas: languages and IT skills

Concrete examples of the concept were team building and creating cohesion among employees.

### The foreign operations of the Ratti group

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



# 2

## Uniqueness and talent, ingredients for success



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.



### The value of people

In Ratti the value of people has always represented a concrete link between what the Group believes in and its actions in practice. This represents everything Ratti considers to be important, and is what is behind all decisions, resources and energy. The Group is constantly working on this concept of value, starting from values relating to individuals and then aligning with those of Ratti to enhance **cooperation**, a **sense of belonging** and **continuously renewed motivation**.

Based on this premise, one can understand how **quality of work**, in Ratti, is expressed, including through the value of people. It is concluded, therefore, that it is the specific characteristics of people that are the key elements in effectively implementing investments related to organisational processes. Only in this way can work become an element of value and a way of sharing something in which one believes.

This is an asset that merits the constant attention and protection expressed in the **Code of Ethics** – a collection of rules which commits the Group to **enhancing its professionals**. It encourages the **development of skills and professional growth**, guaranteeing the satisfaction and wellbeing of the staff working in the 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 performance, without any discrimination, given that the functions select, hire and manage employees exclusively on the basis of expertise and merit.

The **COVID-19 health emergency**, and the consequent forced stop to production in the first part of the year have had inevitable repercussions on the management of human resources, both in terms of new-hires and in terms of aggregate hours of training. However, the Group has continued to protect its employees, using "cassa integrazione" (*furlough*

*scheme*) due to COVID-19, prioritising the use of holiday backlogs and guaranteeing, in any case, that contractual benefits such as holiday allowances and the "tredicesima mensilità" (*thirteenth monthly salary*) continue to accrue, even during periods of inactivity.

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

## 2.1 Ratti's employees

At 31 December 2020, the Ratti Group had **747 employees**<sup>1</sup>, the majority of whom are women (66.67%). This has long been a characteristic of the sector. The total workforce was 12% smaller than in 2019.

This decrease was due mainly to the effects of the COVID-19 health emergency. It resulted in a fall during the year in the volume of activities influencing corporate processes and recruitment policies. It should be noted that in contrast to the fall recorded for workers on fixed-term contracts (-60.67%) and interns (-80%), there was an increase in the number of workers on permanent contracts.

Compared with 2019, this figure increased by 10.41%, and showed the Group's commitment (*particularly in the case of Creomoda*), despite the fact that the health emergency made it difficult to offer many fixed-term contracts.

Figure 4 – Workforce of the Ratti Group by gender at 31.12 for the three-year period 2018-2020

	2018	2019	2020
<b>Women</b>	518	565	<b>498</b>
<b>Men</b>	281	284	<b>249</b>

<sup>(1)</sup> The 747 members of staff include employees, interns and freelancers



86.61% of the workforce are on permanent contracts, while 12.58% are on fixed-term contracts; the remaining 1.61% are employed through other forms of contract, specifically project workers and interns.

95.28% of employees are full time, while only 4.72% are part time – an option chosen mainly by women in order to enhance work-life balance.

With regard to variations in the Group's staff numbers by age range it was observed that between 2019 and 2020 the number of staff members between 30 and 50 years of age remained basically flat.

However, there was a reduction in the number of staff members under 30 (-23.65%), caused by the temporary suspension of recruitment given the fall in volumes due to the pandemic. Confirmation of the fact that this is an out-of-the-ordinary trend is the continuous growth in headcount recorded by Ratti over the previous four years.

Figure 5 – Workforce of the Ratti Group by age range at 31.12 for the three-year period 2019-2020

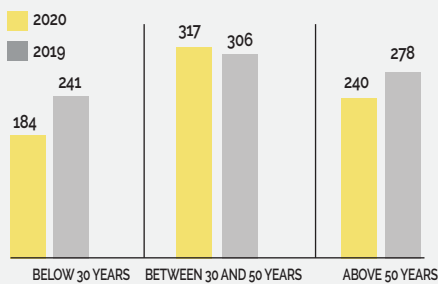
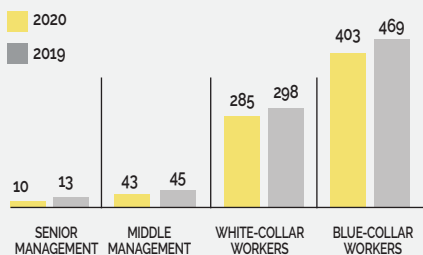


Figure 6 – Workforce of the Ratti Group by employment category at 31.12 for the three-year period 2019-2020



### Romania, monitoring that makes a difference

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

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

At 31.12.2020 the workforce consisted of 24 employees – 17 women and 7 men.

Looking at the numbers by employment category (Figure 6) shows that the “workers” category represented the biggest fall in 2020. It represented 78.57% of the total decrease in resources and a change of -14.07% on 2019. The decreases by contractual category and by age range mainly affected the Tunisian sites, given the fall in production as well as the greater flexibility of labour contracts in Tunisia.

### Enhancing and safeguarding the diversity of the individual

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

Identifying and emphasising this narrative means keeping sight of the values outlook not only of this human capital but also that which today might be defined as the “continuous becoming” of this company.

747

TOTAL WORKFORCE OF THE RATTI GROUP:

498

WOMEN

249

MEN

647

EMPLOYEES HIRED ON PERMANENT CONTRACTS BY THE RATTI GROUP:

95.28%

OF EMPLOYEES HIRED FULL TIME BY THE RATTI GROUP

184

YOUNG EMPLOYEES BELOW 30 YEARS

199

TOTAL CREOMODA AND LA MAISON DES ACCESSOIRES EMPLOYEES AT 31.12.2020

93.47%

FEMALE EMPLOYEES IN RATTI OFFICES IN TUNISIA

24

TEXTROM EMPLOYEES AT 31.12.2020, OF WHOM 17 ARE WOMEN



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

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.

### 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 opposing any situation that could potentially involve exploitation in the workplace. As a guarantee of their respect for human rights, Ratti SpA, Creomoda and La Maison des Accessoires are SA8000 certified.

In its recruitment policies, the Group also specifies its requirements regarding the minimum age of employees, in line with national

### 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 183 employed today.

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

Both companies have a high number of female employees: while in Creomoda the percentage is 92.90%, in La Maison des Accessoires the percentage rises to 100%.

regulations (18 years in Ratti SpA and in Textrom Srl, 16 years in Creomoda Sarl and La Maison des Accessoires) for all companies. When interviews are conducted with minors below the age of 18, there is a specific procedure in place to assess the educational circumstances of the minor, so that the working commitment is not incompatible with the former, and to verify and monitor compliance with the conditions agreed when the contract is signed.

The verification of any risks inherent to non-compliance with respect for human rights and 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").

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.

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

contact or by examining the database of CVs. Every new-hire has a period of induction as set out in the welcome plan, together with his/her future boss. On their first working day, a new-hire receives any equipment relevant to the position and an information session – some general training 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. Subsequently the on-job-training programme 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 2020 a total of 61 people were hired, 54% of whom were under 30 years of age. Also in 2020, 145 people left the company, compared with 98 the previous year.

In 2020 the Group's total staff turnover was 27.80%, which was slightly down on 2019 (28.61%). In particular, the employee turnover rate (*incoming*) was down on 2019, falling from 16.73% to 8.23%. The main difference was due to a lower level of recruitment at La Maison des Accessoires in Tunisia, a choice which was due to the fact that the company's workforce had increased significantly in 2019 (37 *incoming staff members*).

The employee turnover rate (*outgoing*) was 19.57%, an increase on 2019 (11.88%). As for the employee turnover rate (*incoming*), the figure was significantly conditioned by the number of leavers at La Maison des Accessoires, the Tunisian subsidiary – 36 compared with 7 the previous year. This significant increase in outgoing turnover was due to the fall in production caused by the COVID-19 crisis, which meant that the Ratti Group was unable to renew many fixed-term contracts. This was particularly the case for La Maison des Accessoires, whose activities had only begun in 2019.

The turnover rate (*outgoing*) is increasing in Ratti SpA, where the most affected age range is the over 50s, with staff taking retirement, and the Creomoda site, where the age range with the

61

NEW-HIRES  
AT 31.12.2020

27.80%

OVERALL RATE OF  
TURNOVER IN 2020

**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.**





**2,663**  
HOURS OF TRAINING  
CARRIED OUT IN 2020

**330**  
HOURS OF TRAINING  
FOR MIDDLE  
MANAGEMENT AND  
EXECUTIVES

**1,161**  
HOURS OF TRAINING  
FOR WHITE-COLLAR  
WORKERS

**1,173**  
HOURS OF TRAINING FOR  
BLUE-COLLAR WORKERS

most leavers is the under 30s. The significant mobility recorded for the Tunisian subsidiary is linked to the type of contract mainly used there, i.e. a fixed-term contract, which provides greater flexibility in the local labour market together with, as was explained previously, a fall in production – the inevitable effect of the spread of the COVID-19 pandemic.

## 2.3 Training and developing talent

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

Every year Ratti SpA carries out a diagnosis of training needs for each organisational unit. In 2020, a **training catalogue** was used to plan training. This tool had been introduced in 2018 to gather together the most common training actions, subdivided by theme. Using this system, the heads of each business area transmit their needs to **Human Resources**. These needs are then recorded in the analysis of training needs and are used to draw up the annual training plan. The training is financed, where possible, using **corporate funds** such as, for example, **Fondimpresa** and **Fondirigenti**.

Creomodà and the recent acquisition La Maison des Accessoires will also adopt a similar procedure to that used by the Parent company. Managers report the training needs of their staff, sharing this with senior management. They then decide on the training plan and the provider autonomously. Textrom personnel periodically receive (from a specialised company) training covering health and safety at work and dealing with emergencies.

Ensuring the effectiveness and quality of Ratti SpA's training policies is the responsibility of business area heads, the manager directly involved or the trainer who delivers the course. In the event of a negative evaluation or

performance, Human Resources and the managers involved will identify precise and specific corrective actions. In Creomodà, 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 and health and safety is evaluated at the end of the course, in order to understand to what extent the training has been absorbed.

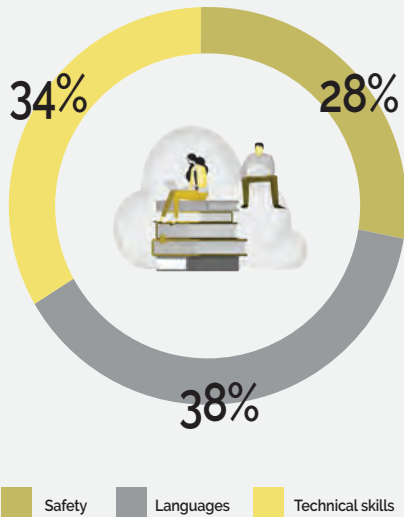
Overall, in 2020, **2,663 hours<sup>2</sup> of training** were carried out, a fall of 67.24% compared with 2019. The lower number of training hours is down to the problems created by the pandemic and the need to safeguard the health and safety of staff members. In Ratti SpA in particular, social distancing and the need to adopt remote working made it impossible to carry out a number of courses that had been scheduled. Given this situation, priority was given to training relating to **safety, languages** and a number of **courses** that had been specifically requested.

In detail, in 2020, at Ratti SpA in Italy 38% of training involved **languages**, 34% **technical and financial expertise** and 28% **safety in the workplace**. The foreign subsidiaries favoured training on safety – in 2020 this represented 100% of training carried out in Tunisia and Romania, and 84% in China. For the Chinese site the remaining 16% represents training hours dedicated to technical and financial skills.

In detail, in 2020 Ratti SpA added the following to its training plan: courses relating to the **Code of Ethics** and to **Model 231**, a training programme on **textile accessories** and, finally, employee training on **remote working**. Also in 2020, the Ratti Group scheduled the start of a training course on the avoidance of discrimination, given that the organisation is convinced of the importance of this key topic.

With regard to these topics, the 2020 training plan was extended to all employees including new-hires. However, only a small part of the plan

Figure 7 – Type of training in the Ratti Group: percentage by type of total hours of training at 31.12.2020



was implemented owing to problems associated with the spread of the COVID-19 virus, and it was re-scheduled for 2021.

For 2021 the Group will continue to invest in the area of sustainability: Ratti SpA has delivered tailored training courses for new-hires with specific roles in the company – these include creative, commercial and management positions.

Under emergency conditions the Group has,

however, been able to find alternative, creative methods to share knowledge and to increase cohesion among its employees. These methods include the initiative “Training to keep going” (see the box “Training to keep going”).

## 2.4 Health and safety

### Safeguarding the health and safety of employees

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

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

The importance of this theme is illustrated by the presence of a paragraph dedicated to it in the Groups’ Code of Ethics and by certifications. In 2017, Ratti SpA obtained OHSAS 18001 certification. At this point the document Politica

### Training to keep going

During the lockdown Ratti launched the project “Training to keep going” – a remote learning programme which ensures that all employees can improve their knowledge in certain areas.

The project began with the first online training courses in English, French, Excel and Board, with the option of choosing topics according to level of interest. 50 employees took part in this project and, in detail, there were 13 lessons in English of 30 minutes each and 19 lessons of either 30 or 60 minutes in French.

There were 20 lessons of 30 minutes each in Excel and 2 lessons of 60 minutes each in Board.

The teachers who conducted these courses were from the same group of colleagues who had made

their expertise available online. This is a concrete example of working as a team and creating cohesion among employees by sharing knowledge.

Given the success of the initiative, Ratti has decided to expand both the programme calendar and the topics covered.





e **Obiettivi di Sicurezza e Ambiente** (*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 OHSAS1 8001:2007 to **ISO 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.

As of today, the entire workforce of Ratti SpA, employees and others, is subject to the Health and Safety Management System, according to the ISO 45001 standard.

During 2020, the Management System underwent various audits, including one carried out by an accredited third party, which resulted

in Ratti being certified compliant with the **ISO 45001** standard. In Creomoda, and for La Maison des Accessoires, health and safety aspects were monitored and checked through **SA8000:2014 social accountability certification**.

In particular, in December 2019 an audit was carried out to renew SA8000 certification for Creomoda. This was extended to La Maison des Accessoires. Both companies commit to respecting all prevailing national regulations on this topic, and to adopting the recommendations of the SAAS (*Social Accountability Accreditation Services*) office and the ILO (*International Labour Organization*) relating to measures aimed at preventing fires and reducing risk.

In order to reduce fire risks and the direct impact on the health and safety of employees, workplaces are being evaluated, along with any associated risks, so that work can be carried out



**As of today, the entire workforce of Ratti SpA, employees and others, is subject to the Health and Safety Management System, according to the ISO 45001 standard.**

## Safeguarding health in the fight against the spread of COVID-19

Since the beginning of the pandemic the Ratti Group has sought to protect health, adopting the most stringent protocols in order to mitigate, as much as possible, the risks of contagion within the company.

Since commercial activities started again after the first lockdown, Ratti SpA and the unions signed up to a company protocol consisting of measures aimed at combating and containing the spread of the COVID-19 virus in the workplace.

In addition to measuring people's temperature at the entrance, **sanitisation measures** and the use of **over 650 electronic bracelets** for contact tracing, a health service has been introduced. This was preceded

by 30-hour safety training courses on first aid, during which 185 swabs and 571 virus tests were allocated at no cost to staff members.

Continuing on the theme of numbers, from May to December **112,000 surgical masks** were given out across all sites, including those abroad. **17,000 masks** made with printed fabric were produced directly by the Group and packs of single-use gloves were delivered according to needs. 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 equipment to make sure that air was circulating correctly.

A **supplementary healthcare system** was implemented at the Ratti SpA site for the benefit of employees. In this way the company sought to widen insurance coverage, granting reimbursement for medical services and the flu vaccine, as well as granting full health cover in the event of COVID-19 infection.

A **health screening service testing** for the virus was made available to

in a healthy and safe environment.

For the Creomoda and the La Maison des Accessoires sites in Tunisia there is a **Committee for health and safety in the workplace** as well as a Manager responsible for health and safety at work.

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

The Creomoda and La Maison des Accessoires sites comply with Tunisian regulations and with the SA8000 standard, and do not carry out any high-risk activities.

In **Textrom** the prevailing national regulations are applied and in October 2018 the **Policy for social**

**accountability** was extended to include health and safety aspects. This policy specifically refers to ILO agreements and recommendations.

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

Plant in Romania and Turkey also have a Risk

all employees on a voluntary basis. During 2020 Ratti SpA set up a special Covid Committee. This consisted 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 given hand sanitising gel and protective masks, and maintaining social distancing of at least one metre

was made compulsory.

At the **Creomoda and La Maison des Accessoires** sites various 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.







## Electronic bracelets: better protection for employees

In October 2020, in order to safeguard the health of its employees in the best way possible, Ratti SpA began to hand out new electronic bracelets in the company.

These are Bluetooth prevention devices, worn like a wristwatch and chargeable through a normal USB socket.

Wearing the new Ratti bracelet means it will be possible to trace encounters between two devices which find themselves less than a metre apart for a period of time exceeding four seconds. If a device comes too close to another device it vibrates, emitting both an audio and a visual alarm signal.

The adoption of the device was announced by the Covid Committee (see the box "Safeguarding health in the fight against the spread of COVID-19").

In addition to this immediate information, the device memorises the unique coded identifier, the day and time of "contact" with another bracelet, keeping this information

for a fixed period of 21 days, updating it progressively. This data is essential in order to reconstruct – only if necessary – contact with a person who has tested positive for COVID-19 and to allow, thereby, the public body responsible for safeguarding health to adopt all preventative measures necessary to contain the spread of COVID-19, while fully complying with all privacy legislation. In this regard, the movements of personnel are not traced through this bracelet using geolocation – only interpersonal distances between workers are reported.

Thanks to this new technology it will be possible not only to monitor compliance with the rules but, in the event of infection in the workplace, these bracelets will provide access to the chain of contacts to check the state of health of any colleagues at risk.

Together with masks and the system of sanitisation adopted on a daily basis, these new electronic bracelets are now a key element in the prevention and monitoring of any infections.

Risk Evaluation Document should be updated by an external consultant.

Should members of the Group's workforce need to report risks or dangerous situations relating to work, there are procedures both in Ratti SpA and in the Tunisia companies relating to the Social Responsibility Management System, which allows workers to make anonymous reports and complaints. In addition, as set out in the prevailing legislation, 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 extraordinary appointments should there be any problems. The **Doctor in Charge** cooperates with the Prevention and Protection Service to ensure that the Risk Evaluation Document is updated. Textrom, Creomoda and La Maison des Accessoires are also subject to health monitoring.

In 2020 only one accident without serious consequences was recorded in the Ratti SpA workplace.

The rate of accidents for the Group in 2020 was **0.95%**, a big fall on the figure for 2019 (4.66%)

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

## 2.5 The welfare of our employees

### Welfare in the Ratti Group

Alongside safeguarding the health and safety of its personnel, the Ratti Group pays particular attention to the wellbeing of its employees.

**Welfare** has become a valuable tool for improving

the internal environment – it favours talent retention, as well as the achievement of high production quality standards.

The issue of **balancing working and private time** thus becomes a priority in terms of guaranteeing personal satisfaction.

In Ratti In 2020 35 part-time contracts were recorded in Ratti SpA out of a total of 741 employees. 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 2019 Ratti SpA created a **remote working questionnaire** which was administered in certain – mainly administrative – areas of the company. The questionnaire verified levels of support for the initiative.

During 2020, 187 people took part in the project, demonstrating the Ratti Group's interest in using this benefit as a way to reconcile work-life balance.

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 current health emergency, the home-workplace transport incentivisation plan has been cut back.

The scheme using shopping vouchers to **incentivise bicycle use** has been confirmed and, starting from October 2020, the **public transport service** was relaunched. Incentives for **car pooling**, however, have been suspended.

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 towards their children's education and help with purchases of scholastic materials, as well as a prayer area open to all employees.

## Some services available to employees

- **Parking reserved** for staff and, specifically, pregnant women;
- **Financial incentives** for sustainable mobility;
- **Free-to-use recharging points** for electric or hybrid cars;
- **A postal service** for receiving private letters and packages at the concierge area instead of at home;
- **A laundry service** with collection/return of items twice a week;
- **A "zero km" market** once a week selling fruit and vegetables from the local region;
- **Psychological support** for employees;
- **A physiotherapy service** inside the company, with an agreement with UniSalute;
- **Supplementary healthcare** covering specialist medical support;
- **"CartAzienda Unindustria"** offering agreements with shops and organisations in the local area;
- **Holiday resorts** (Villaggio Marzotto);
- **Christmas gifts for employees' children** (up to and including 10 years old), and other communal events during the 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;
- **Readers' Corner:** every day local and national newspapers are available at the company restaurant;
- **Smart Working.**





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

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 the social aspect.

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.

6

BUSES DEDICATED TO HOME-WORKPLACE TRANSPORT IN TUNISIA

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

In 2019 Ratti SpA signed up to 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 second 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 interpret 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.

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

## 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,

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REIMBURSEMENT OF SPECIALIST MEDICAL SERVICES RATTI SPA

## All aboard for sustainability

In May the third 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 also 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 2020 the Sustainability Report was also transmitted through information sent to the monitors.

## More communication to update employees on the spread of 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 (see the box "*Electronic bracelets: better protection for employees*").

Finally, newsletters were created during the lockdown for all employees.



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 actual portal that manages the news, publishes shared documents and, last but not least, manages a number of internal processes.

The intranet area of Ratti SpA has a number of sections with a full range of informational and institutional content, as well as a news area with the latest news.

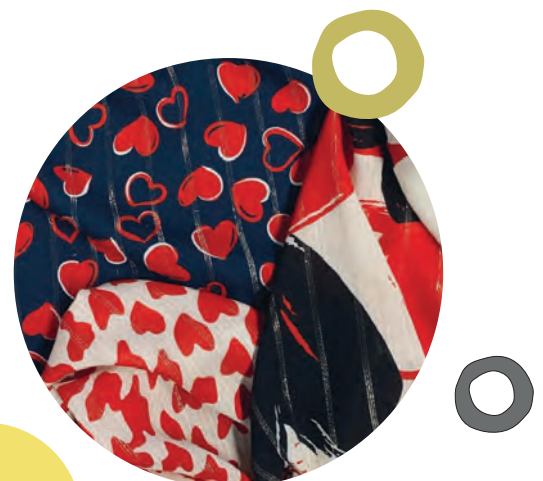
Within this information it is possible to find new opportunities, sustainable projects, welfare projects, safety procedures for employees, the results of corporate climate surveys as well as deals that are currently active.

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.





84.35%

the percentage of suppliers from Italy

32.47%

the percentage of Italian suppliers from Como

### Ratti is a partner of STARTUP BOOTCAMP

electing the best innovative startups operating in Fashion Tech and accelerating their growth

### Ratti and SMART4CPPS PROJECT

Ratti is involved in this project, which involves the integration of plant and machinery with IT systems and the traceability of the product during the process.

## Ratti Italian Wax

On the occasion of the 2020 edition of Scoop in London, Ratti proposed its new Italian Wax collection: a series of 100%-cotton "Made in Italy" fabrics.

The stylistic code that permeates the collection is a fusion of styles, colours and stimuli coming from cultures beyond the Mediterranean.

Ratti has renewed its Wax proposal on its page in the "Made in Italy" window of Amazon offering, every month, fabric previews that are increasingly aimed at the digital customer

## The Ratti Group's certifications



## Multimedia rooms and HoloLens smartglasses

In order to support Ratti in responding to the sudden shock due to the Coronavirus outbreak, The Resilience Committee has introduced new forms of innovation into the company, including tools for interacting remotely with customers.

These include the creation of 5 new rooms, conceptualised so that it will be possible to work with and connect with customers and suppliers in a way that maximises efficiency, professionalism and use of multimedia.

# 3

## Material becomes creation



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 productions phases, also involving its own suppliers.



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

#### Talent that lends form to ideas

Talent in itself is a gift, a natural inclination that each of us, to a greater or lesser extent, possesses and whose recognition and enhancement is enriched by Ratti's training programmes. That said, however, being able to draw is an art – a natural inclination that manifests itself in the externalisation of something exceptional.

What can, however, be learned and perfected is lending form to ideas with the support of IT

devices and graphics tablets, in order to best simulate working manually. Developing a complex prototype can require a full month's labour of a designer, fully dedicated and working with great flexibility, creativity and willingness, to give form to the wishes of a customer base that is increasingly multifaceted.

The planning of design has always been one of the most crucial and delicate phases in Ratti's creative production process.

This phase does not follow a specific procedure or a constant method in that, mainly, the process is based both on a continuous dialogue with the customer, and on the creativity of the designers, who let themselves be guided by various forms of inspiration.

