

RATTI



Ratti Group 2022
Sustainability Report

Consolidated declaration
of a non-financial nature

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

Ratti Group

Sustainability Report 2022

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

Ratti Spa Benefit Company

Report concerning the pursuit of mutual benefit for the year 2022, in compliance
with Article 1, paragraph 382 of Law 208/2015



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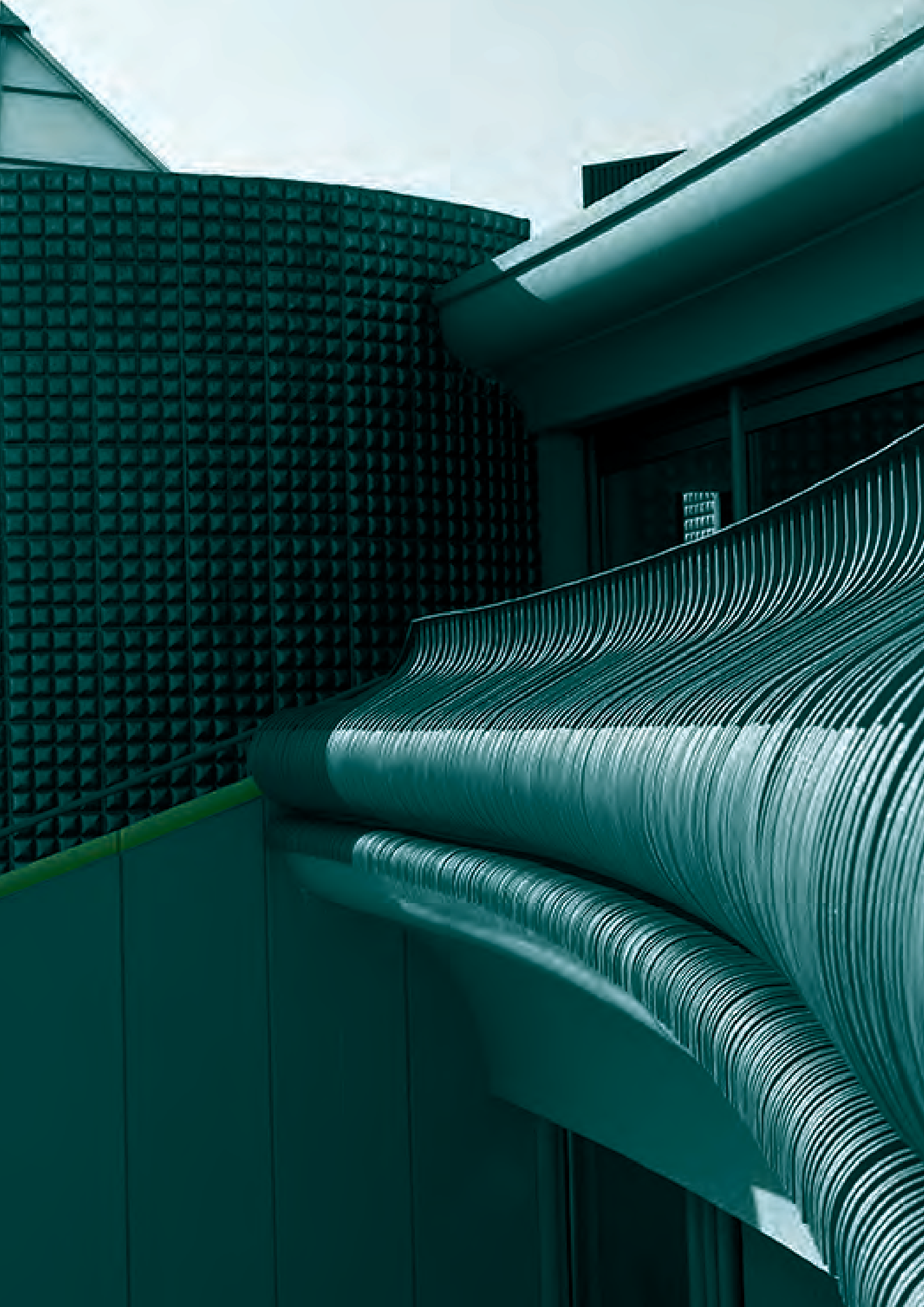
Letter from the Chairman

Over the years, through our sustainability report, we have significantly advanced the way we understand this complex concept. We have increasingly sought to provide a precise understanding of our commitment in terms of economic, environmental and social sustainability.

In the current manufacturing environment, we have witnessed major changes which have rendered our ethical commitment an indispensable part of the creation of the value chain and a cornerstone of our journey towards sustainable development. Each and every action reported in this document is a sign of our credibility and provides reassurance that the road we are following is the right one. No less important, this sets the clear goal of creating a Group in which every member can showcase their own talents and abilities.

Last year was without doubt a critical period, but the whole team was able to face up to the situation in an aware and responsible manner, always guaranteeing continuous quality in the various operational phases. Ratti, through this commitment, wants to continue to play an active role in this important process of change. Sustainability is a key element of this process, not only in order to bolster our competitiveness, to meet expectations and to offer a key point of reference for anyone who works with us but also, most of all, to build with determination our awareness that we are part of the universe and that we have an important role to play in preserving planet Earth.

Donatella Ratti





Letter from the CEO

For some time the Ratti Group, a leader in fashion textiles, has integrated sustainability into its business strategy. The companies in the fashion textiles sector have invested energy and resources in social and environmental issues, and the sector has received particular attention from EU institutions. In March 2022 the European Commission published its "Strategy for sustainable and circular textiles". This set out the Fashion of the Future and inspired our Group's strategic orientation.

Governance

Ratti SpA, listed on the Milan stock exchange, boasts a solid and mature responsible governance architecture. In May 2022 Ratti SpA became a Benefit Company, a crowning moment on the ESG journey it embarked on around ten years ago. Ratti Spa Benefit Company (BC), therefore, in addition to its financial objectives, pursues the goal of mutual benefit, as specifically indicated in its mission statement.

Workers, community

SA8000 and ISO45001-certified, the Company is committed to training and developing its staff, including through corporate welfare programmes and activities.

The Company makes a positive contribution to the local community. It works with schools, centres, universities, institutions and associations in areas such as teaching, culture, social support, innovation, research and partnerships.

Environment

The environmental strategy of Ratti Spa BC (ZDHC contributor, ISO14001, ISO5001 and ISO9001 certified) is aimed at reducing the Company's environmental impact and implementing its circular company project. Ratti is developing its range of sustainable and circular products and materials. It is committed to eliminating hazardous substances, it carries out research into reducing the consumption of materials, energy and water and it has conducted research into reducing and improving the management of waste, in compliance with GRI standards, since 2017. Ratti intends to avail itself, individually and/or in partnership with other companies (trade associations), of all opportunities for dialogue and consultation with Italian and EU institutions with regard to ESG matters and the safeguarding and sustainable development of the textile supply chain. Ratti intends to undertake, in partnership with other companies, circularity projects (Ratti is the founding member of Consorzio Retex Green, a consortium which recycles textile waste).

Sergio Tamborini

1



RATTI
A SUSTAINABLE
COMPANY

"The success of a company is based on everyone following the same philosophy"

Antonio Ratti

1.1 A story with deep roots

Ratti's history and the company today

"The success of a company is based on everyone following the same philosophy" Antonio Ratti

This is the motto – the philosophy – of the Ratti Group, and which has flowed from constant teamwork since the very beginning. For the Ratti Group, excellence and quality are based on the same sensitivity to detail, a vocation which has become a daily commitment involving everyone who works within the company. Being a team



an expression of the real Made in Italy. This is a key characteristic of the Group stemming from its continuous research and development, not only from a creative but also from a production and technology point of view.

Over the years, the Ratti Group 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 Euronext Milan).

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

In the years that followed, the Group continued to expand through a number of acquisitions. In the early 2000s, economic changes in the world of fashion and, most of all, the silk industry drove greater synergy and a subsequent strengthening of the balance sheet. In 2010 an agreement was reached with the **Marzotto** textiles group and with **Faber Five Srl**, which became shareholders of Ratti SpA BC, holding joint control.

Donatella Ratti, daughter of the founder, is currently Chairman of the Ratti Group, one of the largest manufacturers in the world of fabrics with a high technological and creative content.