In this sense, the final design that is printed onto fabrics may be seen as a kind of meeting

#### Ratti chosen by Piquadro

Ratti and Piquadro (the Bologna company that produces tech-design leather goods for business travellers) have announced that they have reached a partnership agreement which involves creating and marketing, throughout the world, printed accessories (yarn-dyed and knitwear).

The agreement just signed with Piquadro consolidates a natural harmony between two organisations which have always loved to offer product excellence and quality. Piquadro and Ratti are proposing a new line of scarves which marries the values of the Piquadro brand with Ratti's textile expertise.

The objective is to propose a new and hitherto unheard-of interpretation of the world of accessories, juxtaposing the essential style of the Bologna brand with the three-dimensional textures of the Como-based company. The new collection, which marries attention to detail and stylistic innovation, re-elaborates the archetypes of classic taste applied to accessories in a contemporary key. It is a series of scarves with exclusive craftsmanship savoir-faire, imprinted with a new velocity and a contemporary appeal

#### 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 sample books.

This digitalisation process, which is 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.

This takes the form of a virtual desk shared with customers, combining the company's creative and digital expertise to create, modify and, last but not least, approve the designs suggested by the style office. Digital acceleration, conceived in order to improve the way Ratti's collections are presented and

between the end-customer with their desire to enhance the elements of their brand and the creative capacity of the individual designers to lend form and expression to these ideas. Out of this meeting 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 respond to certain specific requests, Ratti can open the doors of its exclusive archive to the customer, suggesting a design as a starting point, but offering them the option to modify the various characteristics of the final product. This could include interventions on the design technique or changes to the compositional pattern that could be added while the work is being produced. This is a road which is paved with perseverance, flexibility and innumerable

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.

## Spreading the key value of intellectual property

**The Group considers the full respect of intellectual and industrial property – its own and its customers' – to be of primary importance.**

This is a fundamental principle of its business, in a context of fair and proper competition, and the Group requires, as a consequence, its suppliers to comply with the laws in force and the relevant applicable regulations.

The Group is committed to protecting and treating with appropriate confidentiality the ideas, models, designs and other forms of intellectual property developed during the company's working activities.

It expressly forbids any conduct aiming at the alteration, counterfeiting, or illicit use of brands or distinguishing characteristics of designs and models, whether these be Italian or foreign.

The digital management of the creative archive is born out of a need to improve the effectiveness and the efficiency of the processes, integrating design and production and making it easier to safeguard the intellectual property of the designs and images of customers and third parties. To this end, Ratti SpA has completed and operationalised its new "Vedo" (*"I see"*) company software to manage the physical and virtual design archive. This has made the information relating to the designs easier to control, organise, correlate and access, minimising the risk of any violation of third-party rights or existing agreements with customers. In addition, Ratti SpA has also established 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.

attempts, before satisfaction is achieved with regard to the desired product.

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

In order to ensure that the various Product Managers in the Ratti Group 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 generate new creative stimuli, it may also happen that special relations may be established between some designers and customers, which consolidates their cooperation over time.

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").

## The production cycles

Ratti manages and controls the entire production cycle, from the creative idea which is developed within a design, to the planning of a fabric, to the ennoblement and hemming processes. This is production 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 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

## Ratti Italian Wax

On the occasion of the 2020 edition of Scoop in London, Ratti proposed its new Italian Wax collection. It is 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 code 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

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 ISO 14021:2016 standard (*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.

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

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](http://www.amazon.it/ratti) offering, every month, fabric previews that are increasingly aimed at the digital customer.

## "Tessuteca" Ratti

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

The categories of always-ready fabrics such as silk, cotton, linen, wool/cashmere, viscose, synthetic fabrics, jersey fabrics, velvet and swimwear provide evidence that the company is leaning towards process innovation, improved logistics and quality service.

The investment in the Tessuteca, together with the company's ability to forecast purchasing criteria with the customer, represent a new business model in which delivery times are significantly reduced.

The Ratti Tessuteca has therefore become the basis of an increasingly close dialogue between ideas, production and delivery, where everything revolves around the customer's forecasting ability and the company's speed of response.

## The New Deal project: the evolution of warping and wefting

On the occasion of the new edition of Milano Unica (February 2020), Ratti proposed the "New Deal" collections for men and women.

This was confirmation of its project to put into practice the printing of yarn-based designs onto wool, cotton and linen, offering an infinite range of possibilities without any creative limits, linked to timescales or, more simply, length ordered.

Ratti, through its proposals in the New Deal collection, strengthens even more the link between its printing art and the world of the fashion house, combining stylistic research, creativity and contemporary trends into a single, exclusive weft.

The new fabrics in the New Deal collection for men have a heightened sense of proportion, without losing their easy-going lightness.

The women's fabrics in the collection demonstrate an intelligent conceptual evolution of the prints towards a woman who is able to "dare with style". Here taste, balance and delicacy are to the fore.

Once again, Ratti's style office has been able to find a new equilibrium between innovation and practicality, for a collection of printed fabrics able to generate a dialogue between their contrasting elements to produce a totally harmonious ensemble.



### 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 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 – of raw materials, processing and chemical products – as well as investments in analytical tests carried out in accredited external laboratories.

The company has made a strategic decision to develop an integrated management system that ensures total control of all aspects of its business processes and contributes to their consolidation.

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

- Quality in accordance with the ISO 9001:2015 standard
- Environmental protection in accordance with the ISO 14001:2015 standard
- Health and safety in the workplace in accordance with the ISO 45001:2018 standard
- Energy in accordance with the ISO 50001:2018 standard
- Social accountability in accordance with the SA8000:2014 standard
- Oeko-tex standard 100 Class
- The Seri.co mark
- GOTS (Global Organic Textile Standard) certification
- Use of recyclable material in accordance with RCS (Recycled Claim Standard) certification
- FSC certification (Forest Stewardship Council)



In addition, in December 2020 Ratti SpA updated its standards, **completing the transition from OHSAS 18001:2007 to ISO 45001:2018.**

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

In addition, in 2020 Ratti extended **GOTS certification** to the weaving and hemming of garments. This was done by extending certification to the Tunisian sites of Creomoda and La Maison des Accessoires. Finally, Ratti obtained **FSC certification** for certain viscose articles which were printed and/or dyed.

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

### ● **ISO 9001:2015, quality management**

During August 2019 Ratti SpA obtained certification of the **Quality Management System** in accordance with the ISO 9001:2015 standard.

This certification sets the minimum requirements that an organisation's **Quality Management System** must satisfy to guarantee the level of product and service quality it claims to have. ISO 9001:2015 is the internationally recognised reference standard for managing quality for all those organisations, public and private, of whatever economic sector and size, that intend to respond simultaneously to the need to improve the effectiveness and the efficiency of internal processes.

It is an organisational tool used to reach objectives and respond to increasing competition in the marketplace by improving **customer satisfaction and loyalty.**

For Ratti SpA, this certification represents an opportunity to create a Management System that takes all business processes into consideration.

This is to ensure the optimum use of all its resources, to reduce production costs, to achieve expected objectives and to maintain a constant quality level for its product in order to improve customer satisfaction.

Through obtaining ISO 9001 certification, Ratti SpA assures its customers that it is working to achieve continuous improvement in its business processes, which is reflected in an improvement in the quality of its goods and services.

### ● **ISO 14001:2015, the environment is safer**

The international ISO 14001:2015 standard 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.** ISO 14001:2015 is a certifiable standard which confirms that corporate operations comply with the requirements laid down in terms of principles, systems and techniques that support appropriate environmental management.

One of the main challenges the business faces in terms of **sustainability** is, indeed, to **limit the impact** of its activities on the environment and to achieve **sustainable organisational growth.**

### ● **ISO 45001:2018, health and safety at work**

With **OHSAS 18001 certification**, Ratti SpA has brought into being a **sound 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 regulations, by September 2021 all OHSAS 18001-certified companies must migrate their certification to the **new ISO 45001** standard which will become, to all effects, the only reference standard







recognised at global level as a health and safety at work management system.

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.

The ISO 45001:2018 standard 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.

**Ratti SpA completed its transition to ISO 45001 certification in December 2020.**

#### ● **ISO50001:2018, energy efficiency**

During 2019 Ratti SpA's Energy Management System was certified in accordance with ISO 50001:2018. In particular, the certification contains an energy analysis and an energy diagnosis based on consumption for 2018.

The objective of the ISO 50001 standard is to enable organisations to create and maintain an Energy Management System (EMS), allowing them to continuously improve their energy performance.

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

#### ● **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 S.p.A. obtained certification in accordance with the SA8000 Corporate Social Accountability standard, with the aim of attesting that the corporate system conforms with the

principles of social accountability (*freedom of association, the rejection of forced labour, health and safety in the workplace, improved attention to the needs of all interested parties, etc.*).

The same SA8000 Corporate Social Accountability certification was obtained in 2016 by the Tunisian subsidiary, Creomoda and, in 2019, by the company newly acquired by the Group, La Maison des Accessoires.

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

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

In 2013 Ratti SpA obtained Oeko-Tex® Confidence in Textiles Standard 100 certification for fabrics in polyamide and polyamide/elastane, printed using inkjet printing with acid ink, 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 this is, the stricter the human-ecological requirements to be respected.

#### ● **Seri.co certification**

Seri.co is a system of product and process certification, awarded to Ratti SpA in 2018 by

an independent third party, and whose main purpose is to provide the maximum guarantee in terms of production process, textile product and toxicological properties for a chemical/formulate/dye product.

Seri.co guarantees the **quality characteristics of a textile product**, both in terms of technological and performance attributes and in terms of **ecotoxicological properties**.

In addition, it guarantees that the fabric does not contain any released substances that are harmful to the health of the user.

In 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 farming**, with the aim of reassuring the consumer that organic textile products have been obtained in compliance with stringent environmental and social criteria applied at all levels of production, from harvesting natural fibres in the field to subsequent manufacturing phases, to the labelling of the finished product.

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

For textile products, this regards products containing at least 70% of natural fibres from organic farming (*fibres, yarns, fabrics, clothing, textile accessories and others*).

In 2019 Ratti SpA certified the following types of fabric: silk, cotton and silk/cotton, printed in a single colour.

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.

### ● RCS RCS certification for recyclable material

RCS is a standard which has been promoted to international level by Textile Exchange, one of the most important non-profit organisations at international level for promoting and responsibly developing sustainability in the textile sector.

RCS certification demonstrates the **recyclable material content of products** (*whether intermediate or finished*). It provides an environmental declaration that has been verified by a third party.

In order to obtain this certification, Ratti SpA underwent a process consisting of three consecutive phases. The first of these consisted of an **evaluation of products and the production process**, and involved an assessment of the composition of products for which certification had been requested, and of compliance on the part of raw materials and suppliers. Subsequently, an **onsite inspection** was carried out and, finally, after a **process of evaluation and verification** of the information and data gathered, the final phase included the issuing of a **Certificate of Compliance**.



Ratti SpA completed its transition to ISO 45001 certification in December 2020.





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

### ● 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 Innovation at the service of creativity

### The crucial role played by innovation in the Group

Innovation plays a fundamental role in the company and the long-term growth potential of the economy depends on innovation. In companies, which are exposed to environments that are increasingly complex, innovation is a tool that safeguards and increases **competitiveness** through the **transformation of ideas into new and better products and services**.

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

Innovation is the work of individuals, groups and organisations. Networks of relations between companies, start-ups, associations, clusters, research organisms and institutions represent a powerful incubator of innovation.

High levels of education of personnel, work experience and off-the-job education and training can certainly positively influence business innovation.

Innovation in Ratti contributes to bringing about



a corporate strategic design for a company that is sustainable, digital, circular, a leader in design, continually seeking to broaden and develop its offer, highly reactive and proactive in its relations with customers and the market.

In Ratti innovation comes both from a continuous improvement in practices, processes, products and services, as well as industrial research projects, experimental development, and technological innovation, which mostly originate in its network of relationships.

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

In addition, the CEO of the Company is responsible for the area of research and innovation of SMI ATI, the national association of textile and clothing companies, and is the President of the Made in Italy cluster. This is a public-private alliance for cooperation between the worlds of research and business in fashion, and aims to achieve sustainable growth in the sector, in alignment with the European Union's strategic agenda. Ratti has three targets for its innovation:

● **Sustainability and the circular economy:** this regards the development of plans that aim to achieve a sustainable offer, sustainable manufacturing, the control of chemicals, the reduction, prevention, reuse and recycling of waste, the development of circular products, the creation of material reuse/repair services, extending the adoption of accountability schemes to the producer (*EPR*).

● **Product innovation:**

this is based on the solid foundations of Ratti's recognised supremacy in stylistic and creative innovation. Its range of action extends to new materials, to organic-based fibres and to new products, including those originating from circular economy initiatives, to functionalisation. This context also includes actions orientated at enhancing the cultural resources of the business which, as the centre of the Ratti world, express themselves most obviously and recognisably in the accumulated heritage of the Company. A vital resource for product innovation, the Ratti archives contain over one million items including fabrics, paper designs and digital files.

● **Processes and Advanced Manufacturing:**

this relates to the development of projects

that involve both internal processes as well as manufacturing and external processes, whether upstream or downstream of the current industrial perimeter. In such an environment Ratti's production process is subject to the requests and changes required by the "Advanced Manufacturing" model (better known by the name "Industria 4.0"), which marks the transition from automated manufacturing to digital and intelligent manufacturing.

With regard to digitalisation, the company is subject to attention, interest and action with regard to predictive maintenance, traceability and artificial intelligence. Of no less importance, in such an environment, are the initiatives which have been undertaken with suppliers in a context of cooperative research. These are aimed at improving technology and developing plant



**Innovation in Ratti contributes to bringing about a corporate strategic design for a company that is sustainable, digital, circular, a leader in design, continually seeking to broaden and develop its offer, highly reactive and proactive in its relations with customers and the market.**

## 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 non-industrial research, in 1985 Antonio Ratti created, in Como, the Foundation bearing his name. The foundation is entirely dedicated to cultural and historical research in the world of textiles (a collection of ancient fabrics, themed exhibitions and fora), and to the promotion of the most talented visual artists.

On the back of this initiative Antonio Ratti decided, in 1995, to finance, at the Metropolitan Museum of Art in New York, a centre set up to conserve, restore and catalogue the textile collections owned by the museum. And so the Antonio Ratti Textile Center was established – it is, today, one of the most significant

centres open to the public inside an art gallery. It is perfectly equipped for research and for the conservation of fabrics. November 1998 saw the opening of the Museo Tessile (textile museum) of the Antonio Ratti Foundation – subsequently renamed Museo Studio del Tessuto. This museum houses the collection of antique fabrics that he collected with passion and foresight throughout the whole of his life.

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







and equipment, also from the perspective of sustainable manufacturing.

### The drive towards innovation as a response to the Coronavirus

In order to respond to the shock caused by the sudden spread of the Coronavirus, in 2020 Ratti SpA set up the Resilience Committee.

The Committee was established specifically to suggest new avenues to the Group whereby it could react "out of the box". Its task is to observe, in a critical yet stimulating manner, what is happening in the sector, and to transform stimuli into concrete action plans and new forms of innovation, activating the company functions involved and suggesting initiatives for implementation.

The Committee devised a number of innovative projects with the aim of cultivating relationships with customers, irrespective of physical presence, working together with agility and speed to develop a proposal.

### A window on the world of Ratti: multimedia rooms and HoloLens 2 smartglasses

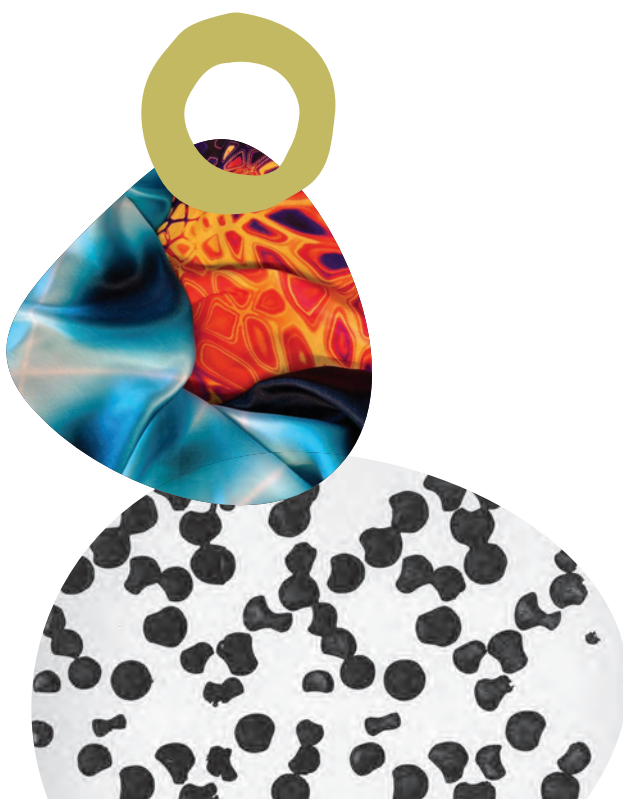
Traditionally, Ratti demonstrates designs and printed fabrics in person at the Guanzate premises or in the customers' offices, but the

closure of the company following the spread of the COVID-19 virus obliged Ratti to accelerate the introduction of remote, structured and effective methods. This facilitated excellent customer relations management.

High-resolution audiovisual systems were investigated, with the objective of enhancing the perception of details and the precise transmission of the technical characteristics of the designs and the materials. In addition, effective interaction with the customer requires the availability of private and soundproofed areas and, precisely for this reason, Ratti created five new rooms, conceptualised so that it would be possible to work with and connect with customers and suppliers in a way that maximised efficiency, professionalism and use of multimedia. The rooms are located on the third floor of the Guanzate building – the easiest and fastest way to book them is through the company's intranet. 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.

The need to explore new ways of interacting with customers and suppliers led Ratti to adopt Microsoft HoloLens 2 – state-of-the-art smartglasses which enable a user to share mixed reality in real time, combining 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, videocameras and microphones, which ensures that the interaction with the customer is as real as possible. 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.

### A partnership in innovation

In Ratti innovation is also expressed by participation in partnerships with companies, research centres and universities: during 2020 Ratti contributed actively to a number of projects.

Conceptualised by the AFIL (*Lombardy Association of Intelligent Manufacturing*) "Smart Manufacturing" working group, SMART4CPPS (*Smart Solutions for Cyberphysical Production Systems*) is a partnership financed by the Lombardy Region.

The players are companies and research organisations including Milan Politecnico, the University of Bergamo and the University of Brescia. The project sets out the paradigms that underpin Industria 4.0, according to which ICTs not only support production processes, but are also integrated into components, machines and environments that thus become CPS (*cyber-physical systems*) that are intercommunicating and intelligent.

The development of this working programme involves industrial research, experimental development and innovation. Ratti is involved in the "PILOT 6" of the project, which involves the integration of plant and machinery with IT systems and the traceability of the product during the process. The project was launched in April 2018 and will come to an end, following an extension, in June 2021. The programme envisaged the carrying out in Ratti of activities to map production processes, infrastructure analysis activities, and RFID scouting activities for product traceability. Details of the project may be viewed at: <https://www.smart4cpps.it/>

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.

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 2020, Ratti has continued with its activities to acquire knowledge and support such initiatives.

Finally, Ratti is one of the partners in the STARTUP BOOTCAMP project. The objective is to select the best innovative startups 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 startups committed to developing business projects focused on technological trends involving the fashion supply chain.

## 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 responsible 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 chain.

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



**Ratti created five new rooms, conceptualised so that it would be possible to work with and connect with customers and suppliers in a way that maximised efficiency, professionalism and use of multimedia.**



recycling, as set out in the Environmental Policy of the foreign companies.

Purchases of chemical substances and dyes are all carried out by Ratti SpA.

Ratti SpA's Code of Ethics is a key tool for managing relationships with suppliers. It was renewed in 2019 (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 responsibility of the supply chain

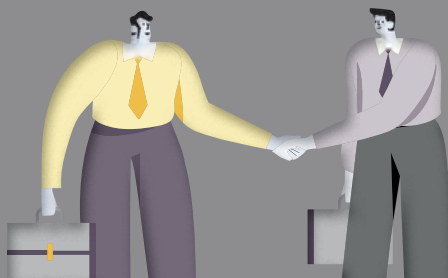
The SA8000 standard requires procedures to be implemented that respect social

## The Suppliers' Code

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

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

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



## Commitment to protect the

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).
- comply with the Manufacturing Restricted Substance List (MRSL) of the Zero Discharge of Hazardous Chemicals (ZDHC), the international programme to

responsibility requirements for direct workers and for the company's supply chain.

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

With regard to SA8000 certification, a company must:

- effectively communicate the requirements of the standard to the management of suppliers, contractors, or private employment agencies and sub-suppliers.
- evaluate significant risks of non-compliance by suppliers, contractors, or private employment agencies and sub-suppliers.

## environment and the safety of the end-customer

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.

- **la comply 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.

- **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, which govern the initial choice of suppliers and regularly assess whether said suppliers are complying with the SA8000 standard. In addition, in 2020 a checklist was introduced in order to evaluate aspects of health and safety, environmental protection and social accountability at suppliers.

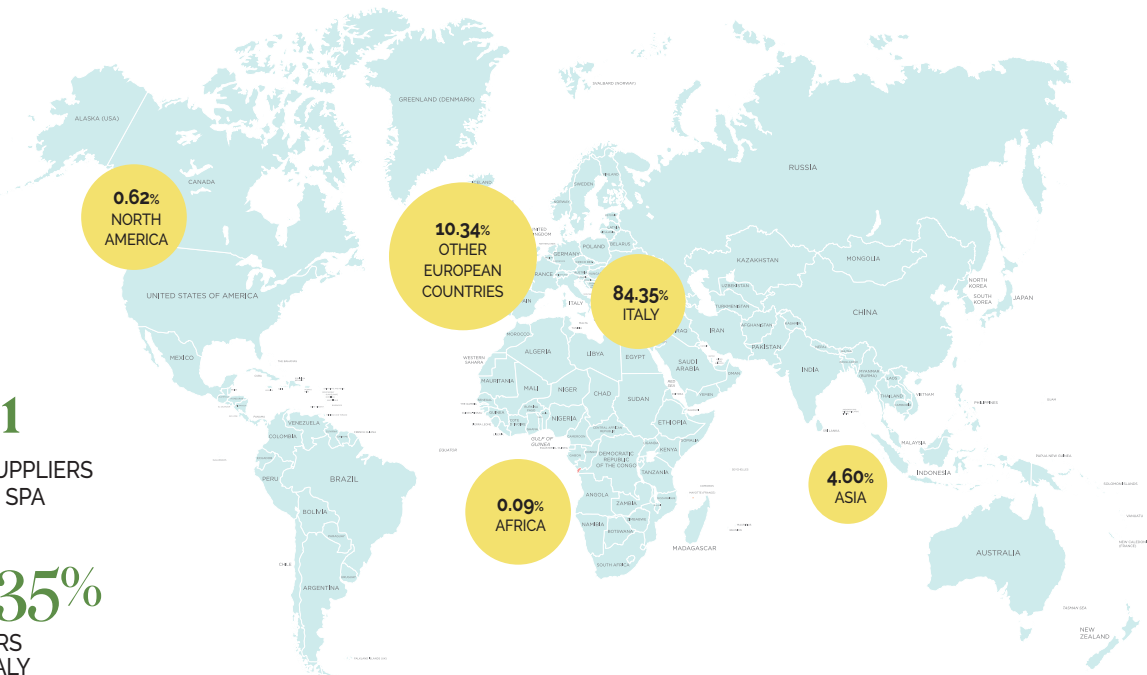
With regard to procurement from countries considered to be critical in that they lack laws and regulations that protect workers – even in the area of child labour – Ratti SpA and its Tunisian subsidiaries have implemented a social accountability management system, certified in accordance with SA8000 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 made 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, Ratti has limited its procurement from







**1,131**  
TOTAL SUPPLIERS  
OF RATTI SPA

**84.35%**  
SUPPLIERS  
FROM ITALY

**32.47%**  
SUPPLIERS  
FROM COMO

Bangladesh, Iran, Kenya, Guatemala, Honduras, the Philippines, Venezuela, Laos, Bolivia, Vietnam and Pakistan. The only case of a relationship with a supplier in a country at risk is that of a Pakistani company, whose compliance with SA8000 principles has been assessed.

In addition, for suppliers considered to be strategic and/or critical in terms of social and/or environmental accountability, there are provisions for a further assessment with regard to

compliance and a further assessment of service and quality performance. For Ratti one factor of critical importance is chemical compliance (see the box *“Commitment to protect the environment and the safety of the end-customer”*).

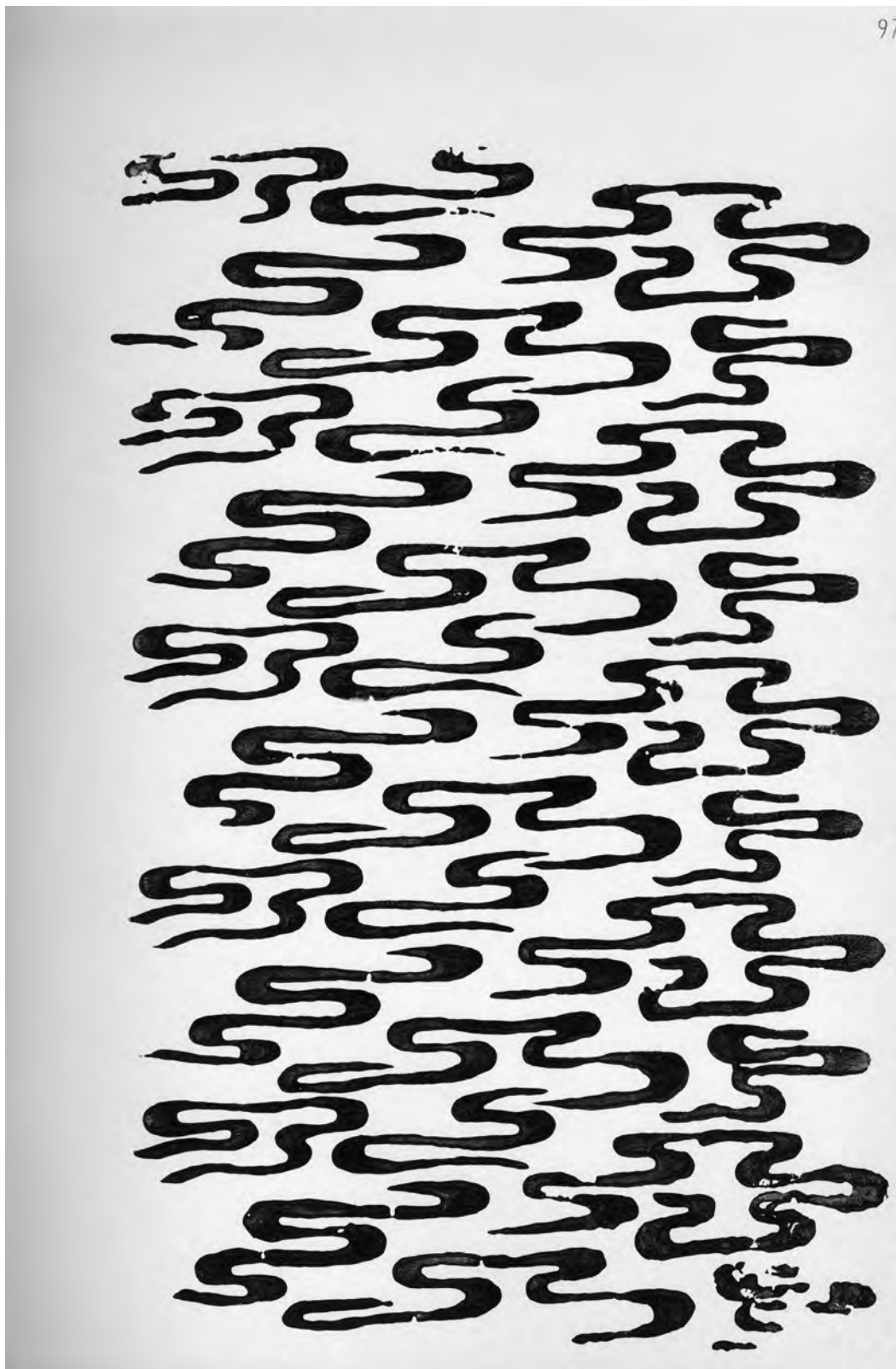
At 31 December 2020 Ratti SpA had **1,131** suppliers; of these **84.35%** are from Italy, **10.34%** from other European countries, **4.60%** from Asia, **0.62%** from North America and **0.09%** from Africa.

### Ratti SpA's focus on the supply chain during the COVID-19 emergency

In order to combat the spread of the **COVID-19** virus, the Ratti Group also widened its focus to the supply chain, requiring all its suppliers to comply closely with current national regulations.

In addition, specific supplier protocols have been drawn up for Ratti, with the objective of combating and limiting the spread of the COVID-19 virus in the workplace at the Guanzate site.

In addition, even suppliers visiting the company were provided with the same distancing devices used by Ratti employees to record distances of less than two metres between those wearing them, and which signal such proximity by a beeping sound, vibration or a flashing red light. Proximity data are saved in a portal for a maximum of 21 days – only if someone tests positive can close contacts be traced, whether these be employees or external visitors (see the box in *Chapter 2: “Electronic bracelets: better protection for employees”*).



397.42%

growth in printing on a sustainable base compared with 2019

21.84%

the percentage of its sustainable offer of total production in 2020

315 tCO<sub>2</sub>

CO<sub>2</sub> saved thanks to the energy produced by the Group's photovoltaic plants in 2020

+58.07%

the increase in the use of sustainable packaging of the total compared with 2019

83.88%

percentage of the Group's waste destined for recycling

10

the size of the *car pooling* team which Ratti SpA established in 2020

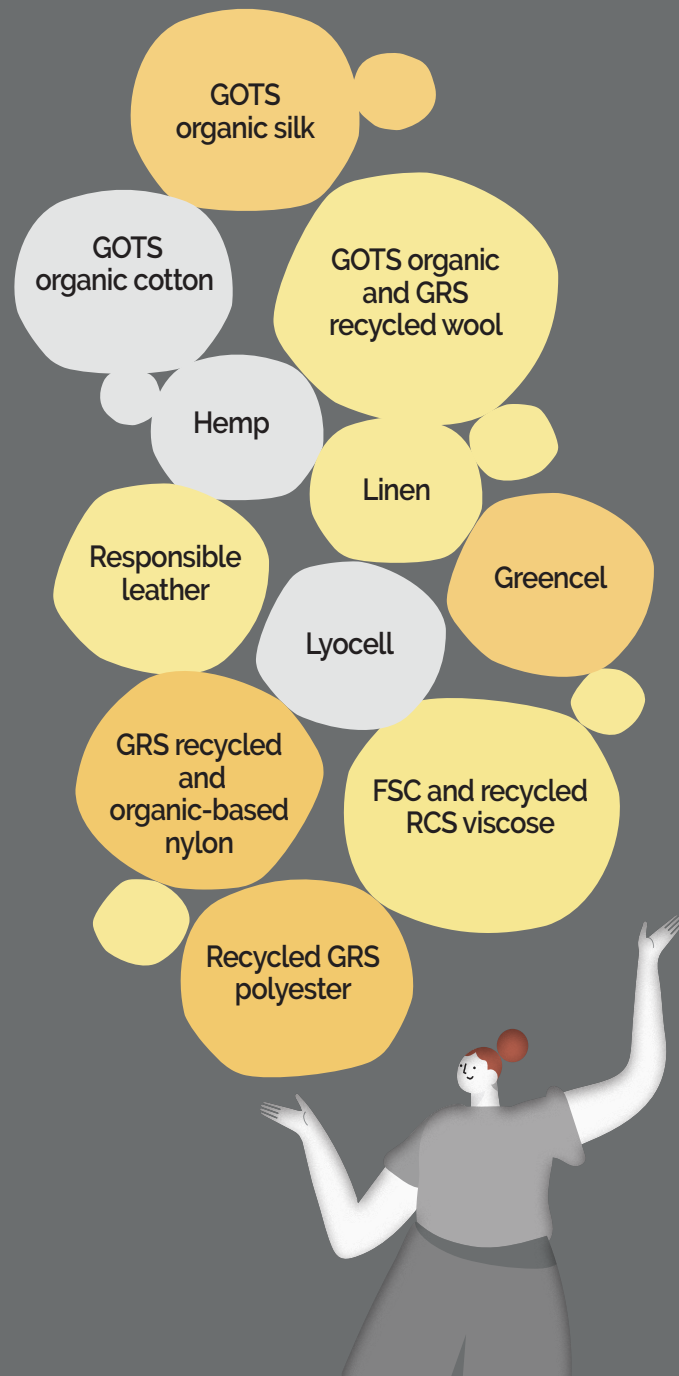
## 2nd Life

"2nd LIFE" unites circular products and services, for the reuse, recycling and upcycling of materials, and for the reuse and repair of products.

2nd Life breaks down into:

- 2ND LIFE FIBERS, silk-based lining for finished garments
- 2ND LIFE HYDRO, a reconditioning service for finished garments
- 2ND LIFE PRINT, upcycling of stock

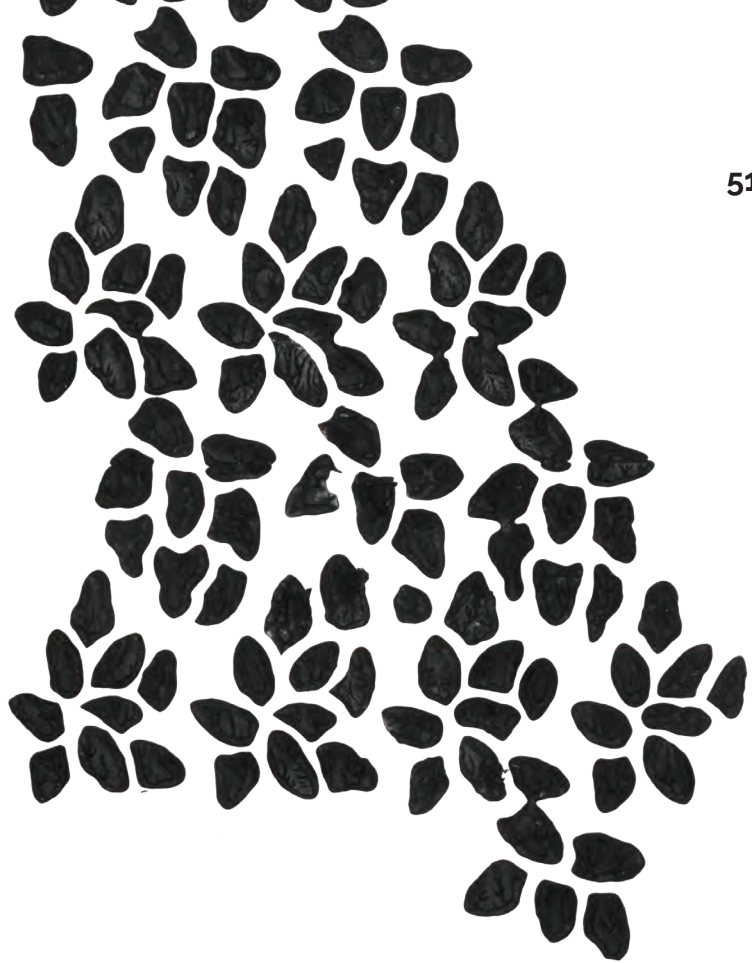
## The sustainable offer of the Ratti Group



Ratti presents itself to the market via a wide sustainable offer, consisting of organic, recycled and socially responsible products.

These are added to the Tessuteca and to all the Group's collections: 200 articles in various eco-sustainable fibres.

## 4



## Ratti's environmental commitment



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 CO<sub>2</sub> emissions;
- thinks strategically through circular economy projects.





## 4.1 Sustainability in textiles: challenge accepted

Well aware of the significant impact the textile industry has on the environment, the Ratti Group has long been working to minimise 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 ecosustainable fabrics and circular economy projects involving the reuse and recycling of materials, the Group promotes environmental protection and

contributes to the diffusion 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 achieve results in improving its environmental performance which can be implemented in practice in consumption reduction programmes, during 2019 Ratti carried out an organisational LCA (*Life Cycle Assessment*) drawn up in accordance with the standard

### The Ratti Group's environmental policies

Ratti, Creomoda, La Maison des Accessoires and Textrom are equipped with environmental policies

which aim to steer business processes towards solutions that ensure greater protection of the environment and a reduction of consumption in the name of sustainable development.

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

The Ratti Group's 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 technology products and services, whenever these are available, that have the least impact on the environment;
- **TO OPERATE** with the logic of a circular economy, limiting the use of natural resources and the production of waste, focusing instead on the reuse and/or recovery of materials;
- **TO SELECT** suppliers/subcontractors on the basis of their ability to supply goods and services in compliance with the requirements and principles of the management system;
- **TO PROMOTE** organisational growth and orientate business systems towards solutions that best protect the environment, reduce the consumption of energy and water, reduce the amount of waste produced and manage waste responsibly;
- **TO DEVELOP** and extend information, communication and employee training processes to raise awareness of environmental sustainability and promote dialogue with internal and external stakeholders to guarantee the effective and efficient application of the company's management system;
- **TO PREVENT** any form of pollution, in particular air and water pollution;
- **TO DEVELOP** and update the management procedures for emergency situations and the criteria for evaluating risks to health and safety at work and to the environment.

**UNI EN ISO 14040:2006.** The objective of applying this **LCA methodology** is to record the environmental impact of the activities over which Ratti has direct control. The performance analysis related to the **Guanzate site** where, in relation to **Textrom**, the Group's production activities with the greatest environmental impact are carried out. Meanwhile, the impact of the activities carried out at **Creomoda** and **La Maison des Accessoires** may be considered negligible in this regard, given the absence of industrial production and the prevalence of craftsmanship activities.

The Group's **environmental policy**, which is included in the Corporate Policy of the Integrated Management System, was updated during 2020. 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. **In 2020 no cases of non-compliance were recorded for environmental matters.**

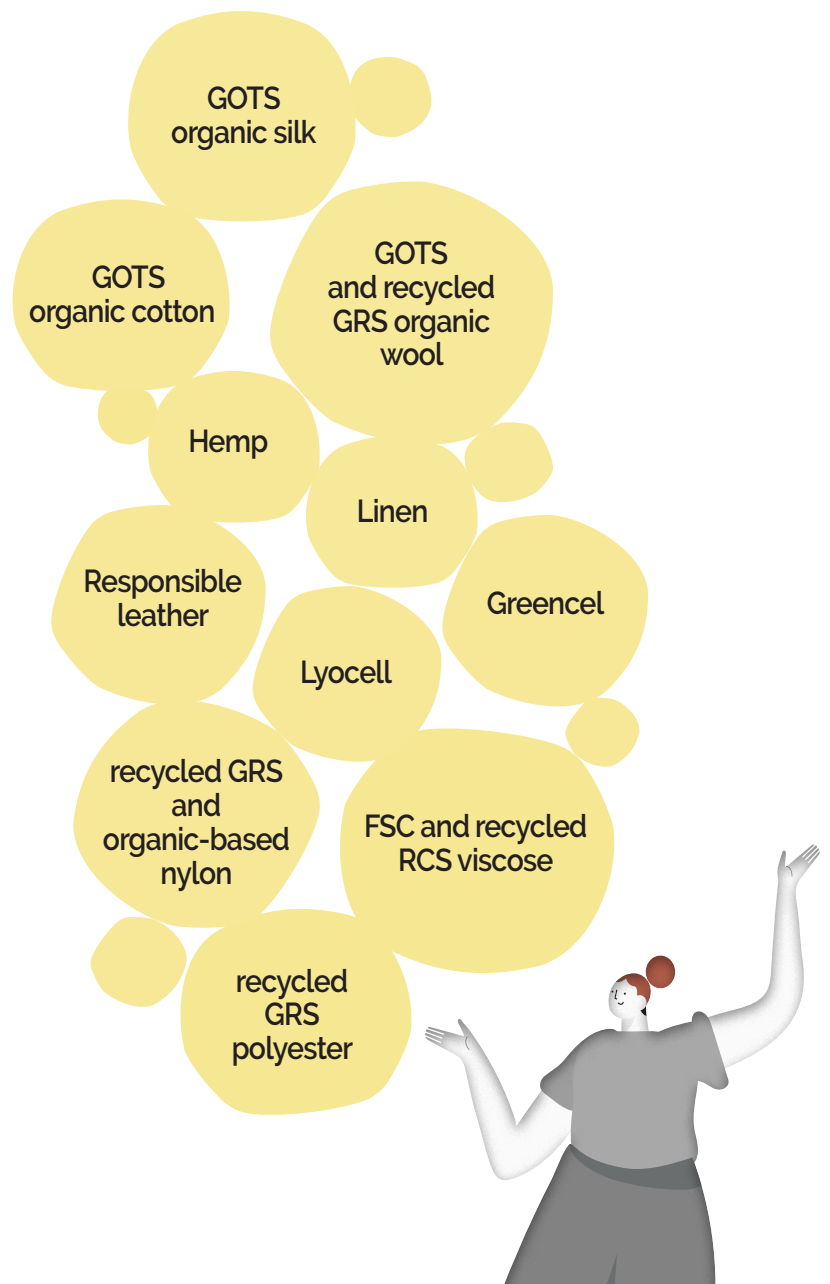
Full data on environmental performance are reported in detail in the **Annex to Chapter 4**. It should be noted that in 2020 the figures for the consumption of resources (*energy, water, materials and packaging*) were lower than in 2019, although this fall was in part down to the lower production caused by the **COVID-19 health emergency**.

### The sustainable offer

Long after the launch of its Responsible Collection in 2017 – a concentration of creativity and

green requests in a separate collection – Ratti is now also a **ZDHC contributor**. It presents a wide sustainable offer to the market, consisting of organic, recycled and socially responsible products which have been added to the **Tessuteca** and to all the Group's collections: 200 articles, made from various eco-responsible fibres, tested and manufactured and, mostly, in stock in

### The sustainable base





## Organic Cotton

**46%**  
potential global warming reduction thanks to reduced agricultural input

**26%**  
potential reduction of excessive fertilisation thanks to reduced nitrogen and phosphorus deposits in water

The savings relate to a kg of organic cotton fibre in comparison with traditional cotton. The information is taken from a Life Cycle Assessment.

(Source: Textile Exchange)

## New Life

Recycled polyester from plastic bottles post-consumption

**-94%**  
water consumption

**-60%**  
consumption of energy resources

Water and energy savings relate to the production of 1 kg of New Life fabric compared with the production of a virgin polymer

(Source: Sinterama)

## Regenerated nylon

**-7**  
barrels of crude

**-5.7**  
tons of CO<sub>2</sub> less

**101.2 MJ**  
of energy savings

Each ton of nylon regenerated

(Source: Acquafil)

the warehouse. Ratti is, therefore, able to respond to the growing challenge presented by a market which is increasingly oriented towards product sustainability and traceability, with sustainable raw materials representing **21.84% of total production** in 2020. Compared with 2019, the printing of ecosustainable fabrics has grown exponentially, recording an increase of **397.42%**.

The explosion of this figure is down to the increase in the use of all the ecosustainable bases in comparison with both 2019 and 2018. These are progressively replacing the non-certified bases used by the Group.

The higher growth is in particular due to large orders for prints based on ecosustainable polyester, which represents **50%** of the 666,892 metres of ecosustainable printed articles.

2020 proportion of **21.84%** compared with a 2019 proportion of **2.58%**

Total metres of fabric printed in 2020	3,053,969
- of which printed on a sustainable base	666,892
% of printing on a sustainable base compared with total	21.84%
Growth in printing on a sustainable base compared with 2019	397.42%

Table 2 - Printing of fabrics on a sustainable base by the Ratti Group

**Natural dyes** complete the sustainable product offer: a natural yarn dye used to create yarn-dyed woollen accessory articles together with natural printing dyes used to create articles in silk (see the paragraph "*Dyes and chemicals, the new frontier of sustainability*").

## Dyes and chemicals, the new frontier of sustainability

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

As far as fabric ennoblement processes are concerned, one of the most significant



developments 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.

The yarn dye used in the range of yarn-dyed woollen articles is **completely natural**, of **vegetable origin**, and is made following eco-compatible processes, paying attention to the management of chemical products.

The advantages of this natural dyeing process are, first and foremost, its biodegradability, its low toxicity and the absence of allergic skin reactions.

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

In addition, since 2019 Ratti has **eliminated the EDTA sequestering agent**, a chelating compound known for its low biodegradability which can lead to it accumulating in wastewater. In order to achieve continuous improvement in the management of chemical products and dyes, 2019 also saw the implementation of software used to manage compliance with the **Manufacturing Restricted Substance List of the Zero Discharge of Hazardous Chemicals**.

This was achieved by adding to the management system a section dedicated to this information, as

well as to security and technical profiles, and all the other ecotoxicological information for the supplier (see also the box "ZDHC, the international programme for eliminating harmful chemical substances").

### Careful management of discharges

With regard to the quality of wastewater, Ratti SpA monitors its parameters 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 (*Zero Discharge of Hazardous Chemicals*) 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 2020 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 (*4 values out of 113 parameters analysed for just the Ratti SpA site*).

In addition, the lack of continuity due to COVID-19 issues meant that manufacturing was not continuous and wastewater was not, therefore, well homogenised.

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 and, being only slightly above the levels set by the regulations, did not require formal notification to the authority.

In March and September 2020 Ratti SpA carried out the water campaign required by the ZDHC protocol, which involved an analysis of MRSL (*Manufacturing Restricted Substance List*) parameters as well as those that are key according to the ZDHC programme (see the box "ZDHC, the international programme for eliminating harmful chemical substances").

## GreenItaly 2020: Ratti among the leading companies in sustainability

Ratti has been added to the eleventh edition of **GreenItaly** (2020), the report on the green economy produced every year by **Symbola**, **Fondazione della Qualità Italiana** (*Italian Quality Foundation*) and **UnionCamere**, with the support of the Ministry of the Environment.

With its 77,691 companies, Lombardy is in first place in Italy in the regional ranking of the number of companies that have invested in green technologies, "*as the best possible response to the period of crisis we are living through, showing, in this way, that it is able to lead an Italy ready for the recovery fund*", as the report

itself states. GreenItaly is a report produced annually on the value of the Green Economy.

It describes how Italy has been able to respond to great environmental challenges in terms of innovation and research, creating economic value for both companies and the country.

Since 2010 GreenItaly has been an indispensable tool for ascertaining the numbers, territories and sectors of the Italian green economy and, above all, for analysing and understanding the leading role that Made in Italy can play in the international market by emphasising sustainability.

## The new metal-free antibacterial fabrics

During 2020 Ratti installed metal-free anti-bacterial finishing which is effective on silk, cotton and nylon fabrics, which can stand three dry washes and 20 wet washes. In addition to this, the product complies with the ZDHC (*Zero Discharge of Hazardous Chemicals*).

The project was proposed by the Ratti Group in the face of the health emergency and was carried out on certain orders in response to a specific customer request.

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*).

During 2019 a study was carried out which led to a technical-financial initiative to reinforce the plant used to treat industrial wastewater. The goal of the plant upgrade was to achieve a **reduction in the values of COD** (*Chemical Oxygen Demand*), in surfactants and in the reduced forms (in particular nitric forms). To this end, Ratti commissioned a further study which will make it possible, in 2021, to implement an appropriate solution for reducing the parameters indicated.

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.

## 4.2 Less resources consumed, a better future

### The management of water resources

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

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

With the objective of reducing future water consumption, in 2020 Ratti made a number of investments aimed at reducing the consumption of service facilities in the factory. In particular, a glass-washing machine was replaced in the colour kitchen by a more efficient machine. This made it possible to **reduce consumption by 40%**. Finally, a new air-conditioning and humidification system was installed in the weaving

### ZDHC, the international programme to eliminate harmful chemical substances

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

room, with the goal of reducing the consumption of water by 30%.

### Monitoring energy consumption

The investments made in 2020 resulted in the optimisation of the Ratti Group's production processes, by focusing on reducing the consumption of service facilities in the factory and in the offices.

The projects undertaken by Ratti SpA were in many areas, including lighting, air conditioning, and the monitoring and rationalisation of the production areas.

During 2019 Ratti SpA concluded activities for certifying the Energy Management System according to the ISO 50001:2018 standard, carrying out energy analysis on the basis of 2018 consumption.

During 2020 the system was confirmed compliant with the ISO 50001:2018 standard, and an energy analysis was carried out of 2019 consumption.

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

For a number of years Ratti SpA has regularly verified electricity consumption by using a monitoring system based on a number of meters that the company has increased over time.

In 2020, this measurement, which included the main sources of consumption relating to production (*transformers, control panels in the electricity cabinets, control panels in the departments, the principal machinery*), was further widened to include the monitoring of individual users, with data gathered on a daily basis. In this way, at the Guanzate site, Ratti ensures compliance with the applicable authorisations, laws and regulations, and that the environmental performance of specific KPI parameters is monitored by surveillance plans that are defined and managed in accordance with the appropriate procedure.

With the goal of developing a consumption monitoring system that is increasingly extensive

and integrated, Ratti SpA has set itself the objective over the next few years of increasingly measuring individual users.