For some time the Ratti Group has been integrating sustainability into its business strategy, involving all the stakeholders and carrying out activities which benefit the environment, the workers, communities and customers. Chemical management, the materials

Being a team means working while paying attention to each stage, finding a balance between innovation and practicality, whilst always respecting the expertise of professionals, protection of the environment and, last but not least, the values on which Ratti is founded.

means working while paying attention to each stage, finding a balance between innovation and practicality, whilst always respecting the expertise of professionals, protection of the environment and, last but not least, the values on which Ratti is founded.

Sharing and responding to change, working to continue to add value to its cultural heritage and to offer, always, designs and prints which become the preferred choice of major fashion and design houses throughout the world.

Each Ratti collection becomes, in practice, an expression of this sharing. Each fabric draws inspiration from its exclusive archive to become



and manufacturing revolution, and the circular economy are just some of the chapters in a recent story that is still unfolding.

Over the years the Group's harmonious growth has led to Ratti SpA BC becoming a **member of associations, networks and organisms which are committed to promoting and developing the textile industry.**

Ratti SpA BC is a member of Confindustria organisations (Unindustria Como and Sistema Moda Italia). Since 2021 it has also been a member of Confindustria Africa. Sergio Tamborini, CEO of the Ratti Group, is Chairman of Sistema Moda Italia (the mandate was conferred in 2021 and expires in 2025). Ratti SpA BC is a member of the Fabbrica Intelligente (Intelligent Factory) and Chimica Verde (Green Chemicals) cluster of Lombardy Region, in the Centro Tessile Serico (Silk Textile Centre) and the Tecnologico Nazionale (National Technology) cluster of Made In Italy.

In addition it participates in the activities of the European Technological Platform of Tessile Abbigliamento (Clothing Textiles) and is a contributor to the ZDHC programme. In addition, the company is a member of the BCI (Better Cotton Initiative), an association consisting of producers, intermediaries and non-profit groups to promote the cultivation of sustainable cotton that respects the environment. Ratti SpA BC is a member of the Fashion Pact, a coalition of global companies committed to climate and biodiversity issues, as well as to safeguarding the oceans. It is a founding member of Consorzio Retex Green, which is involved in textile waste management and supply chain circularity.

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

Ratti SpA BC's shareholders

At 31 December 2022, Ratti SpA BC is owned jointly by Marzotto SpA and Faber Five Srl. They each hold a 34.37% stake. Donatella Ratti (DNA 1929 Srl) holds 16.52% of the share capital, while the remaining 14.74% is held by other shareholders. See Figure 1 below.

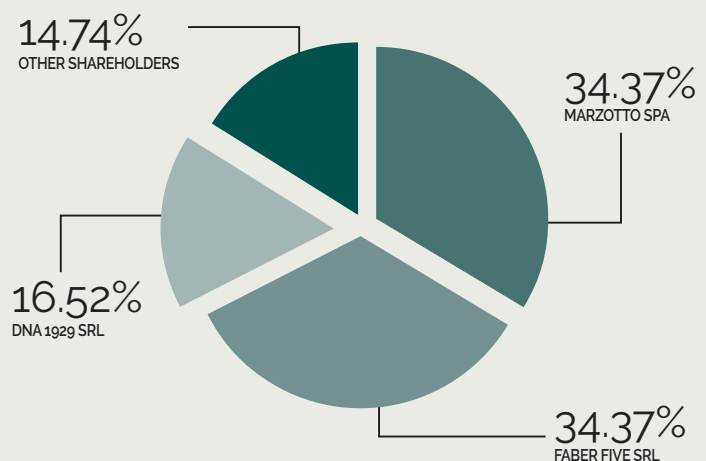


Figure 1 - Ratti SpA BC shareholders



TIMELINE

1945

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

1954

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

1958

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

1961

The fabric line for women's clothing is launched.

1968

The first major expansion of the Guanzate complex takes place.

1973

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

1974

The fabric line for furnishings is launched.

1975

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

1985

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.

1999

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

2004

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

2010

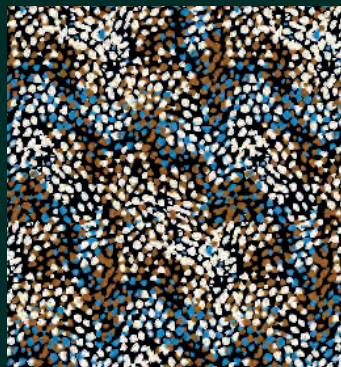
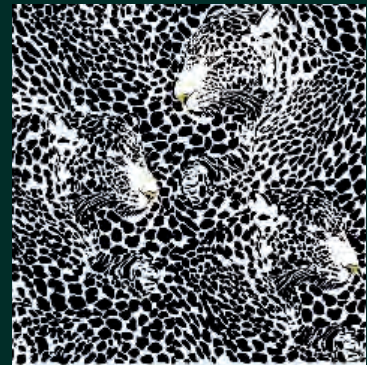
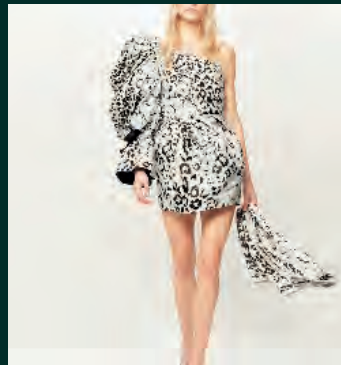
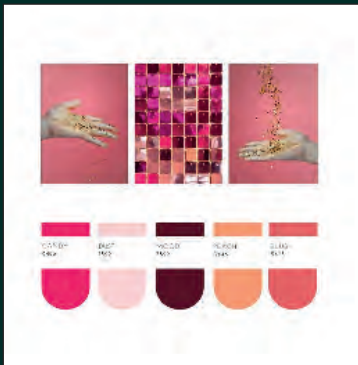
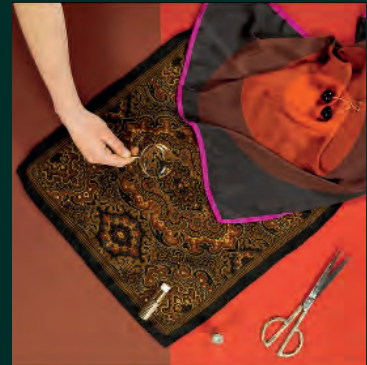
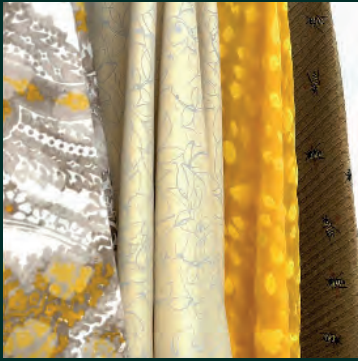
Ratti becomes part of the Marzotto Group.

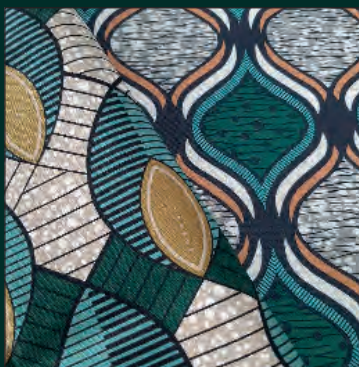
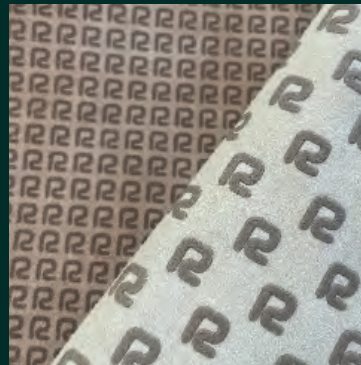
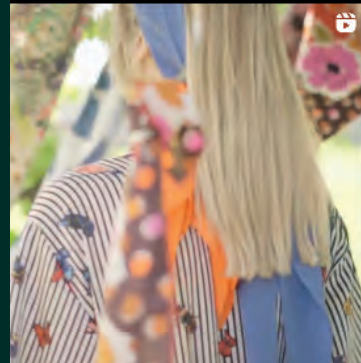
2011

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

2013

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





2015

Ratti SpA obtains the following certifications: SA8000 for corporate social accountability, ISO 14001 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.

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 agriculture and RCS certification relating to products obtained from recycled material, and system certification through ISO50001 relating to energy efficiency and ISO9001 relating to quality. It becomes a ZDHC contributor.