Since 2014, the major investments made in the Guanzate plant by replacing old machinery and installing a machine that recovers heat from vapour have facilitated a significant decrease in the consumption of electricity and methane, making the departments more efficient.

The replacement of the old washing lines and the installation of a system recovering heat from wastewater has also led to a reduction in both water and energy consumption. This is thanks to reusing energy to heat the in-flowing water that replenishes the tanks that form part of the washing line.

In 2020 the following steps were taken to reduce energy consumption:

- installation of a new air treatment system in the new weaving room;
- completion of the LED lighting system in the printing area;
- the replacement of some older-generation batteries and battery chargers that had come to the end of their life with new, high-efficiency batteries, guaranteeing a saving of about 30% in recharging;
- enlargement of the photovoltaic plant by adding two new sections;
- addition of air-conditioned cupboards in the room housing the data processing centre's machines, guaranteeing improved efficiency.

The Ratti Group has also paid particular attention to optimising the consumption of methane, investing in the replacement of machines that consume this gas indirectly.

In 2019, all methane gas meters were replaced by the latest generation of systems that have allowed (from 2020) remote reading, so that consumption data can be recorded more frequently.

With regard to the air-conditioning and heating systems, the Guanzate plant follows a specific procedure for managing air-conditioning systems

100%

the percentage of guaranteed-origin green energy purchased by Ratti SpA

906,517kWh

electricity produced by photovoltaic plant in Ratti in 2020

20,986kWh

electricity produced by new photovoltaic plant in Cremona in 2020

65,085kWh

electricity produced by photovoltaic plant in Ratti provided to the national grid in 2020

+128.90%

the percentage of electricity produced by photovoltaic plant in Ratti provided to the national grid in 2020 compared with 2019

315

tons of CO2 avoided in 2020 thanks to photovoltaic plant in Ratti spa and Cremona





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 weaving room. The system is highly efficient and uses a lower number of energy vectors than the energy plant and the refrigeration units. Savings of 32%, 12% and 30% are forecast for electricity, methane gas and water respectively.

Energy production from renewable sources by photovoltaic systems at the Guanzate site made it possible, during 2020, to produce **906,517 kWh of electricity**, releasing a part of the energy produced to the grid (756%). This allowed Ratti SpA to avoid emissions of **305 tons of CO<sub>2</sub>**.

Since 2020 the Creomoda site, in Tunisia, has also had its own photovoltaic plant, which has a power of 50.2 kW. This produced 20,986 kWh of electricity, avoiding emissions of **10 tons of CO<sub>2</sub>**.

In addition, from 2020 electricity purchased by the Guanzate site will be **100% from renewable sources**, and certified by a Guarantee of Origin. This will cut emissions of CO<sub>2</sub> relating to the purchase of electricity by the Group by **96.73%** – an ecosustainable 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 2020 the Group increased its use of renewable and recycled sources of packaging, recording a **646.54%** increase in the use of **FSC cardboard** compared with 2019 and, more generally, a **58.07%** increase in the overall use of sustainable packaging compared with 2019.

In addition, Ratti is broadening its research into:

- partially recycled and recyclable plastic packaging;
- packaging which uses thinner paper;
- 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 become an increasingly **“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** at its Guanzate premises, introducing solutions such as the use of **dispensers and jugs** in the canteen, 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, where 600 people work together,

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 Ratti form part of the projects launched in the plastic-free campaign promoted by the Ministry of the Environment during the year, 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 mobility**, the company has gradually replaced a number of company cars with electric vehicles,

along with five charging points available to employees who decide to acquire electric or hybrid cars. According to the policy governing the company's car park, employees should prioritise the use of electric cars for journeys up to a total of 100km.

Ratti SpA also encourages employees to make journeys using public transport, combining this with the pre-existing shuttle bus to and from Lomazzo station. Financial incentives have also been offered to promote car pooling by employees who share

similar journeys to and from work.

A shuttle bus has been made available to employees at the Creomoda, La Maison des Accessoires and Textrom sites.

Since March 2020, owing to the COVID-19 virus health emergency, car pooling has been suspended, although the Group still wishes to incentivise this initiative once the health situation has returned to normal, fully complying with the regulations governing passenger numbers and the sanitisation of the relevant areas.



Since 2020 the Creomoda site, in Tunisia, has also had its own photovoltaic plant, which has a power of 50.2 kW. This produced 20,986 kW of electricity, avoiding emissions of 10 tons of CO<sub>2</sub>.

## SUSTAINABLE MOBILITY

### Car Pooling

- Parking places reserved for work teams
- Company cars available when overtime is required
- Special end-of-year bonuses for work teams who have performed well in terms of average presence and reduction of CO<sub>2</sub> emissions

**30** PEOPLE INVOLVED OVERALL IN 10 TEAMS DURING 2020

**2** TONS OF CO<sub>2</sub> AVOIDED THANKS TO SIMILAR WORK-HOME JOURNEYS BEING SHARED THROUGH CAR POOLING (-126.5% compared with theoretical emissions from participants' vehicles)

### Electric Cars

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

The company car park has 4 electric cars, which in 2020 were used to travel 26,672 km.

### Bicycles

Numbered and personalised racks with locks

**26** PEOPLE INVOLVED IN 2020

### 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

**2** 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.

**200** PEOPLE INVOLVED AT THE TUNISIAN SITES

**19** PEOPLE INVOLVED IN TEXTROM

### Reserved Parking

- PINK > pregnant women
- GREEN > car pooling
- CYCLE > bicycles and motorbikes







## 4.3 The circular economy and waste management

### 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 reuse and repair 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.

Second Life is the programme through which Ratti designs and creates circular products and services – materials which can be given a new life.



#### 2ndLife Fibers

The first initiative, 2ndLife Fibers, regards the creation of a lining textile (*padding*) based on the reuse 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, 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 reuses/recycles silk. The three-dimensional

structure derived from it facilitates 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 February 2021 the Italian patent was awarded for the process of obtaining the padding.



#### 2nd Life Hydro

The second Ratti project regards the reconditioning of 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 reused 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 rise 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.



#### 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 took shape in spring 2020 during the pandemic, when Ratti established its **Resilience Committee** (see Chapter 3, paragraph 3.3 "*The drive towards innovation as a response to the Coronavirus*"). The Committee became the

recipient of creativity and ideas, many of which were translated into actual projects adopted by the company and put into practice. 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 (*dyeing, tie-dyeing, pigments, etc.*) has rendered each garment unique and unrepeatabe, giving space to a limited and personalised series.

The right solution is found for each garment through the support of a team of experts 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.

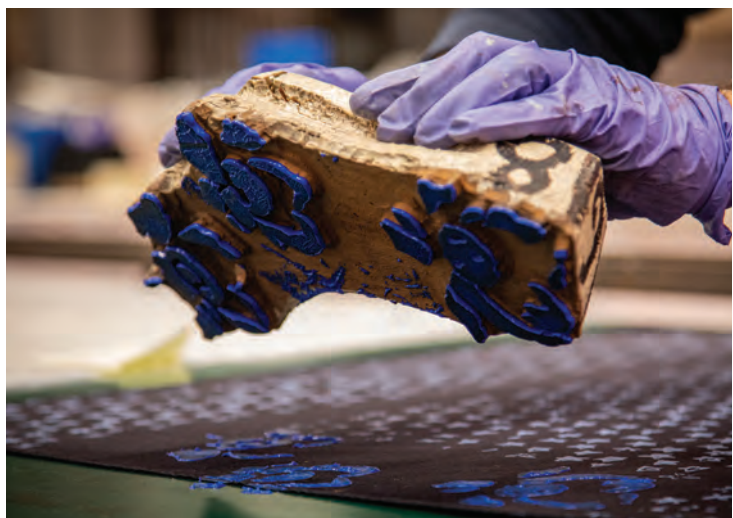
In addition, **2ndLife Print contributes to the lowering of emissions** by avoiding ex novo production and responds to market requirements which are more and more sensitive to sustainability.

At the same time it offers better positioning in terms of brand reputation.

### **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 active and responsible role in the management of waste.





83.88%

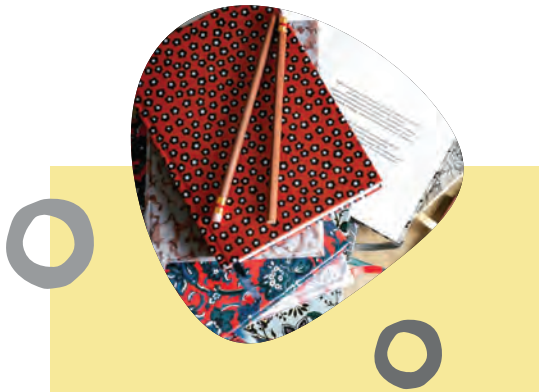
of the group's hazardous waste is destined for recycling

77.39%

of the group's non-hazardous waste is destined for recycling

### The management of waste

Ratti believes that the production of waste is one of the main indicators of environmental sustainability. It has set itself the target of preventing the creation of waste, of reducing and recovering waste, and of putting in place reuse and recycling activities, according to the intervention model suggested by the "waste hierarchy" (Article 179 of Legislative Decree 152/2006).



### From offcuts to inspiration

In order to support the sustainability and innovation projects, since December 2020 Ratti has been partnering with Kapdaa – The Offcut Company, with a view to recovering fabric scraps and developing new creative projects.

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

The project made it possible to recover fabric scraps from the production phases and transform these into elegant and coloured notebooks, which are on sale in the company's outlet.

Ratti intends to implement a more effective method of managing scraps. This will involve the reduction, recycling and enhancement of such offcuts.

As in previous years, the Ratti Group is continuing to monitor its waste production according to waste production KPIs on a quarterly basis, starting with the Guanzate plant before moving on to the sites in Tunisia and Romania.

Data availability supports the activities of the working groups, which consist of managers and employees from the company.

The aim is to improve results in this area, also when carrying out actions prescribed by the integrated environmental management system.

Most of the Group's waste products are recorded at the Guanzate plant, where action to reduce these is concentrated.

As neither Creomoda nor La Maison des Accessoires have a production plant, the discards produced are, in any case, minimal and are disposed of using specialised companies, in accordance with local applicable regulations. In addition, 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. Both the Tunisian sites have started separate waste collection for certain types of scraps from manufacturing, ahead of future projects for fabric recycling from a circular economy perspective.

For the Creomoda site, in 2020 a project was undertaken to further differentiate waste collection and to seek opportunities for recycling.

At the Textrom site in Romania, finally, waste disposal takes place in accordance with local regulations, reporting the principal categories of waste and their destinations and having launched a study of projects aimed at improving performance. Most of the waste generated by Textrom is wastewater containing dyes closely linked to the production cycle.

Increasing employees' sensitivity to waste reduction was also one of the CEOs' aims during the presentation of the company's Sustainability Report. During that event specific working groups



were set up which focused in particular on textile waste and the production of printing paste. All employees were invited to take part, as well as to offer ideas and suggestions for improving all aspects of corporate sustainability. In particular, Ratti held meetings between the manufacturing management and the sustainability group – the outcome was the establishment of a continuous improvement group.

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).

In 2019 a new initiative was launched which **focused on textile waste**, monitoring scraps on the basis of department.

This initiative made it possible to develop an initial sample analysis on a range of textiles, identifying any action that could be taken with regard to the residue of fabric used.

Action taken in relation to the purchasing of packaging also contributed to waste reduction. Examples included a reduction in cardboard thanks to a commitment to reusable packaging and the adoption of common policies for all suppliers (see the paragraph "*Materials and packaging*").







Ratti partners with the National Chamber of Italian Fashion in the sixth edition of Milano Moda Graduate, an event which supports talented young people in the world of fashion.



Ratti partners with ISIS Paolo Carcano, training professionals in creative and industrial areas through a synergy between classroom and on-the-job training.



Ratti partners with the Ethical Fashion Initiative (EFI) to provide support to centuries-old traditional textile organisations in emerging markets.



Ratti partners with Siticibo, a programme of the Banco Alimentare Foundation involved in the collection of excess food and its redistribution through local charitable structures.

A partnership with Bollate Prison and with Como Prison to teach the detainees the "little tricks" needed to sew, cut and work with sewing machines, so they did not need to remain in their cells.

## Antonio Ratti Foundation

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



### Concrete help for an Italy in difficulty

Ratti SpA has decided to get involved in helping the organisations which are most involved in the health emergency, allocating 250,000 euro to the **Fondazione Provinciale della Comunità Comasca ONLUS** (*non-profit organisation*).

In addition, it has partnered with **Associazione SoS Varese** and with **Talking Hands** in the production of masks for civilian use, as well as a donation of 10,000 masks to the **Guanzate and Cadorago municipalities**.

### Website restyling

In 2020 Ratti completed the restyling of its website and, in particular, the section dedicated to sustainability.

it is possible to find out even more rapidly and intuitively about all the initiatives launched by the Group on environmental and social issues

# 5

## Ratti, adding value to the community and the region



The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 1, 4, 5, 10 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 bring to an end discrimination against women and girls all around the world;
- promotes the improvement of the local community and the surrounding region;
- works with its partners to help the most disadvantaged members of society;
- 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.



For the Ratti Group, involving new professional figures and including, to the greatest extent possible, the community of its local region represents one of the pillars of its sustainability policy.

A cardinal element of this thinking is the creation of a shared value which is not only limited to safeguarding craftsmanship and manufacturing heritage, but also becomes a key tool in the creation of a partnership with those who are active in daily operations.

In Ratti, speaking about people and the region translates into protecting the know-how and experience that is a part of its DNA. Favouring, therefore, social inclusion and the enhancement

of local communities, Ratti operates as an entity which guarantees protection and professionalism in a context of continuous becoming.

From this perspective Ratti maximises its focus on relationships with the local

authorities, the associations and the individual stakeholders who are, directly or indirectly, involved in the projects.

The many ways of conducting relationships adapt themselves to the specific needs and peculiarities of the projects whose common denominator is to create wellbeing and enhance the culture of and sensitivity to aspects of local sustainability.

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

## 5.1 At the forefront of communicating sustainability

### Ratti's commitment to better 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. To this end, Ratti developed many projects during 2020.

First and foremost its **website was revamped**.

The Ratti Group's website has now been fully renewed, both in terms of content and in terms of graphics. The idea is that it should offer a simple, intuitive and immediate digital navigation experience, thanks also to vertical scrolling which is optimised on the smartphone version.

Via both images and text that are compatible with SEO guidelines, the Group expresses itself through a dual objective: on the one hand, to foster increasingly direct relationships with its users in order to create a dialogue that is constant and constructive and, at the same time, to reinforce its own relevance in the online community. In the section "Close-up", which is constantly updated, there is a focus on all commercial projects and corporate content. Next to this there is a mini-site dedicated to details regarding sustainability.

In this section, which is dedicated **fully to sustainability**, it is possible to find out about all the initiatives undertaken by the Group of an environmental and social nature, ranging from projects focusing on the community to projects focusing on employees, and from projects focusing on the circular economy to certifications obtained by the Group over the years. In this sense, Ratti has decided to be **increasingly transparent** and to communicate in a direct and immediate manner its increasing commitment

to sustainability which, today, has enabled it to become a company that can offer products that are not only an expression of refinement and quality, but are also sustainable and innovative.

As a part of the process of digitalisation which is currently under way in the company, Ratti has also chosen to create a YouTube channel (*Ratti Fabrics*), in order to collect and make available all its video content, a useful and effective way in which to present the Group. The channel is constantly updated as new videos are produced and, today, it is already possible to find videos/clips on Ratti's various production processes.

Among these, Ratti has launched a video dedicated to the **Second Life Print project**, as well as a more complete video which provides a general overview of the company.

In order to renew its business model and to take further steps in a market which is, in many ways, difficult, while remaining open to new challenges, Ratti has launched its **new portal RATTIAFRICA.com**. The new site, thanks to the sections on collections and inspiration, presents itself as a rich digital window on the **Wax world** in which, alongside photo galleries

of the fabrics in the collection, there are sophisticated shoots from young designers who have been asked to dare with creativity and imagination to design the Wax of the future and to implement the offer.

In the **new virtual boutique product news**, social content and the history of the brand are the **fil rouge** of this novel digital experience which accompanies the visitor on every page of the site.

## 5.2 Believing in talent, investing in the future

### Schools, universities and training

For the Ratti Group, believing and investing in the younger generation, working with schools and universities in Italy and abroad, means supporting reciprocal growth and enrichment.

Two worlds – Ratti and schools – that in recent years have often been intertwined, breathing life into ideas and projects steeped in history, talent and, most of all, people sharing a common pathway which is not a destination, but rather a small part of the journey.

Ratti cultivates relationships and reinforces partnerships with fashion and design institutes through:

- taking on talented young people for internships with competitions and project work;
- supporting undergraduates during their thesis projects;
- supplying fabrics for workshops or courses;
- acting as a technical sponsor for events, exhibitions and competitions organised by schools and universities;
- participating in courses and lectures by presenting its own case history.







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

Ratti supports the project by welcoming youngsters to the company by offering them high-level training apprenticeships. In particular, in 2020 there were two apprenticeships for high-level training which, at the end of the project, were confirmed and transformed into permanent contracts.

In 2020 Ratti also continued its partnership with the Chamber of Fashion. Following the success of the previous editions, the National Chamber of Italian Fashion launched the sixth edition of Milano Moda Graduate (*Milan Fashion Graduate*), an event dedicated to the excellence of Italian fashion schools. It was held on 27 September 2020 at La Permanente during Milan Fashion Week. Through its Milano Moda Graduate project, the CNMI supports emerging talent by creating a positive environment which is full of

potential and introduces these young people to the world of work. It offers an important networking opportunity, as well as a platform for learning, making comparisons and attracting the attention of the experts in the sector.

The six finalists in the fashion design category included Davide Panzeri (*Istituto Marangoni*), who created six outfits using fabric provided by Ratti.

Once again Ratti has chosen to partner with the Accademia Costume e Moda in organising a Master's programme that enhances Italian manufacturing which marries together experience, tradition, experimentation, technology and quality. The Master's in Fabrics Innovation Design seeks to offer a programme based on culture and knowledge, and on the development of creativity and the use of innovation.

The goal is to produce designers and other professionals who will be able to offer important support to creative directors in developing collections and who 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

## Ratti, training school for Setificio Paolo Carcano in Como

Fondazione Setificio, in partnership with textile companies in the Como region, organised a course to update teachers in the area of textiles from Istituto Setificio Paolo Carcano in Como.

The programme, which has been in place for a number of years, brings to the school the latest updates to production methodologies in the sector. Textile companies from the Como region offer their support in order to offer practical lessons to teachers, directly on their production sites. These start with the 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.

Ratti took part in the programme through a refresher course specialising in weaving.

and techniques to generate fabrics following a sustainable and innovative approach.

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 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.

### 5.3 Partnerships that do good

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

With regard to focusing on the less advantaged members of society, the company is also partnering with **Made in Carcere** (*Made in Prison*), a not-for-profit social cooperative that helps 20 inmates to manufacture accessories which give a second life to fabric scraps from textile companies.

The company is constantly donating fabric scraps to Italian fashion schools so they can carry out internal work and projects. In addition, the company supplies fabric every year and follows students as they make their collections for their final theses.

The company also partners with **Bollate Prison** and with **Como Prison**, setting the objective of involving the inmates in extra activities that

#### The project "Leonardo, prisoner of flight"

Together with Bollate Prison, in 2019 the project "Leonardo, prigioniero del volo" (*Leonardo, prisoner of flight*), was launched, in partnership with Teatro della Moda (*Theatre of Fashion*).

This brought together a number of designers, planners, patternmakers and painters to pay homage to Leonardo da Vinci, the great genius inventor. In this context, Milan/Bollate Prison, held up as a model institution with regard to the re-education and the reintroduction into society of its inmates, chose Ratti as its partner for technical consultancy for materials. It involved the style and communication office in its choice of these fabrics.

The garments produced were displayed from 11 December 2019 to 5 January 2020 at Palazzo Morando in Milan and, later, were sold at auction in order to support Casa del Sollievo Bimbi, the first children's hospice opened by Vidas in Lombardy, which looks after seriously ill children.

mean they do not have to remain in their cells.

The aim of this initiative is to teach the inmates small "tricks" for sewing, cutting and working with sewing machines.

The material used – extremely fine fabric – was donated by Ratti, who, on a regular basis and for more than a year, has supplied the material used to make bags of various types as well as some garments.

The proceeds from the sale of the bags were used to purchase consumables, through a type of self-financing. Within this fashion team, some inmates made, in addition to garments, a number of dolls from fabric. They were thus able to produce a new and unique collection.

#### Ratti, EFI and the UN

Not only is sustainability a green revolution, it also contributes to social wellbeing. It is in precisely this context in which Ratti partners with the **Ethical Fashion Initiative (EFI)**, the programme run by the **International Trade Centre (ITC)**, a United Nations agency. The aim of this project is to bring together the most talented people in the global fashion world and small craftsmanship organisations, mostly run by women, located in developing areas. Under the hashtag "**no charity, just work**" the programme seeks to improve creative and sustainable cooperation between the brands and



local craftsmen, while fully respecting people as well as the indigenous production environment, paying attention to centuries-old craftsmanship linked to local traditions.

EFI chose Ratti because of its focus, responsibility and relevant experience in bringing creative potential to fruition and because of its know-how in supporting the EFI's activities under the aegis of the **United Nations**. The three projects Ratti is involved in are "The peace scarf", silk produced in the Shekiban district in the province of Herat (*Afghanistan*), "Faso dan fani", a fabric from Burkina Faso which is a symbol of national pride and "Bogolan", a cotton fabric from Mali made with natural dyes and from fermented mud.

In detail, **The Peace Scarf project** 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 precious 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 working to finish the product, Ratti is seeking to bring the project to international markets, finding a place for it with the biggest luxury brands.

## Concrete help for an Italy in difficulty

The Board of Directors of Ratti SpA has decided to support the organisations which are most committed to responding to the health emergency which has hit our country. It has decided to allocate 250,000 euros to the **Fondazione Provinciale della Comunità Comasca ONLUS** (*non-profit organisation*), with the aim of providing concrete assistance to the management of the COVID-19-related crisis and for purchasing machinery and instruments needed in healthcare activities.

This donation made it possible to support the intensive care units of the **Valduce and Sant'Anna** hospitals in Como.

In addition, at a time when working as a team and showing solidarity are indispensable, Ratti donated 200 metres of fabric to **Associazione SoS Varese** for the production of masks for civil use. In support

of civilian protection, Ratti distributed these masks in pharmacies and hairdressers throughout the provinces of Como and Varese, helping those with the greatest need such as the elderly and people with compromised immune systems.

By means of a social media campaign and through the intense efforts of volunteers, in close cooperation with the textile companies of the district, the association was able to produce and distribute **more than 18,000 masks** for civil use. Ratti, by participating in this local cooperation and social inclusion project, is continuing to provide help and support, in addition to the **donation of 10,000 masks** to the **Guanzate and Cadorago municipalities**, since a sense of belonging to the community is instilled in the Group's DNA.

Finally, Ratti has established a partnership with

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 (*goals 1, 4, 5, 8, 12*) and inspired by the principles and logic of the International Bill of Human Rights.

Finally, Ratti is strongly committed to its partnership with *Siticibo*, a programme of the *Banco Alimentare Foundation ONLUS (non-profit organisation)*, that was set up in Milan in 2003 to collect excess food from canteens.

## 5.4 Ratti and the Foundation supporting culture

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

The Antonio Ratti Foundation was founded in 1985

*Talking Hands*, a permanent fashion, design and innovation workshop which, since 2016, has brought together a group of refugee asylum-seekers through new planning and manual activities.

This marriage led to the production of new masks, and was the result of meticulous and careful work ranging from printing to packaging. In this way it has become a perfect synthesis of the Como art of printing and the manufacturing culture of the Veneto.

The raw material used to make these masks is *Wax*, a fabric made from a meeting of many different cultures. Every piece of the collection tells of a beauty that is out of the ordinary, handmade as an expression of individuality, of an unrepeatable beauty and, last but not least, represents a business model for building a society which is more equal and cohesive, whose uniqueness is based on value and whose differences are a resource.

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 experiences, the Foundation makes available the antique textile collections from its archive to the increasingly numerous exhibitions organised in Italy and abroad.

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

### The antique textile collection of Antonio Ratti

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

# 7,800

Books and a rich collection of fashion magazines in the library

# +400,000

A collection of more than 400,000 antique textiles

# 30,000

Fabric sheets digitalised in the multimedia catalogue

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







fabrics, given their fragility, need to be conserved in accordance with specific rules; for this reason the ARF is moving ahead with a **photographic campaign and the electronic filing** of the items in its textile collection.