2020

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

2021

- Ratti participated in the Glasgow COP 26: the United Nations conference on climate change; it signed up to the Fashion Pact, a coalition of global companies committed on matters such as climate change, biodiversity and the protection of the oceans;
- it launched the OEF (Organisation Environmental Footprint), a European methodology used to determine the environmental footprint at the Guanzate site;
- an independent third-party body certified the significant reduction per metre of product achieved by Ratti SpA;
- it signed up to the Eurotex Rehubs Project for upgrading waste management technologies;
- it obtained OCS (Organic Content Standard) and GRS (Global Recycled Standard) product certification for the Guanzate site;
- it obtained ISO45001 certification for the Tunisian subsidiaries Creomoda and Maison des Accessoires;
- it entered the share capital of both Foto Azzura, a Como photogravure company, and the start-up Twin One.

2022

As a crowning moment of its journey as a responsible and sustainable company, Ratti becomes a Benefit Company. It adds to its by-laws the specific goal of mutual benefit and confirms its commitment to the stakeholders.

Ratti SpA BC adds to its sustainable offer the wool product RAF (Responsible Animal Fibers); it achieves "Progressive" level in the ZDHC Supplier to Zero programme, it undertakes an audit of its own supply chain; it partners with the European Commission in a project to test and validate the PEF (Product Environmental Footprint) methodology used to determine the environmental footprint of a product, and it is a founding member of Consorzio Retex Green, which is involved in textile waste management and supply chain circularity.

In addition, it receives a special mention for the EFI (Ethical Fashion Initiative) project at the Sustainable Fashion Awards of the National Chamber of Italian Fashion.

The Rehubs Project, which received a contribution and support from Ratti SpA BC, was one of the winners of the 2022 Cooperation Award organised by ITMF (International Textile Manufacturers Federation).



Mission, vision and values

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

Ratti fabrics are a direct expression of the talent and creativity which find space not only in choices of design but also in an immense knowledge of this art. This is as much a concrete manifestation of cultural heritage as it is of a continuous process of design innovation and technology.

Study, research and experimentation permeate the traditional printing rooms as they do the adjoining digital printing rooms. The aim is to breathe life into exclusive designs that are the fruits of a creative project that must not only showcase the vivacity of the design, but also the manufacturing potential underlying each creation.

This is a world of values based on sharing and which recounts, from time to time, new stories through fabrics and printing. It is a creative and productive journey that shows, at the same time, both a **technological and an ecofriendly inclination**, so that nothing is left to chance and quality is the fundamental component of a commercial choice.



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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. The Ratti Group's main brands are Ratti and Carnet.

With a heritage that is closely linked to the manufacturing of silk, over time Ratti has perfected its **workmanship** with different natural **fibres**, composite fibres and technological fibres. **The Ratti Group 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 simple fabrics so they can proceed to hemming finished products (clothing or furnishings) that can be launched on the consumer market.

For the licensing business unit, which belongs to Area Ratti Studio (where Ratti – as the licensor – produces and sells textile accessories which carry a specific trademark), customers are retailers.

Corporate structure

The Ratti Group consists of the parent company **Ratti SpA Benefit Company** (Italy), the subsidiary **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) and in **Foto Azzurra Srl** (Italy).

In addition, Ratti's minority shareholdings include a 4.06% stake in Twin One Srl, a tech start-up specialising in the virtual reproduction of any product (Digital Twins) and in the development of software solutions for automating workflows during the production of the contents.



The Ratti Group's activities

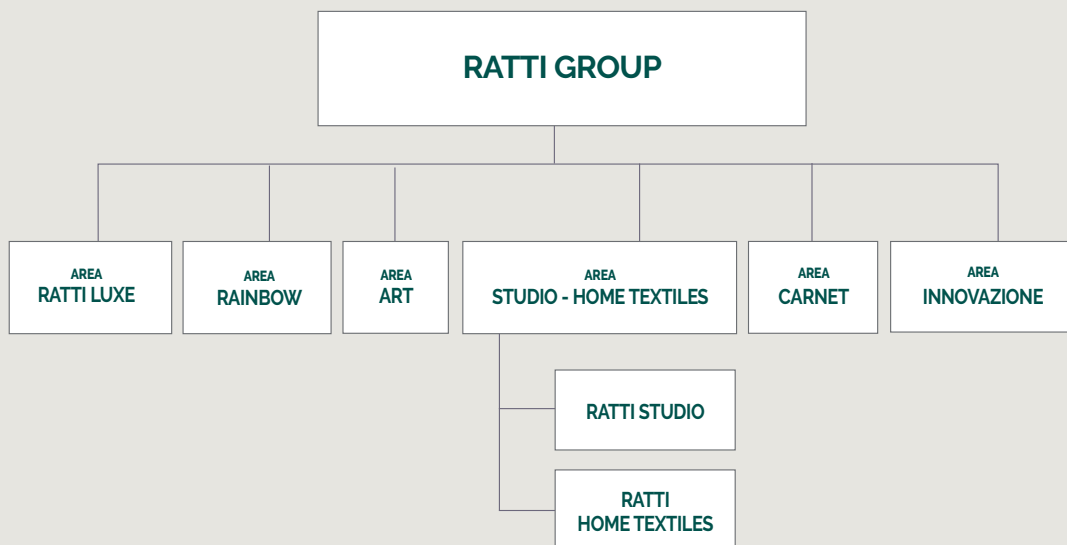


Figura 2 – The Ratti Group's activities subdivided by area

AREA RATTI LUXE

the manufacturing and marketing of textiles and fabric accessories (mainly scarves, shawls, stoles, shoes and ties) for the high-end market.

AREA RAINBOW

the manufacturing and marketing of textiles and fabric accessories (mainly scarves, shawls, stoles and shoes) for the mid-range market, as well as for Fast Fashion;

AREA ART

the manufacturing and marketing of Wax fabrics, as well as the manufacturing and marketing of fabrics for neckwear and related accessories for the mid-range market.

AREA STUDIO-HOME TEXTILES

Studio

the manufacturing and marketing of textile accessories (mainly scarves, shawls, stoles, shoes and ties) through

licence contracts or alternative distribution channels such as accessory dealers, uniforms and corporate gifting, e-commerce and new retailers.

Home textiles

the manufacturing and marketing of fabrics and textile accessories for furnishing and home living.

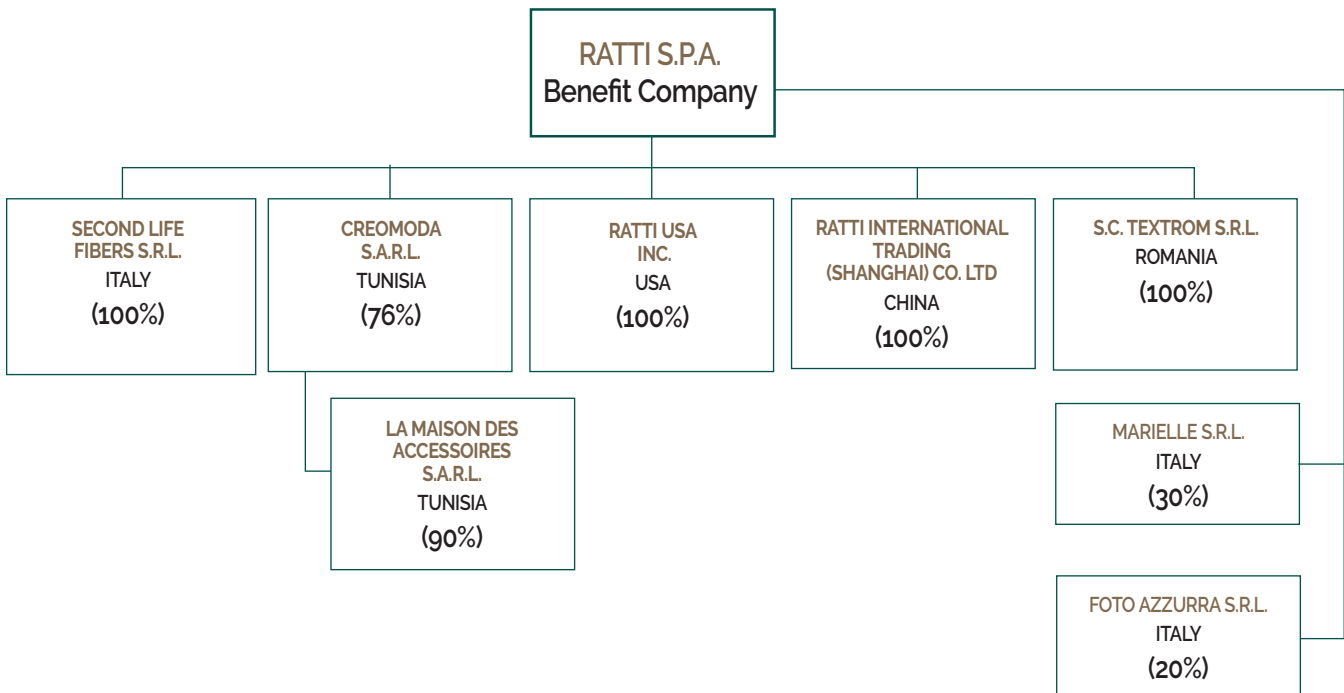
AREA CARNET

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

AREA INNOVATION

Created in 2022, Area Innovation, in addition to continuing to coordinate the digital marketing activities of the operational areas, is responsible for developing business innovation projects.