Through the Foundation's website it is possible to access, **free of charge, the multimedia catalogue and to consult the collection virtually** without damaging the textiles.

There are currently around **30,000 files**, a figure which is constantly being updated. Added to this heritage is a library of more than **7,800 books** specialising in textiles, fashion, visual arts, applied arts, and a rich collection of magazines.

In 1995 ARF also contributed to the creation of the **Antonio Ratti Textile Center** at the **Metropolitan Museum of Art** in New York, with a space of **2,300 m3** housing the textile collections of the American museum.

### The promotion of visual arts

Since 1995 the ARF has organised the **CSAV (Artists' Research Laboratory)** programme, a workshop that seeks to deepen knowledge in the field of art from both a theoretical and a practical point of view, supporting experimentation amongst young artists from all over the world in dialogue with established artists.

The Ratti Foundation has also launched, in partnership with Ratti, the **ARF project Artist Limited Series** for a series of limited editions. The artists involved in the project are internationally famous.

Finally, in 2020 Ratti hosted "**Iconostase**", an architecture which is a mobile and modular museum. It was installed in 2019 and was located in Ratti's business park, between the office building and the factory. In welcoming into its production facility the work by **Yona Friedman**, Ratti underlines its link with the world of art and all those values which form part of the tradition and the history of the company.

### Pattern books project

The **Fondazione Provinciale della Comunità Comasca ONLUS (non-profit organisation)** selected and co-financed the Ratti Foundation project for the restoration of ten pattern books that form one of the most important focal points in the textile collection. The pattern books represent a corpus that is one of the largest in the textile collection of the **Antonio Ratti Foundation**, spanning from the middle of the 1800s to the 1980s.

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

The state of conservation of the volumes was extremely fragile, and without dedicated action there was a risk of losing this heritage. The object was to restore their structural integrity and make them readable again, so as to bring newly to fruition,

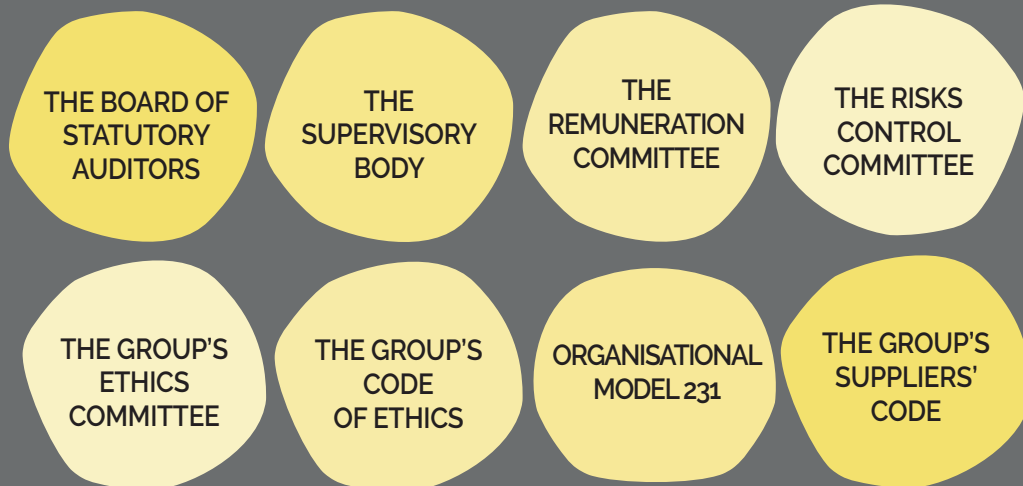
from the point of view of collective sharing, wisdom and knowledge. The restoration, which has received approval from the relevant authority, concerned seven volumes from the **Lyon company Chavent Père et Fils**, whose pattern books the ARF possesses from 1865 to the mid 1930s, with sketches, test cards and fabrics, as well as a number of volumes from the Alsace region.

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

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



## The bodies and the instruments that monitor corporate ethics



### 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 2020 it developed circular textile products and services ("Second Life Fibers"), cooperated with ITC, an ONU agency, to launch the Ethical Fashion Initiative programmes, increased the number of product certifications, supported the sales force, and worked with Manufacturing to improve environmental performance.

### THE SUPPLIERS' CODE OF THE RATTI GROUP

The Group's Companies asks its suppliers to behave in accordance with certain principles, respecting these principles and adhering to the same management philosophy. The areas covered by the Suppliers' Code:

- the requirements and responsibilities relating to working conditions
- environmental protection
- management of business affairs
- intellectual property
- privacy

### SUSTAINABILITY INTEGRATED INTO RISK MANAGEMENT for the areas:

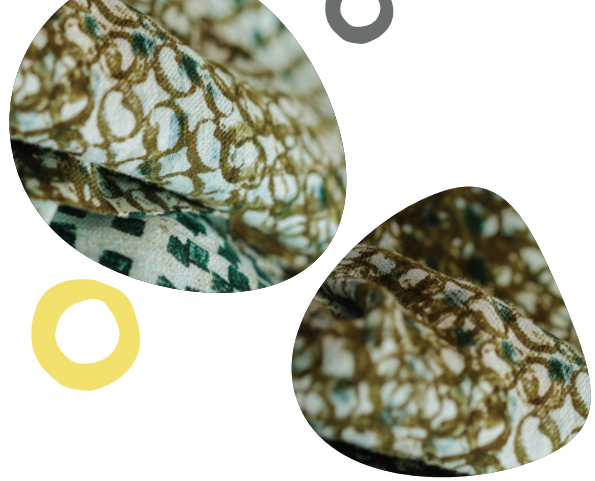
- of an environmental nature
- of personnel management
- against corruption
- of a social nature
- of safeguarding human rights

# 6

## Governance and monitoring of corporate ethics and risk management







## 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, a Group's Ethics Committee and a Suppliers' Code. The specific Organisation, Management and Control Model (*MOG 231*) for Ratti SpA was updated in 2018 with the policy relating to whistleblowing, which protects employees who report offences or irregularities in the working environment.

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

The Parent company Ratti SpA is a limited company that has been listed since 1989 on the Italian stock market (*Mercato Telematico Azionario, MTA*). It has a system of corporate governance which complies with the Code of Conduct of the Italian stockmarket and is organised in accordance with the traditional model of administration and control which requires a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. The company has a Supervisory Body and centralises the Internal Auditing function. The reporting activities are audited by an independent third-party company.

Ratti SpA carries out strategy, coordination and control activities in accordance with Article 2497 of the Italian Civil Code; for that reason all the Company's operations of particular strategic and

financial significance are subject to the collective examination and the exclusive approval of the Company's Board of Directors.

The members of the 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 and Textrom Srl have 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 2021 for Creomoda and in 2022 for La Maison des Accessoires;
- The governance structure of Ratti USA Inc. consists of: Sergio Tamborini (*Director*), Michael Marchese (*Director and Vice President*), Paul Guggi (*Director and President*), Claudio D'Ambrosio (*Treasurer*) and Liberio Romano (*Secretary*), who exercise management powers. The mandate expires on an annual basis..

### The Board of Directors of Ratti SpA

Appointed by the Shareholders' Meeting, the Board of Directors (*BoD*) is the corporate body responsible for managing the company. It consists

of the Chairman, the Deputy Chairman, the CEO and six directors, of whom two are independent.

General duties relating to management powers are attributed to the BoD, leaving responsibility to the shareholders' meeting for actions such as appointing and removing directors, approving the financial statements and amending the by-laws. Directors remain in post for three years (*except in the case of shorter periods stipulated by the shareholders' meeting at the time of appointment*). They cease to hold office or are replaced according to the law, and may be re-appointed.

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

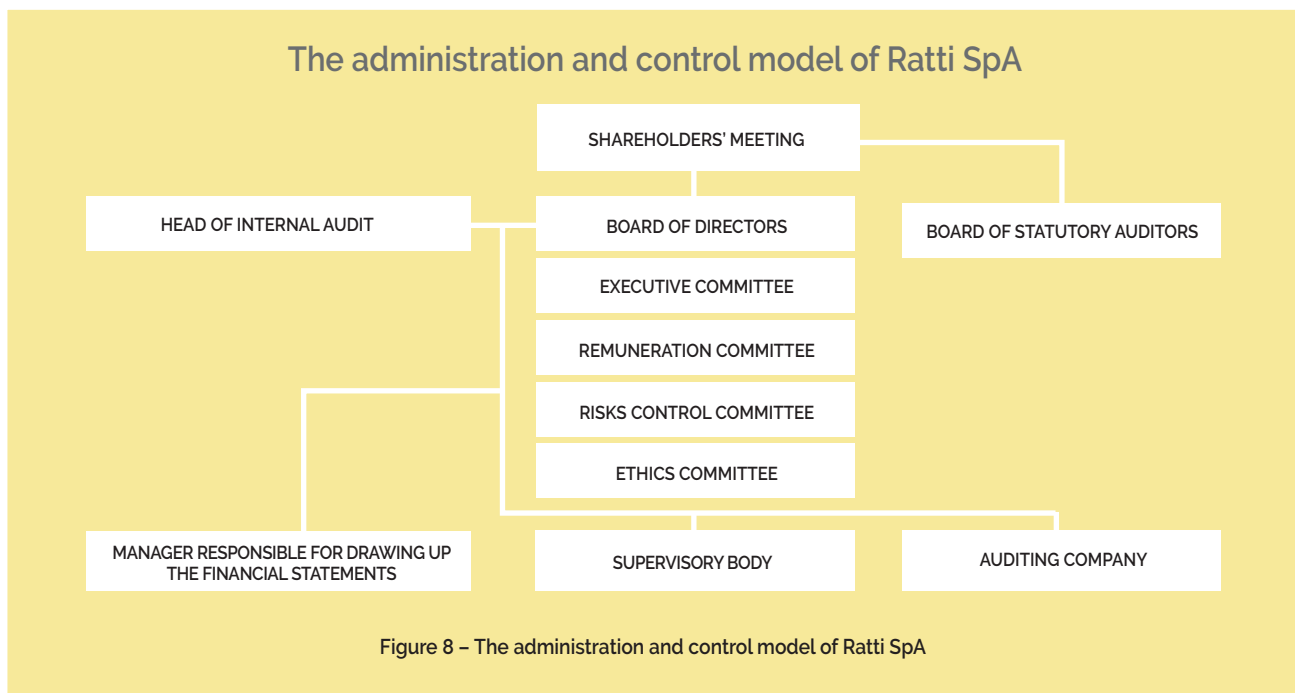
### Composition of the Board of Directors

Al 31.12.2020 il CdA risulta così composto:

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

Table 3 – Composition of the BoD of Ratti SpA al 31.12.2020

the Board of Directors or by a member of the BoD or the Board of Statutory Auditors. It is this Committee's duty to supervise management performance and to decide on all matters and/or





business of significant importance to the Company or the Group, according to the criteria laid down by corporate governance.

### Governance of sustainability issues (Legislative Decree 254/2016).

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

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

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

In particular, Ratti SpA, Creomoda, La Maison des Accessoires and Textrom have adopted their own social accountability policy and safeguard the fundamental rights of persons, with a particular focus on forced and compulsory child labour, health and safety in the workplace, and no discrimination against workers during the recruitment phase and after they have been hired (see Chapter 3, paragraph 3.2 "A commitment anchored in the most advanced standards").

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

In 2019, Creomoda updated its environmental policy to include the activities of the new company La Maison des Accessoires.

## The Working Group for Sustainability

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

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

The Group operates on the basis of action plans with time limits. In 2020 it developed products and services with circular fabrics (*Second Life Fibers*), partnered with ITC, the UN agency, to bring about the joint programmes planned by the EFI (Ethical Fashion Institute), increased product certification, supported the sales force, and worked with Manufacturing to improve environmental performance.

The management of personnel and respect for human rights are covered in the personnel and selection policies of Ratti SpA, Creomoda, La Maison des Accessoires and Textrom. No discrimination of any type is tolerated and selection is based exclusively on merit and the equitable treatment of candidates. Particular attention is given to the practicalities 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/compulsory labour, including along its supply chain (see Chapter 3, paragraph 3.4 3.2 "A virtuous circle of good practices").

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

This aspect is linked to the quality of the product and the possible negative impact of the use of chemical substances related to the production processes. Both Ratti SpA and Textrom monitor the chemical substances used to guarantee compliance with the prevailing regulations and the customers' specific requests, as stipulated in the certifications obtained by Ratti SpA, such as **Seri.co**, **Oeko-Text**, **GOTS** and **RCS, FSC**, and the **OCS** and **GRS** certifications, whose audit was carried out in January 2021.

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 has **Model 231/01**, updated to November 2018 and integrated with the Whistleblowing Policy. As required by the Model, there is also a Supervisory Body (see paragraph 6.2 "*The bodies and the instruments that monitor corporate ethics*").

For the Group's other companies, the main monitoring methods are the **Code of Ethics**, whose purpose is to receive and manage any reports of violations, including those relating to conduct that could violate the provisions of the Code (see the paragraph "*The Code of Ethics*" and paragraph 6.3, "*Managing risks to include sustainability*").

## 6.2 The bodies and the instruments that monitor corporate ethics

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

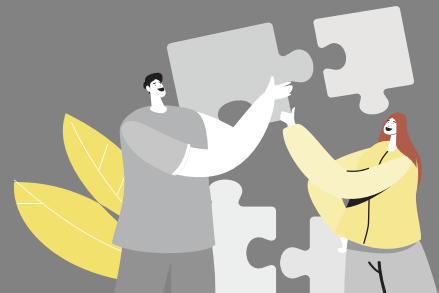
In turn, these control bodies have access to a number of instruments and policies that ensure

### 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 procedures area of the Company's intranet or the website [www.ratti.it](http://www.ratti.it) by selecting "Investors" >>> "Corporate governance" >>> "Procedures and codes".



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. the 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





## Monitoring the governance of the Ratti

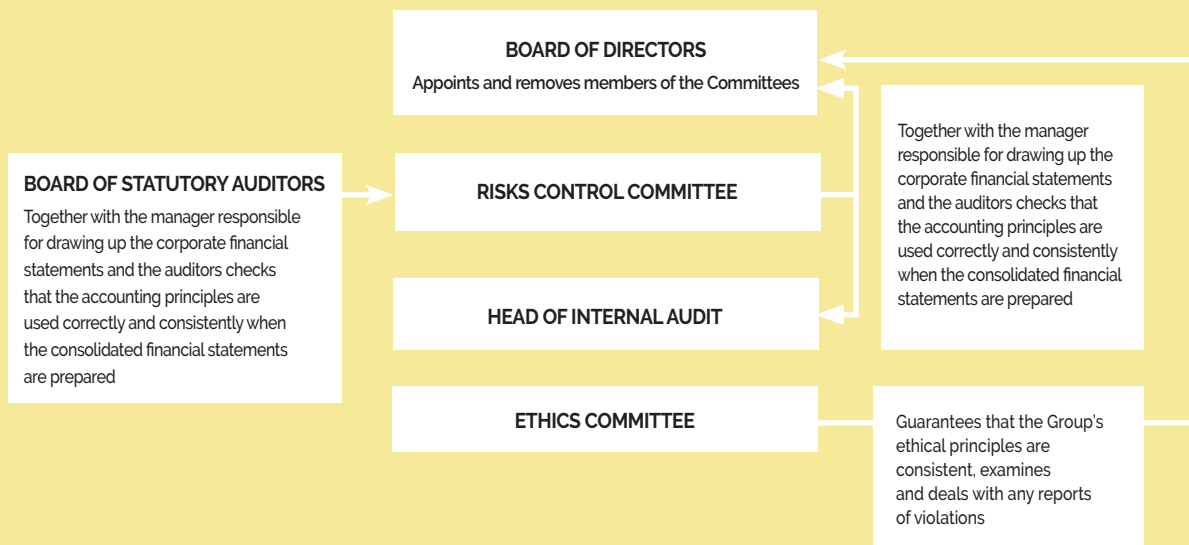


Figure 9 – Monitoring the governance of the Ratti Group

The Risks Control Committee monitors the observance and periodic updating of the Corporate Governance rules.

In particular, it assists the BoD in carrying out the duties the Code assigns to it in matters of internal control and risk management.

The Group's Ethics Committee provides the BoD with information relating to notifications or opinions requested at least twice a year,

and on an occasional basis to the other supervisory bodies where applicable.

The Board of Statutory Auditors, in the event of any complaints regarding the balance sheet, the accounting, the internal controls and the financial audit, may request further clarification from the Group's Ethics Committee.

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

### The Code of Ethics

The Group's Code OF Ethics, updated in 2018, summarises all elements on which the company's identity and culture is based, and to which all subjects must adhere who act in the name of or on behalf of the Group and, in various ways and at various levels, maintain relationships with the different 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

partners (*consultants, trading partners, agents*) and suppliers.

The Code stipulates the rules of conduct that recipients must follow when conducting corporate business and activities, and when managing people and information.

In order to manage any reports of violations of the Group's Code of Ethics a procedure has been defined that is valid for all the Group's companies.

This identifies the operating modality and the rules to follow.

### The Remuneration Committee

The Directors' Remuneration Committee, in accordance with the Code of Conduct, consists of non-executive directors, the majority of whom are independent. It evaluates the consistency and application of the policy for remuneration

of directors and executives with strategic responsibility, formulating proposals or expressing opinions on the matter.

### The Ethics Committee

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

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

### The Board of Statutory Auditors

The Board of Statutory Auditors is the internal body that monitors the application of all corporate governance principles and ensures compliance with regulation and legislation. It also ensures compliance with the principles of the by-laws and guarantees that the principles of proper administration are adhered to, with a specific

focus on the functioning of the organisational, administrative and accounting structure.

### The Organisational Model and the Supervisory Body

Since 2006, Ratti SpA has had an organisational, management and control model which complies with Legislative Decree 231/2001 (MOG231/01) and has appointed a Supervisory Body. The Organisational Model and the related attachments

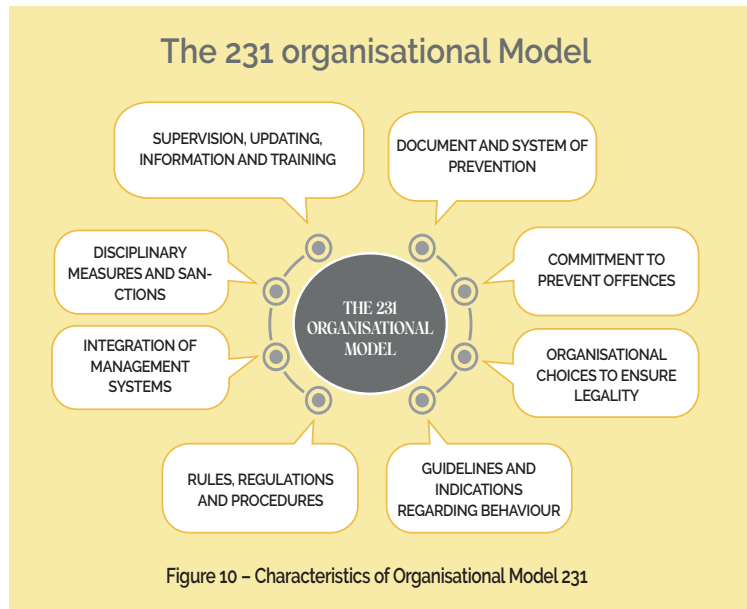


Figure 10 – Characteristics of Organisational Model 231

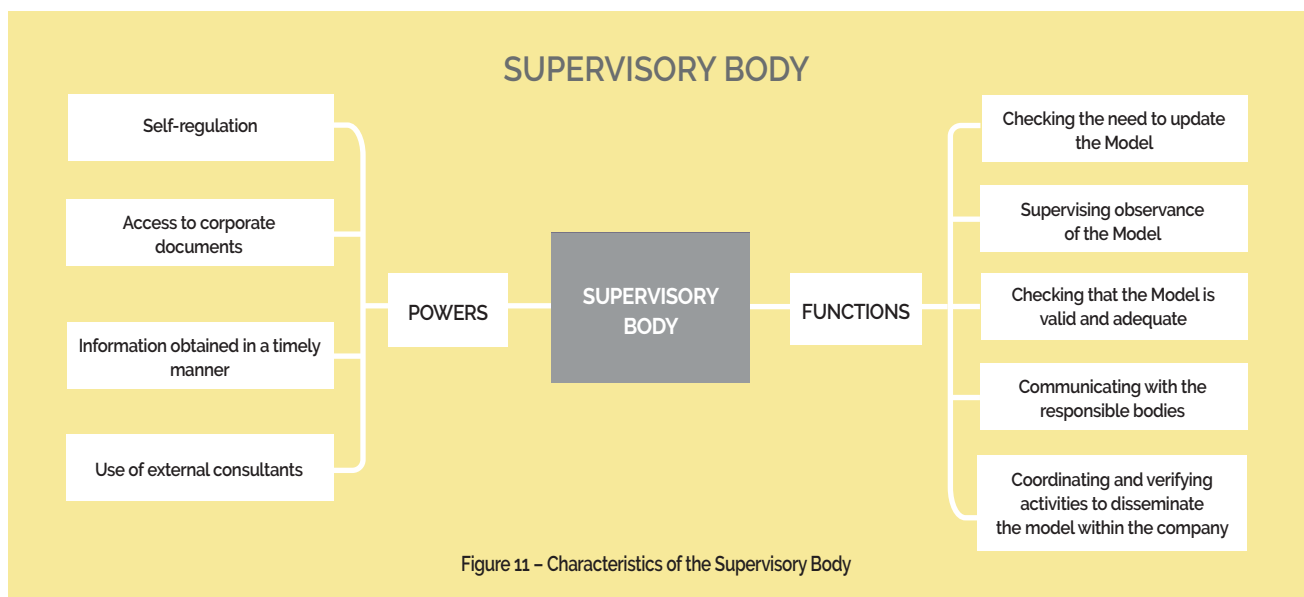


Figure 11 – Characteristics of the Supervisory Body



(the Group's Code of Ethics, the Suppliers' Code, the Whistleblowing Policy), were updated at the end of 2018. All the Company's subsidiaries have subsequently adopted the Code of Ethics and the Suppliers' Code.

The Model consists of twelve parts: a general introductory part and eleven special parts which describe the details of the offence, recipients, general principles regarding behaviour in the areas of activity at risk, as well as sensitive activities, control protocols and, finally, the duties of the Supervisory Body. The role of the Supervisory Body is to continuously oversee the principles of autonomy and independence, professionalism and continuity of action of the Organisational Model. It verifies observance, effectiveness, actuation and updating with regard to modifications to the structure or to the rules.

With regard to the actuation of the model, the Body highlights any critical points through two lines of reporting: on an ongoing basis, directly to the Board of Directors and to the Risks Control Committee; on a six-monthly basis, with a written report given to the Board of Directors and the Board of Statutory Auditors.

The Supervisory Body is obliged to promptly inform the Board of Directors, the Board of Statutory Auditors and the Risks Control Committee, with regard to provisions within their remit, of any transgressions, infractions and non-compliant behaviour that have been observed, and to suggest revisions, amendments and additions that could prevent the above. Since November 2018 the Supervisory Body has also managed the reporting flow from the new whistleblowing procedure.

## 6.3 Managing risks to include sustainability

### The internal control and risk management system

Ratti SpA has an internal control and risk management system (ICRMS) which complies with the Code of Conduct of Borsa Italiana (Italian

stock exchange), to which it adheres voluntarily.

The ICRMS focuses on the Ratti Group, although its activities also relate to the subsidiaries.

The ICRMS of Ratti SpA is represented by the sum total of the rules, procedures and organisational structures whose purpose is to allow the identification, measurement, management and monitoring of the principal risks, including those relating to sustainability.

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

The Director Responsible – in the shape of the CEO – has the task of implementing the guidelines of the BoD through the planning, management and monitoring of the ICRMS.

Ratti SpA has also established an Internal Audit department, which supports the BoD, the Director Responsible, the Risks Control Committee and the management in carrying out their respective tasks in relation to the ICRMS.

Other control bodies include the Supervisory Body, the Board of Statutory Auditors, the Manager Responsible and the Group Ethics Committee.

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

Given that corruption is included as a serious crime in Legislative Decree 231/2001, the second control adopted by Ratti SpA to prevent such a risk is Model 231/2001.

The full mapping of activities that are sensitive to the offences covered by Legislative Decree 231/01, which includes all corruption offences relating to both public administration and private individuals, was updated in 2018.

This project resulted in the implementation of a whistleblowing policy and a procedure governing the handling of declarations, complaints and notifications of violations of the ethical and behavioural principles laid down in the Code of Ethics of the Ratti Group.

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

Corruption is a topic that is also covered by the Suppliers' Code approved in 2018.