FIGURE 3 - The corporate structure of the Ratti Group



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



714
Total employees employed by the Group in the various offices, as at 31 December 2022.

exercising the appropriate functions that have been identified. Companies present in Italy include Second Life Fiber Srl, a company which recycles non-hazardous textiles, Marielle Srl, the famous Florentine knitwear company, which was set up in the early 1960s and has always been a partner of the world's main fashion houses, and Foto Azzurra, a company based in the Como area since 1989, which produces supports (composition, photocomposition and photoengraving) for silk-screen printing applied to fabrics.



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

In 2020 Ratti founded Second Life Fibers Srl, a company which deals with the recycling of non-hazardous textile waste. In 2022 there was a positive conclusion to the process authorising the company's activities.

There are two workshops at Sousse, in Tunisia, belonging to Creomoda Sarl and La Maison des Accessoires Sarl. 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 2022, the Group had 714 employees in its various offices and subsidiaries.

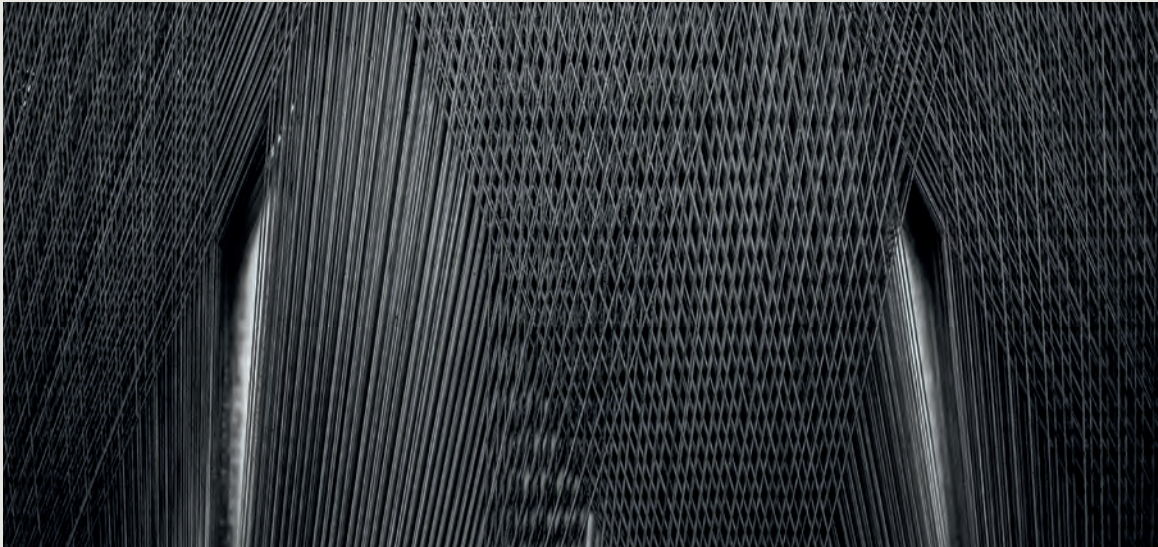


TABLE 1 – General information on companies in the Ratti Group

<p>RATTI SPA BENEFIT COMPANY Guanzate, Como (Italy) Via Madonna, 30</p>	<p>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.</p>
<p>CREOMODA SARL Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse</p>	<p>Workshop Hemming of textile accessories.</p>
<p>LA MAISON DES ACCESSOIRES SARL Sousse (Tunisia) Route de Kondar – Kalaa Kebira 4060 Sousse</p>	<p>Workshop Hemming of textile accessories.</p>
<p>RATTI USA Inc. New York (USA) 8 West, 38th Street</p>	<p>Sales office.</p>
<p>RATTI International Trading (Shanghai) Co. Ltd Shanghai (China) Room 303B, N. 118 Xinling Road Waigaoqiao Free Trade Zone</p>	<p>Purchasing and marketing of fabrics and finished products.</p>
<p>S.C. TEXTROM SRL Cluj-Napoca (Romania) Floresti, Luna de Sus, str. Hala nr. 10</p>	<p>Production specialised in the printing of fabrics, finished garments, knitwear and leatherwear.</p>
<p>MARIELLE SRL Florence (Italy) Via Giuseppe Campani, 46</p>	<p>Production of garments and knitwear accessories.</p>
<p>SECOND LIFE FIBERS SRL Guanzate, Como (Italy) Via Madonna, 30</p>	<p>Recycling non-hazardous textile waste.</p>
<p>FOTO AZZURRA SRL Cassina Rizzardi, Como (Italy) F.lli Cogliati, 148</p>	<p>Production of supports (composition, photocomposition and photoengraving) for silk-screen printing applied to fabrics.</p>

2



RATTI SPA
BENEFIT
COMPANY



On 28 April 2022 the Shareholders' Meeting of Ratti SpA approved the Board of Directors' proposal whereby the Company would take the legal form of "Benefit Company", in compliance with Law 208/2015.



2.1 Ratti SpA becomes a Benefit Company

Alongside its financial goals, the Parent Company has for some time pursued its objectives of mutual benefit. It has published a sustainability report since 2017.

Over the years it has carried out environmental activities (product development and sustainable manufacturing, obtaining certification of products and managements systems, compliance with the ZDHC protocol), social activities (SA8000 and ISO 45001 certified), and cultural, research and innovation activities, including those performed collectively. The Company contributes positively to the community.

On 28 April 2022 the Shareholders' Meeting of Ratti SpA approved the Board of Directors' proposal whereby the Company would take the legal form of "Benefit Company", in compliance with Law 208/2015. Ratti SpA effectively assumed this legal form, having followed the appropriate procedures, on 17 May 2022.

The legislation cited above identifies benefit companies as being companies which "when carrying out an economic activity, apart from dividing the profits, follows one or more goals of mutual benefit and operates in a responsible, sustainable and transparent way when dealing with people, communities, territories and environments, cultural and social assets and activities, bodies and associations and other stakeholders", objectives which should be "stated specifically in the benefit company's mission statement".

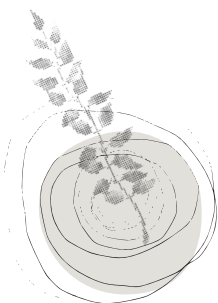
The Company, therefore, has taken steps to specify in its corporate purpose the pursuit of such objectives and to add the following introduction to the bye-laws: *"In compliance with Law 208, Article 1, paragraphs 376 to 384 of 28 December 2015 the Company, in carrying out its economic activities, also intends to pursue the objective of mutual benefit, operating in a responsible, sustainable and transparent way when dealing with people, communities, territories and environments, cultural and social assets and activities, bodies and associations and other stakeholders.*

In particular, the Company pursues the following specific objectives of mutual benefit:

- *seeking to create and spread a culture of attention to the environment, emphasising the use of sources and methods of sustainable and aware production;*
- *promoting, also in partnership with other entities, the development and commercialisation of textile products which can ensure that resources are used responsibly;*
- *seeking to encourage, more generally, responsible management of the company from the point of view of reducing the environmental impact of its activities, promoting research and innovation in the textile sector and seeking to have a positive impact on society as a whole.*

To this end the Company commits to:

- *contributing to the protection of the environment, spreading a culture of paying attention to the environment, and promoting the development of the organisation's environmental management system;*



Alongside its financial goals, the Parent Company has for some time pursued its objectives of mutual benefit. It has published a sustainability report since 2017.

- promoting training and the enhancement of staff expertise and promoting the development of the corporate social responsibility system adopted by the Company;
- promoting initiatives, including through cooperation with companies, communities, institutions and associations, on topics of mutual benefit and in one or more of the following areas: social, cultural, innovation and research."