The Code is an integral part of contracts agreed with suppliers who are asked to note that corrupting behaviour of any type with private individuals or the public administration will not be tolerated by the Group; for this reason failure to observe the provisions of the Code could lead to the termination of the contract (see Chapter 3, paragraph 3.4 "*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 directly on behalf of the latter.

During 2019 steps were taken to provide training to the top management of Ratti SpA relating to Legislative Decree 231/01 and 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.

The 2020 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 2021.

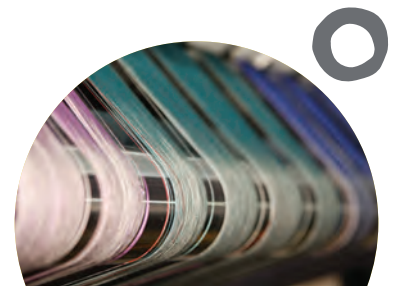
### The management of sustainability risks

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 (*ISO 14001, ISO 50001 and ISO 45001*) and social accountability (*SA8000*), using mainly qualitative evaluation, risks were identified that have a significant potential impact on the activities of the Group or the stakeholders.

An evaluation of the risks linked to aspects of the Decree is carried out for all Group companies. The Group's assessment was that risks of this type were not significant for Ratti USA and Ratti International Trading (*Shanghai*), given the dimension and nature of their activities.

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







## The main risks of an environmental nature

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

In Creomoda and La Maison des Accessoires water is used only for civil purposes and the volume of waste produced is very limited.

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

Table 4 – 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 management of waste and discharges, with possible financial and administrative sanctions and associated reputational damage for the local community and customers.</p>	<p>In Ratti SpA the environmental management system has been renewed in line with the ISO 14001:2015 standard. In addition, Ratti has adopted, and is also a contributor to, the ZDHC protocol, which prescribes the analysis and monitoring of micro-polluting substances (<i>an aspect not covered by the current standard</i>).</p> <p>Ratti has undertaken action aimed at preventing the production of waste by reusing the by-product from its 100% silk to obtain a new product (<i>padding used for lining</i>).</p> <p>Ratti sets up a company for recycling non-hazardous textile waste – the company is still undergoing the authorisation process.</p> <p>Initiatives are under way to improve waste management.</p> <p>Creomoda and La Maison des Accessoires and Textrom have specific environmental policies.</p> <p>In Creomoda and La Maison des Accessoires such risks are negligible given the absence of production plant and the limited amount of material discarded.</p> <p>In Textrom a specific consultant is responsible for ensuring compliance with national legislation.</p> <p>Water discharges, both from Ratti and from Textrom, are channelled to public purification plants. Finally, since 2018 separate waste collection has been in place at Textrom.</p>



## Principal risks associated with the management of personnel

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

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

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

\* For more details 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 in relation to social accountability (SA8000) and health and security in the workplace (ISO 45001).</p> <p>Creomodà and La Maison des Accessoires have a management system for social accountability (SA8000) which includes aspects relating to health and safety. The management systems require that specific audits be carried out on aspects of legislative compliance.</p> <p>During 2020 the Group adopted various measures to protect its workers from the risk of COVID-19 infection (e.g. adopting health protocols, measuring temperatures at the entrance, monitoring sanitisation and distributing masks).</p> <p>In June 2020, the Tunisian public authorities awarded Creomodà a certificate of excellence for its exceptional performance and the high standards it had achieved in COVID-19 risk management. Textrom has a consultant who is specialised and dedicated to ensuring compliance with national regulations, with a contract that stipulates regular visits, and includes the provisions and updates of the Risk Evaluation Documentation and subsequent training.</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 SpA continuously 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 Creomodà 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 not only for employees to acquire knowledge and expertise, but also enhances and rewards them by investing in their professional future. 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 investigated an internal job posting policy. In the case of a vacancy, priority is given to internal candidates for this role, from the perspective of following a growth pathway.</p>



## Principal risks associated with corruption

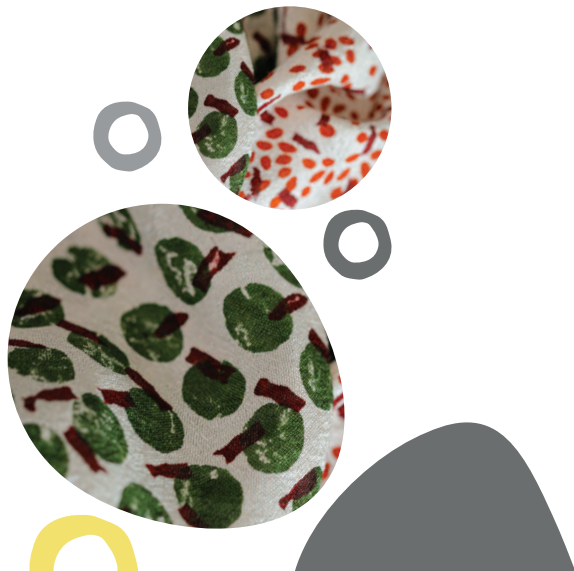
The risk of acts of corruption includes the possibility that corporate representatives could commit acts that are illegal and significant from an administrative point of view and/or criminal in relation to third parties. With regard to private individuals the risk of corruption is adequately monitored 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 from acts of corruption is still less significant for other Group companies since the activities that generally are 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
<p>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>	<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..</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.</p> <p>For 2021, it is expected that the Code of Ethics and MOG 231/01 will be updated (for offences introduced after 2018). Training activities, suspended in 2020 as a result of COVID-19, will continue.</p>



### The main risks of a social nature

The analysis of social aspects identified the type of risk with the greatest impact: those relating to the health and safety of the end-customer. Consumers are increasingly sensitive and attentive to their choices: they therefore demand a product that is not only safe, but also takes environmental factors into account 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 final customer 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 amount of products that come from certified supply chains.</p>	<p>Ratti SpA has a management system and has 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 the 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, in January 2021, also OCS (Organic Claim Standard) certification obtained for silk, cotton and silk/cotton fabrics, printed in a single colour and weaved within Ratti. GOTS and OCS were also extended to finished garments and to textiles for linings; Creomoda and La Maison des Accessoires were also GOTS certified for the packaging of accessories.</p> <p>The Group launched a number of projects including: elimination from the surfactant of EDTA, a chelating compound, known for its low biodegradability, that can accumulate in wastewater; the development of safe-plan, software for managing chemical products/dyes; the elimination of chemical products containing PFCs. Textrom uses the raw materials and dyes/chemical products sent by Ratti, and therefore respects the protocols established by Ratti SpA.</p>





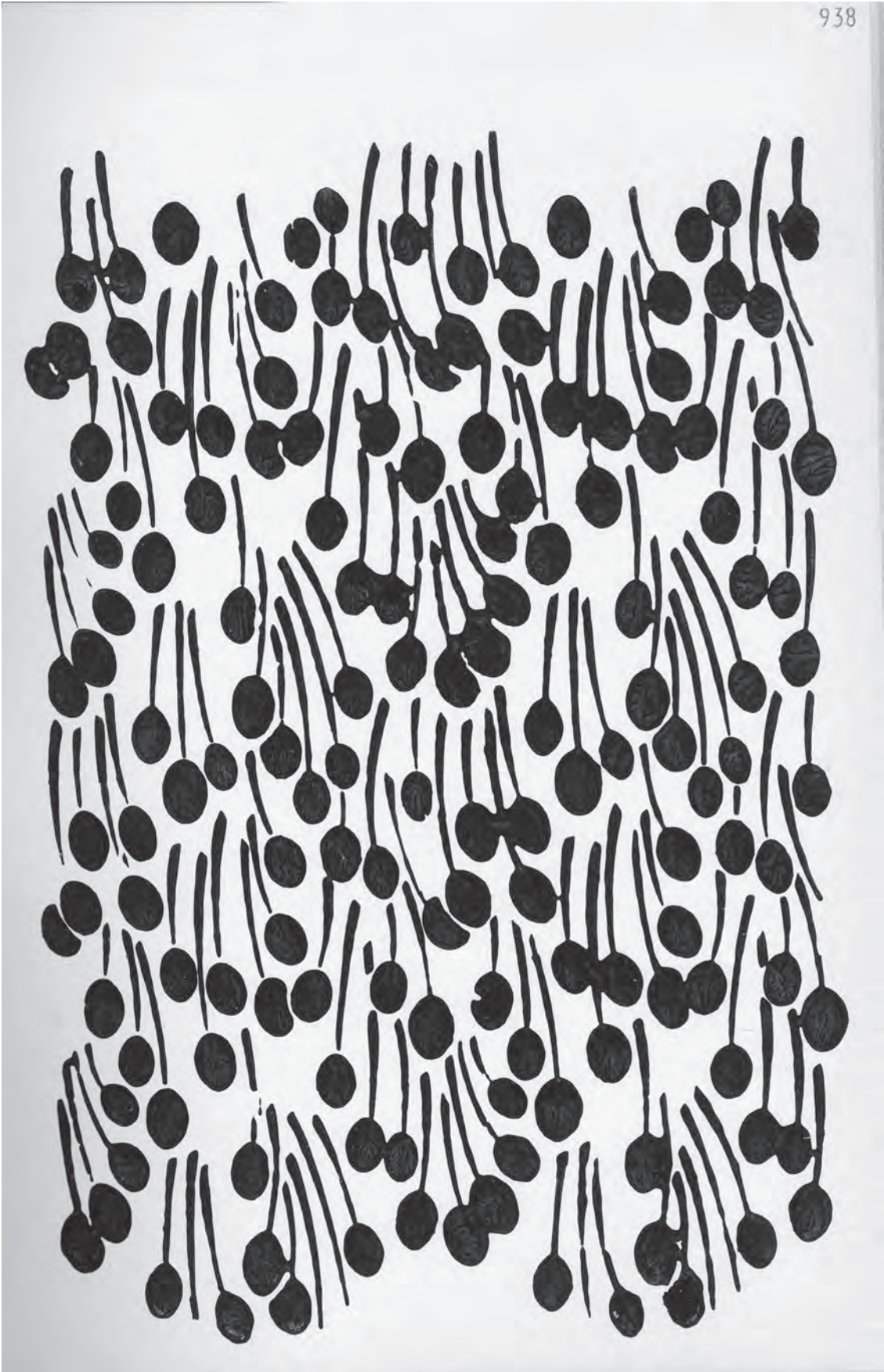
## The main risks associated with the violation of human rights and those of workers

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 SA8000 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>This safeguards human rights as expressed in the Group's Code of Ethics and in the Suppliers' Code of Conduct that all Ratti's trade partners must agree to comply with. The Group has an Ethics Committee.</p>
<p>Risk of situations of forced/ compulsory labour at Group companies or along the supply chain with consequent reputational damage.</p>	<p>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>During 2019/2020, in Ratti SpA, the procedure for the certification, selection and evaluation of suppliers was reviewed and updated, reinforcing the social accountability aspects.</p> <p>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, from 2020 a document titled “<i>Safety, Environment and Social Accountability check-list</i>” has been made available, in order to carry out preliminary assessments of suppliers' workplaces.</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 2020 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>



"We are facing a big challenge, the objective – ambitious though it is – represents a huge opportunity that is pushing us to bring into play all our creativity and ingenuity. In this way we can face this challenge with foresight and responsibility, assessing our choices before continuing on a journey that has made us strong and confident together."

**Sergio Tamborini**

# 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 two years 2019 and 2020.

Amounts are in thousands of euros

	2020	2019	Δ% 2020 su 2019
<b>DIRECTLY GENERATED ECONOMIC VALUE</b>	<b>68,717</b>	<b>117,808</b>	<b>-41.67%</b>
Revenues from sales of goods and services	71,236	116,278	-38.74%
Change in stock and work in progress	-4,203	-294	1329.59%
Changes in fixed assets by internal works	84	0	-
Other revenues and net income	1,196	1,354	-11.67%
Financial income	404	470	-14.04%
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>62,975</b>	<b>100,316</b>	<b>-37.22%</b>
Operating costs (for the acquisition of raw materials, subsidiary materials, consumables, goods, and for third-party services and leases and rentals)	35,847	63,065	-43.16%
Salaries paid to employees, including social security contributions, TFR (employee severance fund) and other costs	25,559	32,740	-21.93%
Interest payable on loans and other forms of debt	869	1,024	-15.14%
Dividends distributed	0	0	-
Income taxes and other tax liabilities	420	3,442	-87.80%
Charitable gifts and donations	280	45	522.22%
<b>ECONOMIC VALUE RETAINED</b>	<b>5,742</b>	<b>17,492</b>	<b>-67.17%</b>

**68,7**

Million euros of economic value generated in 2020

In 2020 the Ratti Group generated 68,7 million euros of economic value, a decrease of 41.67% on the previous year.

The fall was linked to the severe restrictions on activity due to the spread of COVID-19. 91.64% of this value was distributed to the reference stakeholders.

In detail, suppliers received 52.17% of this, employees 37.19%, the public administration 0.61%, lenders 1.26% and the community (in the form of charitable gifts and donations) 0.41%. The remaining 8.36% was retained in the Group to support future growth.

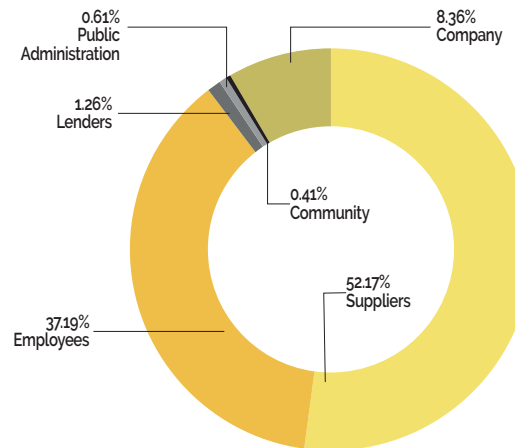
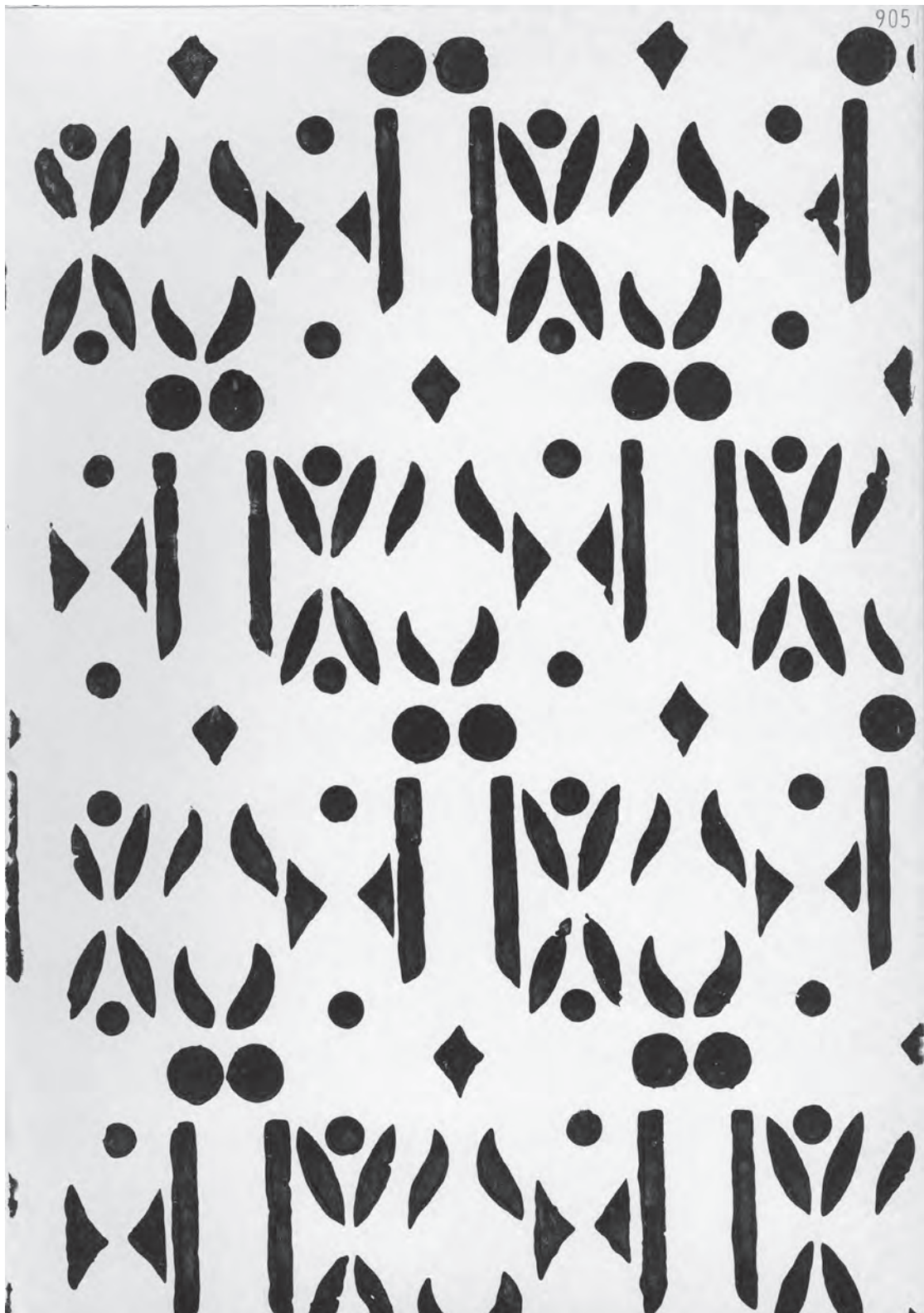


Figure 12 – Breakdown of the economic value generated for the stakeholders of the Ratti Group at 31.12.2020



"In our report you will find examples of situations which reveal our need to consider sustainability and its implementation to be of central importance, not as an abstract idea but in our daily activities. The sustainability of the future is dependent on the development and use of digital technology and on a significant change to our ways of thinking and producing."

**Donatella Ratti**



## The criteria of this Report







## Methodological note

### Perimeter, purpose and contents of the Sustainability Report and the 2020 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 – and this has an impact on the socioeconomic context and the local area that is far beyond any economic dimension.

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

The Ratti Group is among the subjects included in the Decree, which is why this **Sustainability Report** complies with the obligations of the Decree, and constitutes the **2020 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 2020 financial year (1 January

to 31 December 2020) in economic, social and environmental terms, as well as initiatives undertaken and the commitments made with the principal stakeholders.

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

In this DNF there are no modifications in the reporting and, where necessary, a specific note has been added to indicate variations in performance data for 2018 and 2019.

The only values modified and appropriately reported may be found in the table of non-hazardous waste in the **Annex – Chapter 4**. Adjusted values are reported for the years 2018 and 2019 as the calculation criteria were updated in line with the provisions indicated by the GRI standards.

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 – two employees for Ratti USA Inc. and three employees 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, become 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 2021. 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 ISAE3000 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 pag. 124.

This Sustainability Report may be downloaded from the website [www.ratti.it](http://www.ratti.it), in the section "Sustainability". For any clarification with regard to this Sustainability Report please send an email to [sostenibilita@ratti.it](mailto:sostenibilita@ratti.it).

## Analysis of materiality

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

The materiality matrix is the product of a structured process involving management and stakeholders which, after a detailed evaluation of the significance of a list of aspects of sustainability, has allowed the most important aspects to be identified and then reported. The list of aspects to be evaluated was created in accordance with the provisions set out in Article 3, paragraph 2 of Legislative Decree 254/2016

and on the basis of all the aspects specified in the GRI Standards.

In accordance with the 2016 GRI Sustainability Reporting Standards it was decided to consider as material those aspects that emerged as significant for Ratti or for its stakeholders. The process of involving stakeholders was carried out in 2017 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 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, have been 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:** chemicals 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 2020 Sustainability Report.

The 2020 materiality matrix therefore 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 2020 materiality matrix therefore shows 13 material themes following merging.

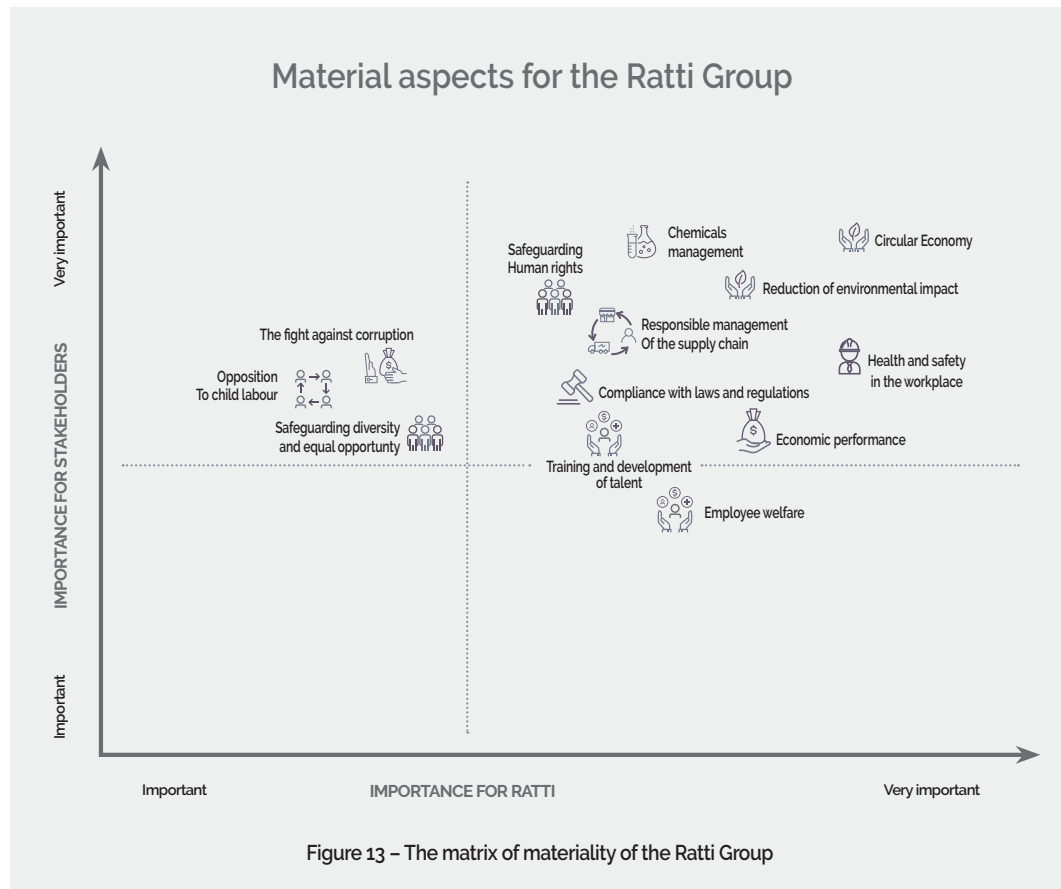


Figure 13 – The matrix of materiality of the Ratti Group

**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 Standard	Perimeter of the material aspects	Type of impact
<b>FINANCIAL PERFORMANCE</b>	201 - ECONOMIC PERFORMANCE	RATTI GROUP	Caused by the Group
<b>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</b>	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
<b>FIGHT AGAINST CORRUPTION</b>	205 - ANTI-CORRUPTION	Ratti Group	Caused by the Group
<b>RESPONSABILITY ENVIRONMENTAL</b>	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
<b>CIRCULAR ECONOMY</b>	306 - EFFLUENTS AND WASTE	Ratti Group, Suppliers	Caused by the Group and directly related to its activities
<b>COMPLIANCE WITH LAWS AND REGULATIONS</b>	307 - ENVIRONMENTAL COMPLIANCE	Ratti Group	Caused by the Group
	419 - SOCIOECONOMIC COMPLIANCE	Ratti Group	Caused by the Group
<b>ENHANCEMENT OF PEOPLE</b>	401 - EMPLOYMENT	Ratti Group	Caused by the Group
<b>DEVELOPMENT OF COMPETENCES</b>	404 - TRAINING AND EDUCATION	Ratti Group	Caused by the Group
<b>HEALTH AND SAFETY AT WORK</b>	403 - OCCUPATIONAL HEALTH AND SAFETY	Ratti Group, Suppliers, Contractors	Caused by the Group and directly related to its activities
<b>SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES</b>	405 - DIVERSITY AND EQUAL OPPORTUNITIES	Ratti Group	Caused by the Group
<b>PROTECTION AGAINST CHILD LABOUR AND FORCED/COMPULSORY LABOUR</b>	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
<b>SAFEGUARDING HUMAN RIGHTS</b>	412 - HUMAN RIGHTS ASSESSMENT	Ratti Group, Suppliers	Caused by the Group and directly related to its activities
<b>CHEMICALS MANAGEMENT</b>	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 2020.

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 involvement.

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.