2.2 The annual report on the pursuit of mutual benefit by the Benefit Company

The aforementioned benefit company legislation stipulates that the Company should draw up, on an annual basis, a report detailing the pursuit of mutual benefit. This should supplement the financial statements, and should include the objectives, actions and results achieved in the year recently concluded, a description of the new objectives the Company intends to pursue in the next financial year, an evaluation of the impact in the year recently concluded using the external standard complying with the characteristics listed in Annex 4 of the aforementioned Law. This includes the areas of evaluation identified in Annex 5 (corporate governance, workers, environment and other stakeholders).

This document has been drawn up with the goal of complying:

- a) both with the obligations in the "Consolidated declaration of a non-financial nature in

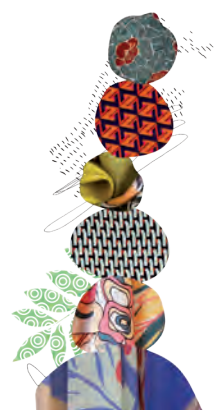
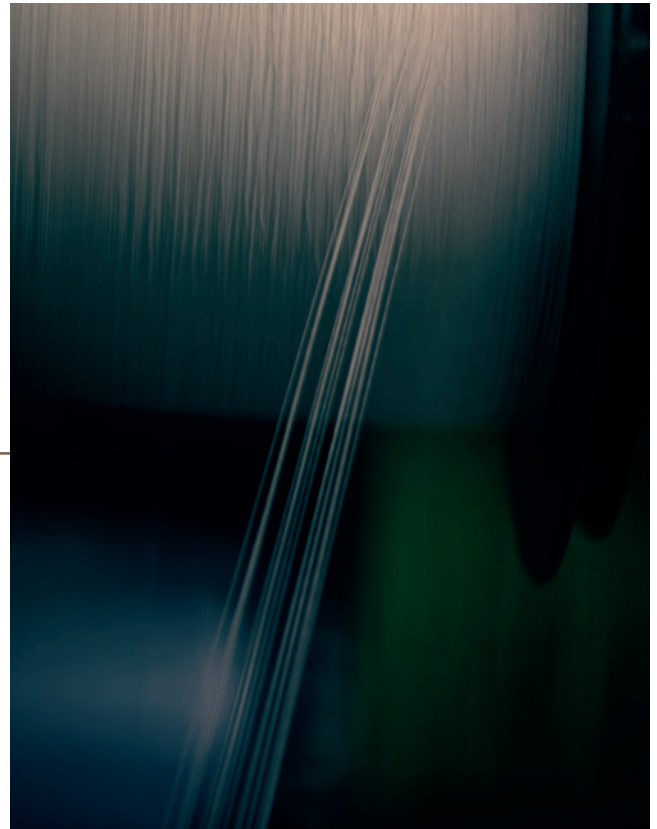
accordance with Articles 3 and 4 of Legislative Decree 254 of 2016";

- b) and with the obligations in the "annual report on the pursuit of mutual benefit", as stipulated by Law 208/2015 as it relates to Ratti SpA BC as a benefit company.

Therefore, with regard to point b), the objectives for the year concluded and the objectives for the following year are now explained.

The present document also lists the activities and impacts relating to corporate governance, workers, environment and other stakeholders (Annex 5). The external standard used to evaluate the impact generated by pursuing mutual benefit is the GRI (Global Reporting Initiative), whose characteristics are described in Annex 4 of Law 208/2015.

In addition to the information reported in this chapter, it should be noted that environmental, social and economic performance, as well as information relating to the Group's governance and ethics, are reported in other sections of the document. These aspects are linked to the description of and method of managing major ESG impacts.



2.3 Objectives and results 2022, Objectives 2023

Goal 1

Seeking to create and spread a culture of attention to the environment, emphasising the use of sources and methods of sustainable and aware production.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2022	RESULT 2022
SUPPLIERS	308 - Supplier environmental assessment 414 - Supplier social assessment	Social and environmental audit of own supply chain.	7 suppliers of raw materials/contractors audited by 31.12.2022.	Carrying out prearranged audits as an objective in 2022 .

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2023
SUPPLIERS	308 - Supplier environmental assessment 414 - Supplier social assessment 408 - Fighting against child labour 409 - Fighting against forced or compulsory labour	In Ratti SpA BC's suppliers' portal, which will be developed in 2023, an ESG questionnaire will be added which the supplier will have to complete online. The questionnaire is the basis for the socio-environmental evaluation of the supplier.	Producing the questionnaire and adding it to the suppliers' portal so that it is ready for online compilation.

Goal 2

Promoting, also in partnership with other entities, the development and commercialisation of textile products which can ensure that resources are used responsibly.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2022	RESULT 2022
PRODUCT OFFER	301 - Materials	Ratti SpA BC's product offer consists of certified products and sustainable brands.	Obtaining certification for RAF (Responsible Animal Fibers) wool products.	RAF certification awarded.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2023
PRODUCT OFFER	301 - Materials	Ratti SpA BC's product offer consists of certified products and sustainable brands.	Obtaining certification for European Flax.
PRODUCT COMPLIANCE	301 - Materials	Ratti SpA CB has an internal laboratory which carries out tests and assessments of product performance. A laboratory may be accredited for a specific set of tests in accordance with ISO/IEC 17025.	Obtaining accreditation for the following tests: -Fastness of colour to sweat (UNI EN ISO 105-E04) -Fastness of colour to water (UNI EN ISO 105-E01) -Fastness of colour to rubbing (UNI EN ISO 015-X12) -Determining the pH of water extract (UNI EN ISO 3071)

Goal 3

Seeking to encourage, more generally, responsible management of the company from the point of view of reducing the environmental impact of its activities, promoting research and innovation in the textile sector and seeking to have a positive impact on society as a whole.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2022	RESULT 2022
SYSTEM FOR MANAGING CHEMICAL PRODUCTS (DYES, ADDITIVES)	301 - Materials 303 - Water and effluents	<p>ZDHC (Zero Discharge of Hazardous Chemicals) is the voluntary reference protocol in Fashion Textiles for the elimination of hazardous chemical substances.</p> <p>Supplier To Zero is the ZDHC programme, aimed at brands, suppliers and formulators, which certifies performance levels in the management of chemical products. The minimum is level 1 (Foundational); level 2 is intermediate (Progressive), the maximum is level 3 (Aspirational). As things stand currently ZDHC has not activated level 3.</p>	Reaching level 2 (Progressive) of the ZDHC "Supplier To Zero" programme for Ratti SpA BC's system for managing chemical products.	Level 2 (Progressive) was awarded in 2022. Level 1 (Foundational) was awarded in 2021.
INNOVATION – PRODUCT DIGITALISATION	-	<p>The Twin One project offers the possibility of creating a digital twin which may be applied in various commercial and communications environments without the need to produce a physical sample. The application manages a library of fabrics to which it applies designs from the digital archive. In this way a "digital twin" may be exported as a "simulation" of a Ratti product on supports used for internal purposes (e-commerce websites, marketing, testing) in both a 2D and a 3D modality. The system will provide a map of physical appearance as well as the technical data needed to "input" the accompanying fabric/design, so that the fabrics are also available to applications in the metaverse.</p>	Conclusion of Project Twin One.	Project Twin One concluded in 2022.
COLLABORATIVE PROJECTS INVOLVING INSTITUTIONS AND COMPANIES – PEF CATEGORY RULES	-	<p>Within the European Commission a task force has been tasked with developing PEF Category Rules. The PEF is the European methodology used for determining the environmental impact of the product from a life cycle point of view. PEF Category Rules set guidelines for calculating the environmental footprint of identified product types.</p> <p>In this sense the task force involved a number of companies, including Ratti SpA BC, to test PEF methodology on apparel/footwear products.</p>	Completion in 2022 of the data gathering provided for in the PEF European methodology to determine the environmental impact of yarn-dyed 100% silk.	Data gathering completed.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2022	RESULT 2022
COLLABORATIVE PROJECTS BETWEEN COMPANIES/ ASSOCIATIONS – TEXTILE RECYCLING	-	Ratti SpA BC, together with around 20 European companies, has contributed to the Rehubs project (textile recycling) promoted by Euratex, the European Confederation of Textile and Clothing companies.	Contributing to the development of a feasibility study of the scaling of technology for the recycling of textiles in Europe.	Study published in July 2022.
TRAINING OF RATTI SPA BC STAFF	404 - Training	The training carried out included linguistic, IT and professional training, as well as training focusing on relational and management abilities.	Carrying out 5,000 staff hours of off-the-job training for Ratti SpA BC staff.	Carrying out, in 2022, 5,532 staff hours of off-the-job training.
COMMUNITY	-	EFI (Ethical Fashion Initiative) is an ITC (UN agency) programme, aimed at enhancing centuries-old traditional textile products in developing countries.	Carrying out consultancy work for EFI on yarn selection, chemical compliance and manufacturing processes for Faso Dan Fani, a cotton product in Burkina Faso.	Consultancy work by Ratti SpA for EFI was completed in 2022.

AREA	MATERIAL TOPICS GRI	CONTEXT	GROUP 2023
CONSUMPTION OF CHEMICALS	301 - Materials	The protocol is a departmental system for managing the procurement of dyes and chemical products used by Ratti SpA BC. It manages substances and safety datasheets.	Improving the protocol system used for tracing and matching the consumption of chemicals – the consumption of each individual formula associated with a single batch/product order.
DETERMINING RATTI SPA BC'S ENVIRONMENTAL IMPACT	301 - Materials 302 - Energy 303 - Water and effluents 305 - Emissions 306 - Waste 308 - Supplier environmental assessment	The OEF (Organisation Environmental Footprint) is the European methodology used for determining the environmental impact of the product from a life cycle point of view.	Concluding the primary data collection for the OEF application at Ratti SpAa BC within one year.
CONSUMPTION	302 - Energy 303 - Water and effluents	Analytical reporting of energy and water consumption.	Developing a project focusing on the analytical measurement of energy and water consumption using a network of meters in the field.
SUSTAINABLE COLLABORATIVE INNOVATION	-	Digital Foam is a pilot plant, created by Ratti in partnership with other companies, which uses, in a digital printing environment, foam devices during the fabric mixing process. The desired effect is achieved of reducing the consumption of water/energy.	Completion within a year of the industrial testing and assessment campaign in the pilot plant.
TRAINING OF RATTI SPA BC STAFF	404 - Training	The training carried out included linguistic, IT and professional training, as well as training focusing on relational and management abilities.	Carrying out 6,000 staff hours of off-the-job training for Ratti SpA BC staff.

AREA	MATERIAL TOPICS GRI	CONTEXT	GROUP 2023
COMMUNITY		<p>Ratti SpA BC carries out activities which support teaching at fashion schools.</p> <p>Ratti SpA BC contributes positively to the local region/ non-profit organisations.</p>	<p>Developing a project focusing on communication in the Carnet Ratti SpA BC business unit in partnership with IED (Istituto Europeo Design in Milan) lecturers/ students.</p> <p>Support from Ratti SpA BC for teaching focused on the development of a collection – Master Fabrics Innovation Design (Accademia Costume Moda of Rome).</p> <p>A contribution from Ratti to Ozanam of Como (ONLUS, non-profit organisation) – which provides assistance to people in difficulty.</p>



3

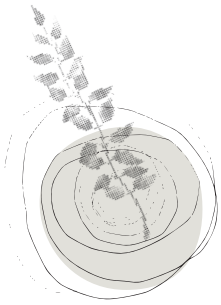


HUMAN RESOURCES





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



Paying attention to the individual, in as much as the individual is unique and unrepeatable, is one of the intrinsic characteristics of Ratti's modus operandi.

3.1 Workforce of the Ratti Group

The Ratti numbers

Paying attention to the individual, in as much as the individual is unique and unrepeatable, is one of the intrinsic characteristics of Ratti's modus operandi.

For this reason, the leadership works on a daily basis to ensure the constant **protection of all employees and partners**. In the same way, the Human Resources function is committed

to ensuring that employees receive the right **training and development** and, in general, adequate **professional development**. The Ratti Group is strongly convinced that this is the only way work can become an object of value through which people can build on and share what they believe in.

At 31 December 2022, the Ratti Group had **746 employees**¹, the **majority of whom were women** (64.48%). This has long been a characteristic of the sector. A comparison with 2021 shows an overall increase in the workforce at Group level by 3%, which is mainly owing to an increase in resources at Ratti SpA BC in 2022.

In comparison with the previously reported accounting year, the number of employees on a **permanent contract increased from 82.09% to 84.32% of the total**, and as a consequence the percentage of workers hired on a fixed-term contract fell (from 15.84% in 2021 to 11.39% in 2022) of total employees.

It is worth noting the increase seen in the remaining 4.29% of staff hired under other forms of contract (2.07% in 2021), which included project workers and interns.

The number of internships in Ratti SpA BC rose in 2022 (24 versus 11 in 2021). This is testimony to the attention the Group pays to training new professional figures, investing in young people in both the industrial and the creative areas and facilitating the transfer of expertise between the different generations in a sector with specific technical know-how.

The main increase in permanent contracts was reported at the Tunisian site of Creomoda (+6% on 2021).

746
TOTAL WORKFORCE OF THE RATTI GROUP

164
YOUNG EMPLOYEES BELOW 30 YEARS OF AGE

481
WOMEN

184
TOTAL CREOMODA AND LA MAISON DES ACCESSOIRES EMPLOYEES AT 31.12.2022

265
MEN

91.85%
FEMALE EMPLOYEES IN RATTI OFFICES IN TUNISIA

629
EMPLOYEES HIRED ON PERMANENT CONTRACTS BY THE RATTI GROUP

23
TEXTROM EMPLOYEES AT 31.12.2022, OF WHOM 18 ARE WOMEN

95.94%
EMPLOYEES HIRED FULL TIME BY THE RATTI GROUP

¹ The 746 members of staff include employees, interns and freelancers.

In particular, the Ratti Group:

- offers its staff a package of services and benefits which makes it possible to improve the well-being of all colleagues;
- offers appropriate training plans to its staff;
- guarantees equal opportunities and reduces inequality in the remuneration of its staff;
- commits to preventing and combating all possible situations of exploitation in the workplace, and in particular child labour;
- invests all its efforts in reaching the highest possible standards and company certification, in order to guarantee its staff a working environment which is safe, fair and ethical, and which
- combats any possible situation of exploitation;
- promotes a working environment which is safe and which protects all workers.



95.94% of employees are full time, while only 4.06% are part time – an option chosen mainly by female employees in order to enhance work-life balance.

As regards the variation between 2021 and 2022 for Group employees on fixed-term and permanent contracts, the trend was basically flat for the age range 30 to 50 years (a slight increase of 1.58%).

However, there were opposing trends for the range represented by youngest workers (less than 30 years of age) and the range represented by employees who are over 50 years of age. In fact in the first case the data show a reduction of 9.39% on 2021 while in the second case an increase of 7.01% was recorded.

The reduction in the age range represented by the youngest workers was because of a significant decrease in the workforce in Tunisia, while Ratti SpA BC recorded the opposite trend in 2022, confirming more than 15 interns..

Looking at the breakdown by employment contract (Figure 5), the category which recorded the biggest fall in 2022 was executives, with a change on 2021 of -27.27%, while the number of blue-collar workers dropped by 4.94%. The middle manager and white-collar worker categories recorded increases on 2021 of 9.52% and 8.70% respectively.

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

FIGURE 4 – Workforce of the Ratti Group by gender at 31.12 for the three-year period 2020-2022

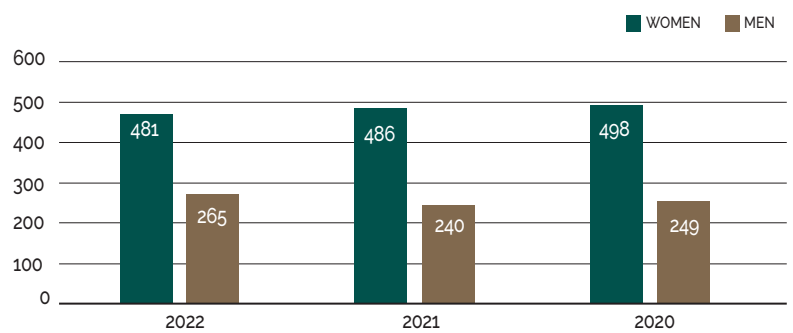


FIGURE 5 – Workforce of the Ratti Group by age range at 31.12 for the two-year period 2021-2022