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

This document, which was conceptualised with the aim of making information more easily usable and more immediately readable, so that the document itself could be distributed more widely, was also produced for the 2020 DNF.

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	Argomenti chiave ed eventuali criticità	Principali iniziative di dialogo
Controlling shareholder (Marzotto Group)	Partnerships	Joint working groups
Employees and partners	Remote working training; management of the pandemic ( <i>managing hours, the internal rules in the fight against COVID-19, the introduction of social distancing bracelets</i> )	Informal meetings and institutional events organised ad hoc; documents transmitted using Ratti's internal communication tools
Competitors	Innovation of processes in terms of sustainability	Participation in regional round table meetings and trade associations
Suppliers	Collaborative relationships focusing on the sustainability of the process and the product; Ratti noted a critical issue regarding suppliers' response times to the self-assessment questionnaires, as well as the transmission of the documentation concerning the various certifications.	Sales meetings and company visits; audits in accordance with SA8000. Joint projects on specific topics related to sustainability
Customers and licensors	Monitoring of the supply chain and partnerships	Sharing information on Ratti's various sustainability activities through newsletters and the YouTube channel; sending the abstract of the 2019 Sustainability Report to the biggest customers; direct involvement by sending out the materiality questionnaire used to produce the new matrix published in the 2020 Report ( <i>20 customers from various market areas were involved and 11 questionnaires were received</i> ).  Presentation of the Group's sustainable activities through direct meetings with customers or through videoconferences; joint participation in workshops and round table meetings; presentation of the sustainable product 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

# Annex

CHAPTER 2												
GENERAL DISCLOSURES												
GRI 102-8 TOTAL EMPLOYEES BY WORK CONTRACT, GENDER AND GEOGRAPHICAL AREA												
	GROUP			ITALY			TUNISIA			ROMANIA		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>TOTAL</b>	799	849	747	555	571	519	215	250	199	26	24	24
<i>Total women</i>	518	565	498	296	308	290	201	236	186	18	17	17
<i>Total men</i>	281	284	249	259	263	229	14	14	13	8	7	7
<b>TOTAL EMPLOYEES</b>	785	825	741	541	547	513	215	250	199	26	24	24
<i>Women</i>	512	553	494	290	296	286	201	236	186	18	17	17
<i>Men</i>	273	272	247	251	251	227	14	14	13	8	7	7
<b>PERMANENT</b>	571	586	647	523	539	507	21	19	111	26	24	24
<i>Women</i>	316	331	409	278	293	284	19	17	103	18	17	17
<i>Men</i>	255	255	238	245	246	223	2	2	8	8	7	7
<b>FIXED TERM</b>	214	239	94	18	8	6	194	231	88	0	0	0
<i>Women</i>	196	222	85	12	3	2	182	219	83	0	0	0
<i>Men</i>	18	17	9	6	5	4	12	12	5	0	0	0
<b>OTHER EMPLOYEES</b>	14	24	6	14	24	6	0	0	0	0	0	0
<i>Women</i>	6	12	4	6	12	4	0	0	0	0	0	0
<i>Men</i>	8	12	2	8	12	2	0	0	0	0	0	0
<b>TEMPORARY</b>	1	3	0	1	3	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>	1	3	0	1	3	0	0	0	0	0	0	0
<b>PROJECT WORKERS</b>	2	1	2	2	1	2	0	0	0	0	0	0
<i>Women</i>	1	0	0	1	0	0	0	0	0	0	0	0
<i>Men</i>	1	1	2	1	1	2	0	0	0	0	0	0
<b>INTERNS</b>	11	20	4	11	20	4	0	0	0	0	0	0
<i>Women</i>	5	12	4	5	12	4	0	0	0	0	0	0
<i>Men</i>	6	8	0	6	8	0	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 2018-2020; at 31.12.2020 Ratti USA had two female employees, employed on a permanent basis, while Ratti International Trading (Shanghai) had three.



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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>FULL TIME</b>	<b>736</b>	<b>782</b>	<b>706</b>	<b>495</b>	<b>506</b>	<b>480</b>	<b>215</b>	<b>250</b>	<b>199</b>	<b>23</b>	<b>22</b>	<b>22</b>
Women	468	512	460	247	256	253	201	236	186	17	16	16
Men	268	270	246	248	250	227	14	14	13	6	6	6
<b>PART TIME</b>	<b>49</b>	<b>43</b>	<b>35</b>	<b>46</b>	<b>41</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>2</b>
Women	44	41	34	43	40	33	0	0	0	1	1	1
Men	5	2	1	3	1	0	0	0	0	2	1	1
<b>TOTAL EMPLOYEES</b>	<b>785</b>	<b>825</b>	<b>741</b>	<b>541</b>	<b>547</b>	<b>513</b>	<b>215</b>	<b>250</b>	<b>199</b>	<b>26</b>	<b>24</b>	<b>24</b>

Employees by employment type (full time/part time) by gender and geographical area at 31.12 for 2018, 2019 and 2020. In Ratti USA and in Ratti International Trading (Shanghai), all employees are full-time. The figures refer only 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		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>BELOW 30 YEARS</b>	<b>90</b>	<b>86</b>	<b>33</b>	<b>35</b>	<b>24</b>	<b>9</b>	<b>55</b>	<b>62</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>
Women	79	74	30	27	14	6	52	60	24	0	0	0
Men	11	12	3	8	10	3	3	2	0	0	0	0
<b>BETWEEN 30 AND 50 YEARS</b>	<b>33</b>	<b>43</b>	<b>27</b>	<b>21</b>	<b>14</b>	<b>11</b>	<b>12</b>	<b>25</b>	<b>15</b>	<b>0</b>	<b>3</b>	<b>0</b>
Women	22	35	18	11	10	5	11	21	12	0	3	0
Men	11	8	9	10	4	6	1	4	3	0	0	0
<b>OVER 50 YEARS</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>10</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Women	5	6	0	5	4	0	0	2	0	0	0	0
Men	5	3	1	5	3	1	0	0	0	0	0	0
<b>TOTAL EMPLOYEES</b>	<b>133</b>	<b>138</b>	<b>61</b>	<b>66</b>	<b>45</b>	<b>21</b>	<b>67</b>	<b>89</b>	<b>39</b>	<b>0</b>	<b>3</b>	<b>0</b>
Total women	106	115	48	43	28	11	63	83	36	0	3	0
Total men	27	23	13	23	17	10	4	6	3	0	0	0

New personnel hired by age range, gender and geographical area at 31.12 in the three-year period 2018-2020. In 2020 staff turnover did not impact Ratti USA, where the workforce remained the same as it was in 2018 and 2019, while in 2020 Ratti International Trading (Shanghai) recorded the hiring of one new employee between 30 and 50 years of age. The figures refer to employees hired on fixed-term and permanent contracts.







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

	GROUP			ITALY			TUNISIA			ROMANIA		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>Employee turnover rate (outgoing)</b>	<b>9.55</b>	<b>11.88</b>	<b>19.57</b>	<b>7.39</b>	<b>7.13</b>	<b>10.72</b>	<b>16.28</b>	<b>21.60</b>	<b>45.23</b>	<b>0.00</b>	<b>20.83</b>	<b>0.00</b>
Women	9.57	13.38	21.05	6.21	7.43	7.34	15.42	20.34	44.62	0.00	23.53	0.00
Men	9.52	8.82	16.60	8.76	6.77	14.98	28.57	42.86	53.85	0.00	14.29	0.00
<b>BELOW 30 YEARS</b>	<b>15.49</b>	<b>16.18</b>	<b>38.04</b>	<b>7.41</b>	<b>9.30</b>	<b>7.50</b>	<b>20.45</b>	<b>20.00</b>	<b>61.54</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Women	16.76	17.48	42.48	10.71	10.91	8.00	19.38	19.87	59.22	0.00	0.00	0.00
Men	7.14	8.57	16.13	0.00	6.45	6.67	66.67	25.00	300.0	0.00	0.00	0.00
<b>BETWEEN 30 AND 50 YEARS</b>	<b>6.04</b>	<b>11.11</b>	<b>11.04</b>	<b>4.78</b>	<b>5.88</b>	<b>4.69</b>	<b>11.11</b>	<b>19.77</b>	<b>28.74</b>	<b>0.00</b>	<b>35.71</b>	<b>0.00</b>
Women	4.85	11.71	11.40	3.17	5.43	3.70	8.96	18.75	26.58	0.00	36.36	0.00
Men	8.70	9.52	10.11	7.23	6.67	6.41	40.00	33.33	50.00	0.00	33.33	0.00
<b>OVER 50 YEARS</b>	<b>8.76</b>	<b>8.99</b>	<b>16.67</b>	<b>9.56</b>	<b>7.39</b>	<b>17.73</b>	<b>0.00</b>	<b>66.67</b>	<b>12.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Women	6.61	9.60	11.50	7.41	8.04	11.88	0.00	60.00	25.00	0.00	0.00	0.00
Men	10.46	8.50	21.26	11.19	6.90	22.69	0.00	75.00	0.00	0.00	0.00	0.00

Total annual turnover rate, subdividing employees by age range, gender and geographical area for the three-year period 2018-2020. 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/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		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>NUMBER OF ACCIDENTS RECORDED</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>
of which occurred to employees	4	5	1	3	4	1	1	1	0
pertaining to contractors	0	2	0	0	2	0	0	0	0
<b>NUMBER OF ACCIDENTS WITH SERIOUS CONSEQUENCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which occurred to employees	0	0	0	0	0	0	0	0	0
pertaining to contractors	0	0	0	0	0	0	0	0	0

Total number of recordable accidents at work, or those with serious consequences, in the three-year period 2018-2020. In the foreign subsidiaries, in the three-year period 2018-2020, 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**

	GROUP			ITALY			TUNISIA		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>RATE OF RECORDABLE ACCIDENTS AT WORK</b>	<b>2.97</b>	<b>4.66</b>	<b>0.95</b>	<b>3.30</b>	<b>6.17</b>	<b>1.49</b>	<b>2.52</b>	<b>2.03</b>	<b>0.00</b>
<i>of which occurred to employees</i>	3.10	3.51	1.00	3.43	4.36	1.63	2.67	2.12	0.00
<i>pertaining to contractors</i>	0.00	26.86	0.00	0.00	37.00	0.00	0.00	0.00	0.00
<b>TOTAL NUMBER OF HOURS WORKED</b>	<b>1,345,780</b>	<b>1,500,664</b>	<b>1,051,605</b>	<b>910,228</b>	<b>971,879</b>	<b>672,602</b>	<b>396,067</b>	<b>492,482</b>	<b>343,683</b>
<i>Total hours worked by employees</i>	1,288,442	1,426,214	994,236	873,947	917,821	615,233	375,010	472,090	343,683
<i>Total hours worked by contractors</i>	57,338	74,451	57,369	36,281	54,058	57,369	21,057	20,393	0

Rate of accidents relating to recordable accidents at work in the three-year period 2018-2020, including Ratti SpA, Creomoda and La Maison des Accessoires. In Textrom, Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2018-2020, 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 39,485 for 2018, 36,303 for 2019 and 35,321 for 2020 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 2018-2020, 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 of 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		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>EXECUTIVES</b>	19	26	2	20	28	2	0	0	0	-	-	-
<i>Women</i>	22	28	6	22	28	6	-	-	-	-	-	-
<i>Men</i>	18	25	1	20	28	1	0	0	0	-	-	-
<b>MIDDLE MANAGEMENT</b>	23	24	7	23	24	7	-	-	-	-	-	-
<i>Women</i>	20	13	5	20	13	5	-	-	-	-	-	-
<i>Men</i>	24	29	9	24	29	9	-	-	-	-	-	-
<b>WHITE-COLLAR WORKERS</b>	12	14	4	11	12	4	70	44	6	3	6	6
<i>Women</i>	11	14	4	10	13	3	43	42	6	1	5	5
<i>Men</i>	17	11	6	13	10	6	283	67	6	7	7	7
<b>BLUE-COLLAR WORKERS OR EQUIVALENT</b>	6	6	3	4	6	1	8	5	4	11	12	11
<i>Women</i>	7	5	3	2	5	1	7	5	4	11	11	11
<i>Men</i>	5	6	2	5	6	1	8	5	8	11	12	12
<b>TOTAL</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>9</b>	<b>11</b>	<b>3</b>	<b>10</b>	<b>7</b>	<b>4</b>	<b>9</b>	<b>10</b>	<b>10</b>
<i>Total women</i>	9	9	4	9	12	3	9	7	4	9	10	10
<i>Total men</i>	10	11	4	9	11	3	27	9	7	10	11	11

Annual average training hours per employee, by category of employee, by gender and geographical area for the three-year period 2018-2020. 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 one (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 2018			GROUP 2019			GROUP 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>EXECUTIVES</b>	<b>15.38%</b>	<b>84.62%</b>	<b>100.00%</b>	<b>23.08%</b>	<b>76.92%</b>	<b>100.00%</b>	<b>30.00%</b>	<b>70.00%</b>	<b>100.00%</b>
<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%	36.36%	30.77%	0.00%	20.00%	15.38%	0.00%	28.57%	20.00%
<i>age above 50 years</i>	100.00%	63.64%	69.23%	100.00%	80.00%	84.62%	100.00%	71.43%	80.00%
<b>MIDDLE MANAGEMENT</b>	<b>32.50%</b>	<b>67.50%</b>	<b>100.00%</b>	<b>35.56%</b>	<b>64.44%</b>	<b>100.00%</b>	<b>39.53%</b>	<b>60.47%</b>	<b>100.00%</b>
<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>	30.77%	48.15%	42.50%	37.50%	58.62%	51.11%	47.06%	69.23%	60.47%
<i>age above 50 years</i>	69.23%	51.85%	57.50%	62.50%	41.38%	48.89%	52.94%	30.77%	39.53%
<b>WHITE-COLLAR WORKERS</b>	<b>78.45%</b>	<b>21.55%</b>	<b>100.00%</b>	<b>78.52%</b>	<b>21.48%</b>	<b>100.00%</b>	<b>80.35%</b>	<b>19.65%</b>	<b>100.00%</b>
<i>age below 30 years</i>	23.18%	14.06%	21.21%	20.09%	15.63%	19.13%	18.34%	12.50%	17.19%
<i>age between 30 and 50 years</i>	45.06%	37.50%	43.43%	47.01%	32.81%	43.96%	50.22%	41.07%	48.42%
<i>age above 50 years</i>	31.76%	48.44%	35.35%	32.91%	51.56%	36.91%	31.44%	46.43%	34.39%
<b>WORKERS</b>	<b>60.69%</b>	<b>39.31%</b>	<b>100.00%</b>	<b>63.97%</b>	<b>36.03%</b>	<b>100.00%</b>	<b>60.79%</b>	<b>39.21%</b>	<b>100.00%</b>
<i>age below 30 years</i>	49.62%	11.11%	34.48%	53.00%	14.79%	39.23%	45.31%	15.19%	33.50%
<i>age between 30 and 50 years</i>	37.12%	29.82%	34.25%	35.33%	26.04%	31.98%	42.86%	29.11%	37.47%
<i>age above 50 years</i>	13.26%	59.06%	31.26%	11.67%	59.17%	28.78%	11.84%	55.70%	29.03%
<b>TOTAL</b>	<b>65.22%</b>	<b>34.78%</b>	<b>100.00%</b>	<b>67.03%</b>	<b>32.97%</b>	<b>100.00%</b>	<b>66.67%</b>	<b>33.33%</b>	<b>100.00%</b>

Employees of the Ratti Group by category of employee, gender and age range for the three-year period 2018-2020

### GRI 405-1 COMPOSITION OF THE BOD BY AGE RANGE AND GENDER

	2018	2019	2020
<b>BETWEEN 30 AND 50 YEARS</b>	<b>22.22%</b>	<b>22.22%</b>	<b>22.22%</b>
<i>Women</i>	50.00%	50.00%	50.00%
<i>Men</i>	50.00%	50.00%	50.00%
<b>OVER 50 YEARS</b>	<b>77.78%</b>	<b>77.78%</b>	<b>77.78%</b>
<i>Women</i>	28.57%	28.57%	28.57%
<i>Men</i>	71.43%	71.43%	71.43%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Total women</i>	33.33%	33.33%	33.33%
<i>Total men</i>	66.67%	66.67%	66.67%

Composition of the BoD by age range and gender at 31.12 in the three-year period 2018-2020. The composition of the BoD was stable in the three-year period 2018-2020. Of the nine current members, three are women (33.33%), while 77.78% of members are over 50 years of age.

## CHAPTER 3

### SUPPLIER ENVIRONMENTAL ASSESSMENT

#### GRI 308-1 PERCENTAGE OF NEW SUPPLIERS EVALUATED ON THE BASIS OF ENVIRONMENTAL CRITERIA

<b>2018</b>	Of the total of 273 new suppliers of Ratti SpA, the 43 assessed in accordance with environmental criteria represent 32% of the value of purchases generated by new suppliers during the year.
<b>2019</b>	Of the total of 254 new suppliers of Ratti SpA, the two suppliers assessed in accordance with environmental criteria represented 7.2% of the value of purchases generated by new suppliers during the year.
<b>2020</b>	Of the total of 221 new suppliers of Ratti SpA, five suppliers were assessed in accordance with environmental criteria (2.3% of the total) and represented 27.2% 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 INVESTMENT AGREEMENTS AND "SIGNIFICANT" AGREEMENTS WHICH INCLUDE CLAUSES ON HUMAN RIGHTS OR WHICH ARE SUBJECT TO AN ASSESSMENT OF HUMAN RIGHTS

<b>2018</b>	There were 225 "significant" suppliers from a social accountability perspective during 2018, representing 16.4% of total suppliers (1,375) with a turnover of €58,331,579, i.e. 87% of the total value of purchases.
<b>2019</b>	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.
<b>2020</b>	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.

*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 SA8000 standard, Ratti SpA has ensured compliance with social accountability in its supply chain, requiring, for significant suppliers in that context, the sending out and subsequent evaluation of a questionnaire dedicated to these themes, so that the reliability of the supplier can be determined.*

### SUPPLIER SOCIAL ASSESSMENT

#### GRI 414-1 NEW SUPPLIERS WHICH HAVE BEEN ASSESSED IN ACCORDANCE WITH SOCIAL CRITERIA

<b>2018</b>	Of the total of 273 new suppliers, the 36 who were assessed in accordance with social criteria as per the Manual of Social Responsibility represented 77% of the value of purchases generated by new suppliers during the year.
<b>2019</b>	For Ratti SpA, of the total of 254 new suppliers, the 11 that were assessed in accordance with social criteria as per the Manual of Social Responsibility represented 36.4% of the value of purchases generated by new suppliers during the year.
<b>2020</b>	Of the total of 221 new suppliers of Ratti SpA, nine were assessed in accordance with social criteria as per the Manual of Social Responsibility (4.1% of the total) and represented 44.4% of the value of purchases generated by new suppliers during the year.

*With regard to the method used for the social evaluation of suppliers, please see the explanation of the selection criteria of the indicator GRI 412-3 for the evaluation of human rights.*



## CHAPTER 4

### MATERIALS

#### GRI 301-1 MATERIALS USED BY THE RATTI GROUP

PRINTED FABRICS	RATTI GROUP				
	u.m.	2018	2019	2020	Δ% 2020 su 2019
<b>TOTAL PRINTED FABRICS</b>	<b>m</b>	<b>5,423,377</b>	<b>5,196,385</b>	<b>3,053,969</b>	<b>-41.23%</b>
<i>of which eco-sustainable printed fabrics</i>	m	67,505	134,070	666,892	397.42%
Percentage of eco-sustainable printed fabrics of total printed fabrics		1.24%	2.58 %	21.84%	746.37%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties. The percentage decrease for the total of printed fabrics (-41.23%) was due to the fall in production volumes caused by the Coronavirus. The significant increase in the figure for eco-sustainable printed fabrics was due to the growing market demand for that type of fabric.

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS	u.m.	2020
<b>TOTAL PRINTED FABRICS, EXCLUDING SAMPLES</b>	<b>m</b>	<b>3,011,451</b>
<i>- of which 100% renewable articles</i>	m	1,647,741
<i>- of which mixed renewable articles (with renewable fibre composition ≥ 50%)</i>	m	442,713
<i>- of which renewable articles (with renewable fibre composition &lt; 50%) and non-renewable articles</i>	m	920,998
Percentage of 100%-renewable articles of total printed fabrics	m	54.72%
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total printed fabrics	m	14.70%
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabrics	m	30.58%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties, but excluding printing on samples (42,518 metres out of a total of 3,053,969 metres). The total for printed fabrics, excluding samples, was 5,135,869 metres for 2019 and 5,358,709 metres for 2018. The decrease in the total for printed fabrics was due to the fall in production volumes caused by the Coronavirus. 100%-renewable printed articles include: 100% cotton, 100% silk, 100% viscose, 100% linen, 100% wool, 100% cupro, 100% modal, 100% hemp. Printed articles categorised as mixed renewable include all articles which have a percentage composition of renewable fibre equal to or higher than 50%. The third category includes articles with a percentage composition of renewable fibre which is lower than 50%, as well as non-renewable articles. This subdivision is not available for the years 2018 and 2019, although the Ratti Group intends to monitor this information for future reporting years.

ADDITIVES	RATTI GROUP				
	u.m.	2018	2019	2020	Δ% 2020 su 2019
TOTAL DYES	Kg	63,937	66,210	43,567	-34.20%
TOTAL CHEMICAL PRODUCTS	Kg	643,273	611,619	426,885	-30.20%
<b>TOTAL ADDITIVES</b>	<b>Kg</b>	<b>707,210</b>	<b>677,829</b>	<b>470,453</b>	<b>-30.59%</b>

Total dyes and chemical products purchased by Ratti SpA for the Group. The Ratti Group does not use additives coming from renewable sources. The table in the table are the result of decimal rounding: the total for additives is rounded up.



MATERIALS FOR PACKAGING		RATTI GROUP				
		u.m.	2018	2019	2020	Δ% 2020 su 2019
PAPER	Total paper packaging	kg	5,376	6,802	3,905	-42.58%
	<i>of which FSC certified</i>	kg	5,376	5,365	1,677	-68.75%
CARDBOARD	Total paper packaging	kg	62,781	67,773	47,272	-30.25%
	<i>of which FSC certified</i>	kg	0	4,727	35,289	646.54%
PLASTIC	Total plastic packaging	kg	9,572	15,105	14,711	-2.60%
	<i>of which recyclable</i>	kg	0	443	89	-79.82%
PALLETES	Total palletes	kg	24,044	33,299	26,966	-19.02%
	<i>of which reused</i>	kg	14,644	26,350	21,250	-19.35%
TOTAL PACKAGING	<b>Totale imballi</b>	<b>kg</b>	<b>101,773</b>	<b>122,978</b>	<b>92,854</b>	<b>-24.50%</b>
	<b><i>di cui sostenibili</i></b>	<b>Kg</b>	<b>20,020</b>	<b>36,885</b>	<b>58,305</b>	<b>58.07%</b>
Total packaging over metres of fabric produced		Kg/m	0.023	0.028	0.032	14.57%
The percentage of sustainable packaging of total packaging			19.67%	29.99%	62.79%	109.35%

The data published in the 2018 and 2019 DNFs, which only covered Ratti SpA, have been updated in the sense that the company has decided to report the indicators at Group level. The figures in the table in relation to paper, cardboard and palletes should be understood as renewable materials, while plastic is considered to be a non-renewable material. In general, the overall fall in the volume of packaging is linked to a decrease in production volumes from 2019 to 2020. It should be noted that the Group significantly increased its purchasing of sustainable packaging (+58.07% compared with 2019, +191.23% compared with 2018).

RENEWABLE MATERIALS FOR OFFICES		RATTI GROUP				
		u.m.	2018	2019	2020	Δ% 2020 su 2019
PAPER	<b>Total</b>	<b>kg</b>	<b>14,050</b>	<b>17,709</b>	<b>12,272</b>	<b>-30.70%</b>
	<i>of which recycled</i>	kg	13,800	13,200	8,738	-33.81%

The data published in the 2018 and 2019 DNFs, which only covered Ratti SpA, have been updated in the sense that the company has decided to report the indicators at Group level. There was a general decrease in the use of paper by offices during 2020.



## ENERGY

### GRI 302-1 AGGREGATED ENERGY CONSUMPTION FOR FACTORIES AND OFFICES IN ITALY, TUNISIA AND ROMANIA

ENERGY CONSUMPTION		RATTI GROUP				
		u.m.	2018	2019	2020	Δ% 2020 su 2019
METHANE GAS	Consumption by offices and factories	GJ	139,433	143,229	101,361	-29.23%
	Consumption by offices and factories	GJ	32,579	32,518	26,678	-17.96%
	of which electricity purchased	GJ	29,662	29,479	23,584	-20.00%
ENERGY ELECTRICAL	of which produced and self-consumed, from photovoltaic systems	GJ	2,917	3,039	3,094	1.80%
	of which produced and released to the grid from photovoltaic systems	GJ	81	107	245	128.90%
COMPANY CAR PARK	Consumption of diesel	GJ	2,461	2,735	2,203	-19.46%
	Consumption of petrol	GJ	32	26	86	228.87%
<b>Total energy consumption</b>		<b>GJ</b>	<b>174,505</b>	<b>178,508</b>	<b>130,329</b>	<b>-26.99%</b>
Consumption of methane gas over metres of fabric produced		GJ/m	0.032	0.033	0.035	7.39%
Consumption of electricity over metres of fabric produced		GJ/m	0.007	0.007	0.009	24.49%

Aggregate energy consumption in the plant and offices of the sites in Italy, Tunisia and Romania; it should be noted that there was no consumption of methane gas at the Tunisia plant. In order to convert Mc into GJ for methane gas and for GJ into tons of petrol consumption the emission factors published in the national standard parameter tables of the "Istituto Superiore per la Protezione e la Ricerca Ambientale" (ISPRA, the Superior Institute for Environmental Protection and Research) were used for the years in question. In order to convert kWh into GJ of electricity and litres into tons of gasoline the values reported by the Department of the Environment, Food and Rural Affairs of the United Kingdom government were used for the years in question. Finally, the data for the consumption of diesel refer to the table "Energy content of gasoline for motors" published by the Official Journal of the European Union, 2009. Since 2020, the calculation of the electricity consumption of the photovoltaic plant has also included the total produced for the Cremona site. Finally, car park consumption refers to the sites in Italy and Romania.

## WATER AND EFFLUENTS

### GRI 303-3, 303-4 WATER CONSUMPTION BY SOURCE AND WATER DISCHARGES, PREMISES OF ITALY AND ROMANIA

WATER WITDRAWAL		RATTI GROUP				
		u.m.	2018	2019	2020	Δ% 2020 su 2019
WATER WITDRAWAL	Tot. Water withdrawal	Mc	425,033	408,106	274,256	-32.80%
	from well	Mc	421,123	406,046	272,755	-32.83%
	from aqueduct	Mc	3,910	2,060	1,501	-27.14%
	Tot. Water withdrawal over metres of fabric produced	Mc/m	0.098	0.093	0.095	1.98%
WATER DISCHARGES	Tot. Total water discharges into the sewerage system	Mc	373,976	355,430	227,273	-36.06%
	Tot. Water discharges over metres of fabric produced	Mc/m	0.086	0,081	0,078	-2.97%

Water consumption, by source and by discharges, Italy and Romania sites; for the Tunisia site the consumption and discharge of water took place by withdrawals from wells, but this was not recorded as the water was 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). The Standard stipulates that total water withdrawal should be subdivided 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 is not currently available, although the Ratti Group intends to monitor this information for future reporting years. The increase in withdrawals per metre of fabric produced (+1.98%) was mainly due to the decrease in metres produced (lower and more fragmented production, but with plant functioning anyway to guarantee coverage and services).

EMISSIONS					
GRI 305-1, 305-2 DIRECT AND INDIRECT EMISSIONS OF THE GROUP (SCOPE 1 AND 2)					
CO <sub>2</sub> EMISSIONS	GRUPPO RATTI				
	u.m.	2018	2019	2020	Δ% 2020 SU 2019
<b>SCOPE 1 - TOTAL DIRECT ENERGY EMISSIONS</b>	<b>tCO<sub>2</sub>e</b>	<b>8,132</b>	<b>8,244</b>	<b>5,884</b>	<b>-28.63%</b>
<i>From consumption of methane gas</i>	tCO <sub>2</sub>	7,800	8,013	5,700	-28.86%
<i>From emission of refrigerant gas from air conditioning equipment</i>	tCO <sub>2</sub> e	109	0	19	-
<i>From company car park – consumption of diesel cars</i>	tCO <sub>2</sub> e	221	229	160	-30.18%
<i>From company car park – consumption of petrol cars</i>	tCO <sub>2</sub> e	2	2	4	157.20%
<b>SCOPE 2 - TOTAL INDIRECT ENERGY EMISSIONS</b>					
<b>Location-based from electricity bought for offices and factories</b>	<b>tCO<sub>2</sub></b>	<b>2,966</b>	<b>2,956</b>	<b>2,212</b>	<b>-25.18%</b>
<b>SCOPE 2 - TOTAL INDIRECT ENERGY EMISSIONS</b>					
<b>Market-based from electricity bought for offices and factories</b>	<b>tCO<sub>2</sub></b>	<b>3,917</b>	<b>3,943</b>	<b>129</b>	<b>-96.73%</b>
<b>TOTAL SCOPE 1 AND SCOPE 2 LOCATION-BASED EMISSIONS</b>	<b>tCO<sub>2</sub>e</b>	<b>11,099</b>	<b>11,200</b>	<b>8,095</b>	<b>-27.72%</b>
Total SCOPE 1 and SCOPE 2 Location-based emissions over metres of fabric produced	tCO <sub>2</sub> e	0.0026	0.0025	0.0028	9.68%
<b>Emissions avoided thanks to energy production from photovoltaic sources</b>	<b>tCO<sub>2</sub></b>	<b>300</b>	<b>314</b>	<b>315</b>	<b>0.32%</b>

For the consumption of methane gas, the data is calculated on the basis of emission factors published in the national standard parameter tables of the "Istituto Superiore per la Protezione e la Ricerca Ambientale" (ISPRA, the Superior Institute for Environmental Protection and Research), for the years in question. The data for emissions from refrigerant gas leaks in 2018 and 2020 were revisited on the basis of the Global Warming Potential (GWP) reported in the IPCC 5th Assessment Report, 2014. Emissions from the company car park are calculated on the basis of the values reported by the Department of the Environment, Food and Rural Affairs (DEFRA) of the United Kingdom government, for the year in question. For 2020, the company car park includes three hybrid cars – two gasoline and one diesel. The conversion factor used to calculate equivalent kg of CO<sub>2</sub> was taken directly from the vehicle registration document for each car. The calculation of electricity emissions using the location-based method uses the emissions factors published by Terna SpA's "International comparisons" at 31.12.2017 for 2018 data, at 31.12.2018 for 2019 data, and "International comparisons" for 2018 for 2020 values, as more up-to-date figures are not available. The market-based method uses the emission factors published by the Association of Issuing Bodies (AIB), i.e. "European Residual Mixes" 2017 for 2018, "European Residual Mixes" 2018 for 2019 and, finally, European Residual Mixes" 2019 for 2020. There was a notable fall in SCOPE 2 market-based emissions (-96.73%), given that since 2020 100% of electricity bought for the Guanzate site has come from renewable sources certified by a Guarantee of Origin.



WASTE					
GRI 306-2 TOTAL WEIGHT OF HAZARDOUS AND NON-HAZARDOUS WASTE, SUBDIVIDED ACCORDING TO METHOD OF DISPOSAL.					
HAZARDOUS WASTE, SUBDIVIDED BY METHOD OF DISPOSAL	GRUPPO RATTI				
	u.m.	2018	2019	2020	Δ% 2020 su 2019
Recycling (Put in reserve R13)	kg	19,171	27,888	22,407	-19.65%
Other (Incinerator or landfill after D15 treatment)	kg	8,152	6,485	4,307	-33.58%
<b>TOTAL HAZARDOUS WASTE</b>	<b>kg</b>	<b>27,323</b>	<b>34,373</b>	<b>26,714</b>	<b>-22.28%</b>
Hazardous waste over metres of fabric	kg/m	0.0063	0.0078	0.0092	17.93%

Quantity of hazardous waste by method of disposal, Italy and Romania sites; there are no hazardous waste products at the Tunisian sites.

NON-HAZARDOUS WASTE, SUBDIVIDED BY METHOD OF DISPOSAL	GRUPPO RATTI				
	u.m.	2018	2019	2020	Δ% 2020 su 2019
Recycling (Put in reserve R13)	kg	419,367	574,275	392,336	-31.68%
Incinerator	kg	1,560	0	4,880	-
Landfill	kg	13,197	11,830	7,241	-38.79%
Other (Incinerator or landfill after D15 treatment)	kg	117,338	118,399	108,778	-8.13%
<b>TOTAL NON-HAZARDOUS WASTE</b>	<b>kg</b>	<b>551,462</b>	<b>704,504</b>	<b>513,234</b>	<b>-27.15%</b>
Non-hazardous waste over metres of fabric	kg/m	0.1269	0.1601	0.1770	10.55%

The quantity of non-hazardous waste by method of disposal, for the Italy, Romania and Tunisia sites; the increase in non-hazardous waste sent to incinerators in 2020 is linked to the fact that, in 2019, no disposal operation was completed; two removals were made - in January and June 2020 respectively. The values reported for 2018 and 2019 were adjusted compared with the previous DNF, since the calculation criteria had been updated to bring them into line with the provisions of the GRI standard.

# GRI Content Index

GRI STANDARD	INDICATORI	RIFERIMENTO NEL TESTO	OMISSIONI
<b>GRI 101 - FOUNDATION 2016</b>			
<b>GRI 102 - GENERAL DISCLOSURES 2016</b>			
<b>PROFILE OF THE ORGANISATION</b>			
<b>102-1</b>	Name of the organisation	Chapter 1 paragraph 1.1 A story with deep roots	
<b>102-2</b>	Activities, brands, products and services	Chapter 1, Paragraph 1.2 The Ratti Group today	
<b>102-3</b>	Location of headquarters	Chapter 1, Paragraph 1.2 The Ratti Group today	
<b>102-4</b>	Location of operations	Chapter 1, Paragraph 1.2 The Ratti Group today	
<b>102-5</b>	Ownership and legal form	Chapter 1, paragraph 1.1 A story with deep roots, box "Ratti SpA shareholders"	
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<b>102-8</b>	Information on employees and other workers	Chapter 2, paragraph 2.1 Ratti's employees Annex Chapter 2	
<b>102-9</b>	Supply chain	Chapter 3, paragraph 3.4 A virtuous circle of good practices	
<b>102-10</b>	Significant modifications to the organisation and its supply chain	In the reporting period there were no changes to the organisation or to the supply chain.	
<b>102-11</b>	Precautionary principle or approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
<b>102-12</b>	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	
<b>102-13</b>	Membership of associations	Chapter 1, paragraph 1.1 A story with deep roots	
<b>STRATEGY</b>			
<b>102-14</b>	Declaration from a senior decision-maker	Letter to the stakeholders.	
<b>102-15</b>	Key impacts, risks and opportunities	Chapter 6, paragraph 6.3 Managing risks to include sustainability	
<b>ETHICS AND INTEGRITY</b>			
<b>102-16</b>	Values, principles, standards and norms of behaviour	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		
<b>102-18</b>	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
<b>102-22</b>	Composition of the highest governing body and its committees	Chapter 6, paragraph 6.1 The governance structure of the Group; box "Composition of the Board of Directors"
INVOLVEMENT OF THE STAKEHOLDERS		
<b>102-40</b>	List of stakeholder groups	Analysis of materiality
<b>102-41</b>	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.
<b>102-42</b>	Identifying and selecting stakeholders	Analysis of materiality
<b>102-43</b>	Approach to stakeholder engagement	Analysis of materiality
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REPORTING PRACTICES		
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<b>102-47</b>	List of material topics	L'analisi di materialità.
<b>102-48</b>	Restatements of information	Methodological note
<b>102-49</b>	Changes in reporting	Methodological note
<b>102-50</b>	Reporting period	Financial year 2020
<b>102-51</b>	Date of most recent report	The most recent document is the 2019 Consolidated Declaration of a Non-financial Nature, which was approved by the BoD of the Ratti Group on 13 March 2020.
<b>102-52</b>	Reporting cycle	Annual
<b>102-53</b>	Contact point for questions regarding the report	Methodological note
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Methodological note
<b>102-55</b>	GRI content index	GRI Content Index
<b>102-56</b>	External assurance	Assurance.

<b>GRI 201 – ECONOMIC PERFORMANCE 2016</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 7 Economic performance; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 7 - Economic performance
<b>103-3</b>	Evaluation of the management approach	Chapter 7 - Economic performance
<b>GRI 201: Topic-specific disclosures</b>		
<b>201-1</b>	Direct economic value generated and distributed	Chapter 7 - Financial performance
<b>GRI 205 – ANTI-CORRUPTION 2016</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 6, paragraph 6.3 Managing risks to include sustainability; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 6, paragraph 6.3 Managing risks to include sustainability
<b>103-3</b>	Evaluation of the management approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability
<b>GRI 205: Topic-specific disclosures</b>		
<b>205-3</b>	Verified episodes of corruption and action taken	No cases of corruption were verified in 2020 or the two previous years
<b>GRI 301 – MATERIALS 2016</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	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
<b>103-3</b>	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
<b>GRI 301: Topic-specific disclosures</b>		
<b>301-1</b>	Materials used by weight or volume	Annex Chapter 4



GRI 302 – ENERGY 2016		
GRI 103: MANAGEMENT APPROACH 2016		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 4, paragraph 4.2 Less resources consumed, a better future; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future
<b>103-3</b>	Evaluation of the management approach	Chapter 4, paragraph 4.2 Less resources consumed, a better future
GRI 302: Topic-specific disclosures		
<b>302-1</b>	Energy consumption within the organization	Chapter 4, paragraph 4.2 Less resources consumed, a better future
GRI 303 - WATER AND EFFLUENTS 2018		
GRI 103: MANAGEMENT APPROACH 2016		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; 4.2 Less resources consumed, a better future
<b>103-3</b>	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		
<b>303-1</b>	Interactions 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
<b>303-2</b>	Management of water discharge-related impacts	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 2018		
<b>303-3</b>	Water withdrawal	Annex Capitolo 4.
<b>303-4</b>	Water discharge	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted; Annex Chapter 4
GRI 305 – EMISSIONS 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 4, paragraph 4.2 Less resources consumed, a better future; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 4, paragraph 4.2 Less resources consumed, a better future
<b>103-3</b>	Evaluation of the management approach	Chapter 4, paragraph 4.2 Less resources consumed, a better future

GRI 305: Topic-specific disclosures		
<b>305-1</b>	Direct (Scope1) GHG emissions	Annex Chapter 4
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Annex Chapter 4
GRI 306 – EFFLUENTS AND WASTE 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 4, paragraph 4.3 The circular economy and waste management; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 4 paragraph 4.3 The circular economy and waste management
<b>103-3</b>	Evaluation of the management approach	Chapter 4 paragraph 4.3 The circular economy and waste management
GRI 306: Topic-specific disclosures		
<b>306-2</b>	Waste by type and disposal method	Annex Capitolo 4.
GRI 307 – ENVIRONMENTAL COMPLIANCE 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 6, paragraph 6.3 Managing risks to include sustainability; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 6, paragraph 6.3 Managing risks to include sustainability
<b>103-3</b>	Evaluation of the management approach	Chapter 6, paragraph 6.3 Managing risks to include sustainability
GRI 307: Topic-specific disclosures		
<b>103-1</b>	Non-compliance with environmental laws and regulations	Chapter 4, paragraph 4.1 Sustainability in textiles: challenge accepted
GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3
<b>103-3</b>	Evaluation of the management approach	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Annex Chapter 3



GRI 308: Topic-specific disclosures		
<b>308-1</b>	New suppliers that were screened using environmental criteria	Annex Capitolo 3.
GRI 401 – EMPLOYMENT 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and turnover; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and turnover
<b>103-3</b>	Evaluation of the management approach	Chapter 2 paragraph 2.1 Ratti's employees; 2.2 The process of selection and turnover
GRI 401: Topic-specific disclosures		
<b>401-1</b>	New employee hires and employee turnover	Chapter 2 paragraph 2.2 The process of selection and turnover; Annex Chapter 2
<b>401-2</b>	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		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 2 paragraph 2.4 Health and safety; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 2, paragraph 2.4 Health and safety
<b>103-3</b>	Evaluation of the management approach	Chapter 2, paragraph 2.4 Health and safety
GRI 403: Management approach disclosures		
<b>403-1</b>	Occupational health and safety management system	Chapter 2, paragraph 2.4 Health and safety
<b>403-2</b>	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
<b>403-3</b>	Occupational health services	Chapter 2, paragraph 2.4 Health and safety
<b>403-4</b>	Worker participation, consultation and communication on occupational health and safety	Chapter 2, paragraph 2.4 Health and safety



<b>403-5</b>	Worker training on occupational health and safety	Chapter 2, paragraph 2.3 Training and developing talent
<b>403-6</b>	Promotion of worker health	Chapter 2 paragraph 2.4 Health and safety; paragraph 2.5 The welfare of our employees
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 2, paragraph 2.4 Health and safety
<b>403-8</b>	Workers covered by an occupational health and safety management system	Chapter 2, paragraph 2.4 Health and safety
GRI 403: Topic-specific disclosures		
<b>403-9</b>	Work-related injuries	Chapter 2, paragraph 2.4 Health and safety; Annex Chapter 2
GRI 404 – TRAINING AND EDUCATION 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 2 paragraph 2.3 Training and developing talent; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 2, paragraph 2.3 Training and developing talent
<b>103-3</b>	Evaluation of the management approach	Chapter 2, paragraph 2.3 Training and developing talent
GRI 404: Topic-specific disclosures		
<b>404-1</b>	Annual average training hours per employee	Chapter 2, paragraph 2.3 Training and developing talent; Annex Chapter 2
GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 2, paragraph 2.1 Ratti's employees; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 2, paragraph 2.1 Ratti's employees
<b>103-3</b>	Evaluation of the management approach	Chapter 2, paragraph 2.1 Ratti's employees
GRI 405: Topic-specific disclosures		
<b>405-1</b>	Diversity of governance bodies and employees	Chapter 2, paragraph 2.1 Ratti's employees; Annex Chapter 2



GRI 408 – CHILD LABOR 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	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
<b>103-3</b>	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		
<b>408-1</b>	Operations and suppliers at significant risk for child labor	Chapter 3, paragraph 3.2 A virtuous circle of good practices Chapter 6, paragraph 6.3 Managing risks to include sustainability
GRI 409 – FORCED OR COMPULSORY LABOR 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	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
<b>103-3</b>	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		
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chapter 3, paragraph 3.2 A virtuous circle of good practices Chapter 6, paragraph 6.3 Managing risks to include sustainability
GRI 412 – HUMAN RIGHTS ASSESSMENT 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	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
<b>103-3</b>	Evaluation of the management approach	Cap. 2 paragrafo 2.1 I collaboratori di Ratti; Cap. 3, paragrafo 3.4 Un ciclo virtuoso di buone pratiche; Cap. 6 paragrafo 6.3 Una gestione dei rischi che integra la sostenibilità.

GRI 412: Topic-specific disclosures		
<b>412-3</b>	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Annex Chapter 3
GRI 414 – SUPPLIER SOCIAL ASSESSMENT 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Methodological note; Analysis of materiality
<b>103-2</b>	The management approach and its components	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Methodological note; Analysis of materiality
<b>103-3</b>	Evaluation of the management approach	Chapter 3, paragraph 3.4 A virtuous circle of good practices; Methodological note; Analysis of materiality
GRI 414: Top-specific disclosures		
<b>414-1</b>	New suppliers that were screened using social criteria	Annex Chapter 3
GRI 416 – CUSTOMER HEALTH AND SAFETY 2016		
GRI 103: MANAGEMENT APPROACH		
<b>103-1</b>	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; Methodological note; Analysis of materiality
<b>103-2</b>	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
<b>103-3</b>	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: Informative specifiche 2016		
<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	No cases of non-compliance were reported in 2020.



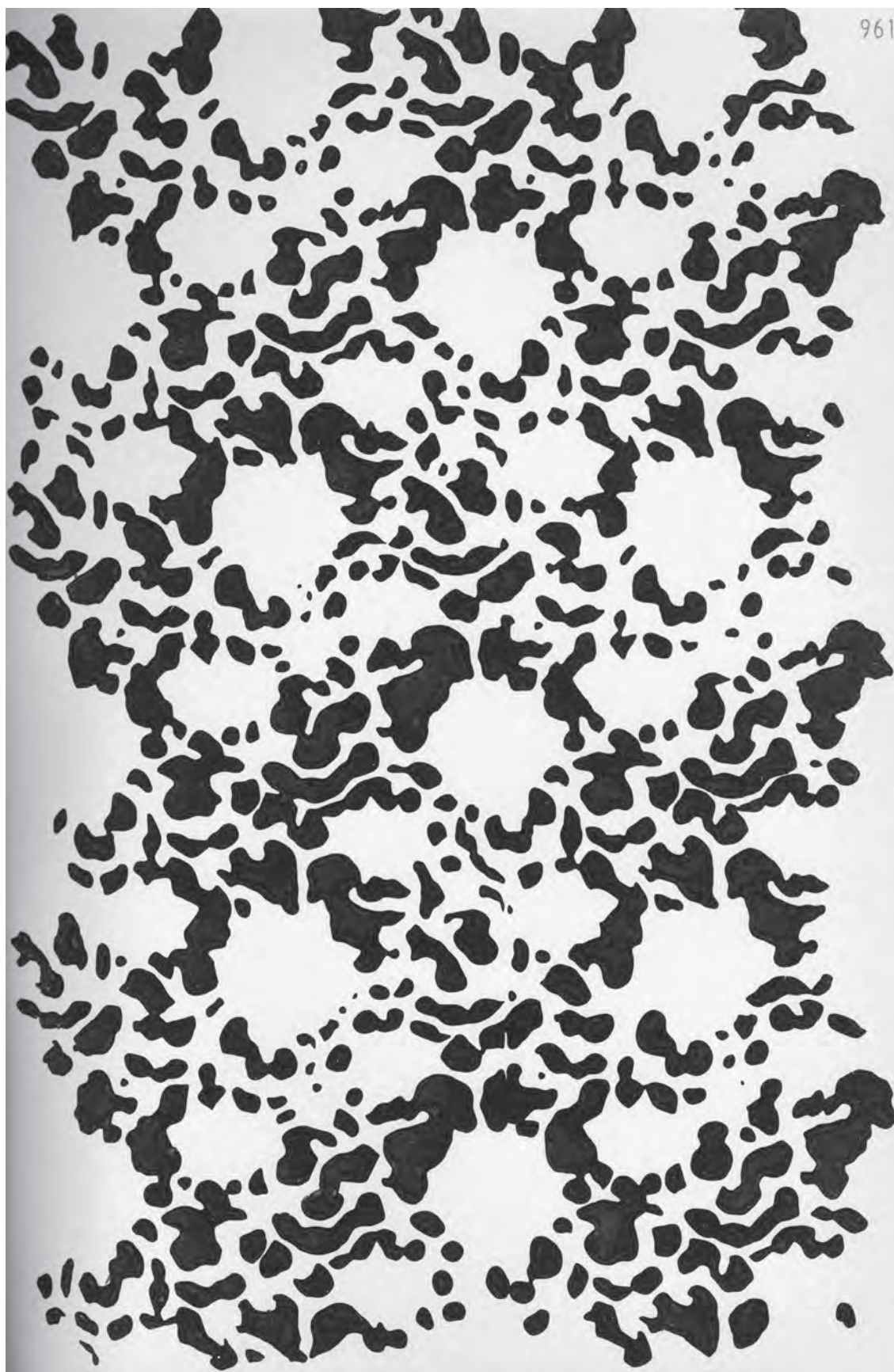
GRI 419 - SOCIOECONOMIC COMPLIANCE 2016

GRI 103: MANAGEMENT APPROACH

<b>103-1</b>	Explanation of the material topic and its boundary	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics
<b>103-2</b>	The management approach and its components	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics; Methodological note; Analysis of materiality
<b>103-3</b>	Evaluation of the management approach	Chapter 6, paragraph 6.2 The bodies and the instruments that monitor corporate ethics

GRI 419: Topic-specific disclosures

<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	At 31 December 2020, 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, 2020 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, 2021 (hereinafter "NFS").

**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.

Annunci Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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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, 2020;
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).





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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, 2020 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

### Other matters

NFSs for the financial years ending on December, 31 2018 and December, 31 2019, whose data are presented for comparative purposes, have been subjected to a limited assurance by another auditor who, on April, 1 2019 and March, 26 2020 respectively, has expressed conclusions on these NFSs without findings.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
**Stefano Marnati**  
Partner

Milan, Italy  
March, 31 2021

*This report has been translated into the English language solely  
for the convenience of international readers.*

With the methodological support of



Photos by Bruno Aveillan - Barbara Pirovano | Graphic project by Anna "La Tati" Cervetto





**RATU**