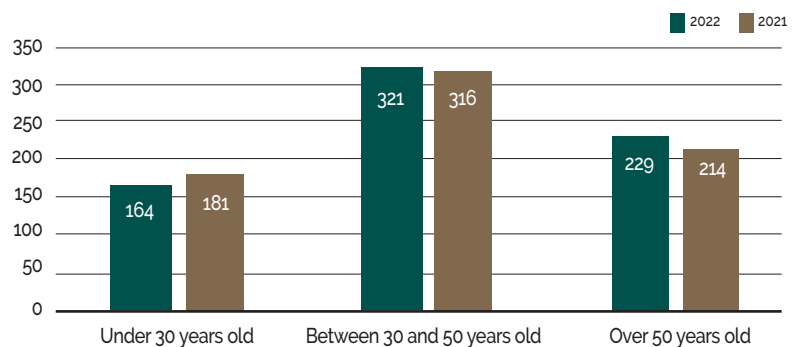
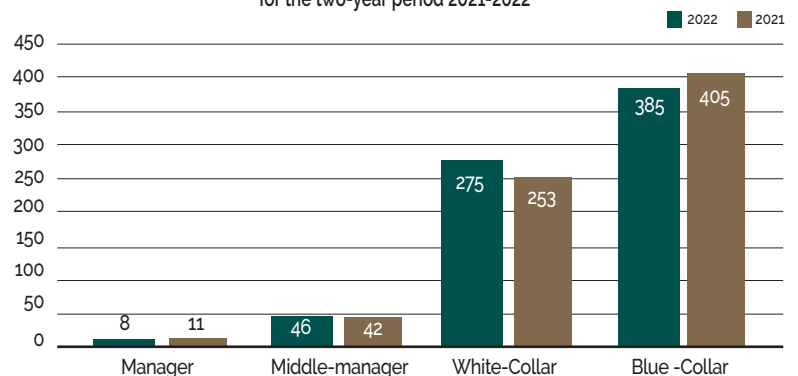


FIGURE 6 – Workforce of the Ratti Group by employment category at 31.12 for the two-year period 2021-2022



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. These processes assume particular importance in identifying and then attracting resources of value to the Group and limiting the risk of any staff exodus, ensuring that the turnover rate (outgoing) remains low..

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. Ratti SpA BC, Creomoda and La Maison des Accessoires have a specific staff selection policy, while Ratti USA, Textrom and Ratti International Trading (Shanghai) apply the Parent Company's recruitment policies.



109
New hires at 31.12.2022

50.45%
of new hires as of 31.12.2022
are aged between 30 and 50

29.27%
Overall rate of turnover in 2021



Every new-hire has a period of induction as set out in the welcome plan, together with his/her future boss. On their first working day, new-hires receive any equipment relevant to the position and a general information/training session on the company.

In accordance with the principle of enhancing talent and expertise and in response to a hiring request or a need to manage staff turnover, an internal search is first carried out. A "vacant position" is created and is subsequently advertised internally as a job posting. If the internal search does not produce the required results, external selection channels are activated, including announcements on specialised websites, direct contact or by examining the database of CVs. In the Tunisian company the department involved expresses its recruitment needs by completing a specific form which is examined by Human Resources and approved by the Management.

During 2022 recruitment mainly centred around the reorganisation of the supply chain (purchasing, research and development, quality, weaving and printing), and the reorganisation of the office overseeing the management and digitalisation of the archives. In addition, there was a continuation of the policy of hiring young people who could be trained in the techniques of production and creativity.

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

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

more complex induction periods, an intermediate evaluation is carried out.

In 2022 a total of 109 people were hired, 50.45% of whom were under 30 years of age. Also in 2022, **100 people left the company, compared with 113** the previous year.

In 2022 the Group's total staff turnover was 29.27%, which was slightly down on 2021 (27.57%)

In particular, during the year the employee turnover rate (incoming) went up from 11.67% to 15.27%. The main change was due to a higher number of employees under the age of 30. The increase was mainly due to the 36 new hires equally divided by gender in Ratti SpA BC and 11 new hires in Creomoda. .

The employee turnover rate (outgoing) was 14.01%, a decrease on 2021 (15.89%). In this case the main age range involved was employees aged over 50. This went from 24.77% in 2021 to 12.23% in 2022.

The 2021 data was certainly significantly affected by the application of the consensual termination agreements concluded during the block on dismissals. These agreements allowed staff who were entitled to receive their pensions within the following two years to bring this forward on a voluntary basis. However, employees aged between 30 and 50 and the under 30s recorded an increase in turnover (outgoing) compared with 2021.

In particular, the latter age range showed the greatest increase in turnover, which rose from 15.47% in 2021 to 18.90% in 2022.

The variation in 2022 was mainly due to the turnover at the Tunisian offices, where for the 11 new arrivals in the under 30s category there were 23 departures. On the other hand, Ratti Spa BC showed the opposite trend. For the 36 arrivals in the under 30s category there were only 8 departures.

The increase in the employee turnover rate (incoming) and the decrease in the employee turnover rate (outgoing) are evidence of how the Group is continuing to react to the socio-economic crisis caused by the Covid-19 pandemic, adapting the organisation to new business models and adding new professional expertise. In fact the complex emergency situation led to a fall in production and, as a consequence, a reduction in recruitment and more flexibility for leavers.

3.2 Health and safety

Given that the Group is characterised by production activities, full attention has always been paid to safeguarding the health and safety of all workers.

This attention includes full compliance with all legislation in force with regard to occupational health and safety, as well as a desire to create a **culture of safety, developing risk awareness and promoting responsible behaviour** on the part of all who work at the Ratti Group.

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 that the Group has received.

In particular, since December 2020 **Ratti SpA BC** has been ISO45001:2018 certified, having effected the transition from OHSAS18001 certification earlier than required by the legislation².

During 2021, Creomoda and La Maison des Accessoires established their occupational health and safety policy.

Through this they commit to provide a working environment which is healthy and safe, in compliance with the law as well as local and international regulations in force.

In July 2021 the Tunisian companies obtained certification in accordance with the standard ISO45001:2018, according to which the various procedures of the management system are constantly updated.

The adoption of this system has made it possible to improve the management of the process, and over the last year this has also translated into an improvement in performance.

During 2022, the management systems of Ratti SpA BC and the Tunisian offices underwent various audits, including those carried out by an accredited third party (Bureau Veritas), in relation to the regular verification of maintenance in compliance with the standard ISO45001.

(2) In accordance with the legislation, by September 2021 all OHSAS 18001-certified companies should have migrated their certification to the new recognised reference standard ISO45001.



Since December 2020 Ratti SpA BC has been ISO45001:2018 certified, having effected the transition from OHSAS18001 certification earlier than required by the legislation.

The occupational health and safety management system, in accordance with the standard ISO45001:2018, covers all the activities and roles at the Italian site and the Tunisian sites that are carried out by the various workers and contractors.

Activities carried out by external companies, which do not use machines and equipment belonging to Ratti SpA BC, Creomoda and La Maison des Accessoires, are carried out in accordance with specific documents such as contracts and/or DUVRI (single document assessing risks of interference).

ISO45001:2018, occupational health and safety

With **ISO45001** certification, Ratti SpA BC, Creomoda and La Maison des Accessoires have brought into being a **solid system for managing the working environment**, through the creation of formal procedures for identifying and managing risks and dangers to safety in the workplace, and guaranteeing the best possible working conditions for the health of their employees.

This international standard defines the best practice requirements on the matter of health and safety, with the aim of eliminating or minimising operational risks and dangers. It makes it possible to guarantee and continuously monitor legislative compliance with regard to health and safety and to reduce the number of injuries through prevention and control in the workplace.



The audits have shown that the companies comply with all aspects of health and safety in the workplace and the absence of elevated risks to health.

In order to ensure the safety of employees in the workplace, the Prevention and Protection Service at the Guanzate site ensures that the DVR (risk assessment document) is always kept up to date. It should be underlined that the Prevention and Protection Service participates actively in the process of identifying investments and their allocation in the early management of environmental and health and safety risks. In addition, Ratti SpA BC periodically performs

a series of analyses/checks (such as analyses of environmental investigations) to monitor the specific risks associated with the activities carried out and the various workplaces. The DVR (risk assessment document) is updated when modifications are made (planned or unplanned) to production processes or the organisation of labour which impact the SSL, new plant or equipment is brought into service, corrective or preventive actions are implemented which introduce or modify risks. It should be updated in the event of serious injury, accidents, narrowly avoided accidents and dangerous events, when this is considered necessary following an appropriate investigation, and should reflect the results of health surveillance and audits, modifications to applicable legislation, issues reported by workers and the RLS (workers' safety representative), when this is considered necessary, and recommendations received from inspection bodies.

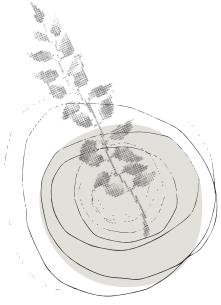
Plants in Romania and Turkey also have a DVR; activities carried out onsite in Turkey are considered to be of **low risk**, given that their use of machinery and equipment is very limited. For this reason the DVR is updated in conjunction with the Prevention and Protection Service of Ratti SpA BC, which monitors and supervises all aspects of safety. With regard to risk reduction, since 2022 action has been taken at the Tunisian sites to prevent – on the basis of research carried out by occupational therapists – the ergonomic aspect of workstations.

With regard to the Textrom site in Romania, the DVR is updated by an external consultant.

All those who work with the Group may flag up the presence of risks or of dangerous situations related to work. In Ratti SpA BC workers can contact their supervisors, the RLS or the SPP function directly. In Tunisia workers can contact the committee for occupational health and safety while in Romania they can contact their direct boss, who will pass on the information to the management. There are also mailboxes in which claims can be deposited anonymously.

Ratti SpA BC has a **social accountability team** which discusses any complaint relating to employee health and safety and, if appropriate, evaluates corrective actions.

For the Tunisian premises there is a **Committee for occupational health and safety** as well as a **manager responsible for occupational health and safety**. The Committee is invited to meet



The occupational health and safety management system, in accordance with the standard ISO45001:2018, covers all the activities and roles at the Italian site and the Tunisian sites that are carried out by the various workers and contractors.

every two months to examine any significant developments, and once a year to discuss matters directly related to the social accountability standard. The committee generally consists of one representative from the management, one occupational therapist and two representatives from the workers. In Textrom, however, the head of department, the consultants dealing with health and safety in the workplace and the business unit management meet on a monthly basis to discuss issues relating to health and safety in the workplace.

Textrom workers, as stipulated in the legislation currently in force, may contact the labour office of the Department of Health and Safety in the Workplace.

Health surveillance is carried out by the company health service in all Group companies. Opening hours are set to include workers on the third shift. It is also possible for employees to request extraordinary appointments, in addition to those planned by the company health service. In Ratti SpA BC a system was introduced in 2022 which made it possible to manage aspects of health surveillance. This made it possible to improve the efficiency and effectiveness of the process.

As far as the Guanzate site is concerned, the main activities carried out in 2022 to improve health and safety were the continuing assessments and improvements to safety of plant and machinery installed before the Machinery Directive came

Promoting a culture of risk prevention in Ratti SpA BC

During the world day of health and safety in the workplace Ratti SpA BC promoted a series of workshops focusing on the culture of risk prevention. On 28 April a number of mobile physiotherapists were invited into the various departments of the company to demonstrate practical exercises which alleviate the manual movement of loading as well as static working.

In 2022 Ratti SpA BC continued to take part in the WHP (Workplace Health Promotion) programme of Lombardy Region and l'Agenzia di Tutela della Salute (the Agency for Safeguarding Health) in Insubria. The company received, **for the fourth year running, recognition as a "place of work which promotes the health and wellbeing of workers"**.

Through taking part in the programme Ratti SpA BC 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**.

Among the various activities carried out by Ratti SpA BC as part of the WHP programme, those which stand out include encouraging a **healthier diet** through a better offer of fruit and vegetables in the Guanzate canteen and the introduction of **healthy products** in the vending machines.



Risk prevention for women in Creomoda and La Maison Des Accessoires

In Creomoda and La Maison Des Accessoires, as part of the "pink October" event a **campaign was organised to raise awareness of the risk of breast cancer**.

During the day, it was possible for all female employees to undergo medical screening, as well as mammograms, paid for by

the company, where cases were suspected. The awareness campaign played a key role, given that 23% of female workers are aged over 35 and therefore run a greater risk of developing the disease.

The companies also organised a day called "campaign for early diagnosis of diabetes and hypertension" (HTA).

into force, the renewal of the CPI (fire prevention certificate), the implementation of an internal viability plan, the replacement of shelving in some departments, and the purchase of DAEs (automated external defibrillators) which will be operational during 2023.

Training on health and safety issues is of key importance in all Group companies. This always goes beyond the minimum required by the applicable regulations (for example, supervisors/managers receive training in specific operating instructions, or during the installation and implementation of new machinery the developer is involved in the initial phases of instructing/training the users).

Particular attention is paid to the initial training of new hires, and a specific session is dedicated to the emergency plan, fire-prevention measures and the evacuation plan.

Given the type of production required at the Tunisian sites, the annual training plan is updated to include new activities. Finally, in Textrom employees receive training from the nominated consultancy both when they join the company and on a monthly basis.

In 2022 there were **6 non-serious injuries** in the workplace of which 3 were in in Ratti SpA BC and 1 in each of the Group's production companies (Creomoda, La Maison des Accessoires and Textrom). The Group reports a positive trend both in terms of the number (6 versus 9 injuries in 2021) and the seriousness of the accidents.

In compliance with ISO 45001 and SA8000 at the Italian sites and the Tunisian sites, for every accident which occurred (understood as an event which may or may not have involved an injury) there is a process of analysis aimed at ascertaining the causes, and identifying appropriate corrective measures as well as subsequent follow-ups to check the effectiveness of such measures. In Romania, however, application of Law 319 stipulates that an investigation of the accident should be carried out and a report drawn up identifying causes and corrective measures.

For 2022, following an analysis of the dynamics of these accidents, it was not deemed necessary to take corrective action in terms of modifying processes, procedures or the working environment.

The rate of injuries for the Group in 2022 was 4.82%, a decrease on the figure for 2021 (7.68%)



7,493
HOURS OF TRAINING
CARRIED OUT IN 2022

1,529
HOURS OF TRAINING FOR
MIDDLE MANAGEMENT
AND EXECUTIVES

+202%
COMPARED WITH 2021

3,243
HOURS OF TRAINING
FOR WHITE-COLLAR

+164%
COMPARED WITH 2021

2,721
HOURS OF TRAINING FOR
BLUE-COLLAR

+6%
COMPARED WITH 2021

3.3 Training and developing talent

The Ratti Group believes firmly in training as an instrument of personal growth. For this reason every Group company has full autonomy when deciding their training and development policies, depending on their specific needs.

Every year Ratti SpA BC carries out a diagnosis of training needs for each organisational unit. The managers of each business area transmit their requirements to Human Resources, which are used to draw up the **annual training plan**.

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

Ensuring the effectiveness and quality of Ratti SpA's BC training policies is the responsibility of business area heads, the manager directly involved or the trainer who delivers the course. In the event of a negative evaluation or performance, Human Resources and the managers involved will identify precise and specific corrective actions. In Creomoda, La Maison des Accessoires and Textrom, however, monitoring activities are carried out at the end of each training session by means of comprehension tests and verification.

All internal training relating to SA8000 certification and health and safety is subject to a double evaluation, first at the end of the course and again after three months, in order to understand the extent to which the training has been absorbed.

Overall, in 2022, **7,493 hours of training** were carried out, an **increase of 73.67% compared with 2021**. The increase in the number of hours compared with 2021 is a key sign of the central importance of training to the Group. This was also favoured by the gradual return to normality after the slowdown imposed by Covid in the previous years.

In general, in 2022 there was a tendency towards training relating to **safety, languages**

and **courses dedicated to technical expertise**. In detail, for the companies in Group 18% of training involved **languages**, 25% **technical and financial expertise** and 40% **safety in the workplace**.

Most of the training hours carried out in Tunisia and Romania were related to the topic of occupational health and safety. At the Italian site of Ratti SpA BC, however, there were various technical training initiatives aimed at enhancing employee skills, including: a course on ITEMA weaving machinery, knowledge of colorimetry in printing and dyeing, and in-depth programmes in graphics (Photoshop and Illustrator) and modelling.

In 2022 Ratti SpA BC made a number of online course available to its employees on the company intranet. These were developed in partnership with Setificio di Como. The courses used video lessons and handouts to provide details of textile design, printing, dyeing, dobbie and heddle weaving, Jacquard weaving and finishing.

In 2022 the company decided to update training related to sustainability by providing ad hoc structured training courses to its employees.

In particular, two training courses were organised, the first of which involved more than 60 Ratti SpA BC employees from various business functions. The 9 sessions of this course went into detail on topics such as the various types of fibre, certification and the concept of responsible manufacturing, and also provided an overview of sustainability in the Ratti Group.

In addition, and in order to raise awareness of the same theme, a second training course was carried out for all management. The objective was to illustrate the trends and objectives towards which the sector is moving and to underline the urgency of integrating the sustainability dimension into corporate strategy.

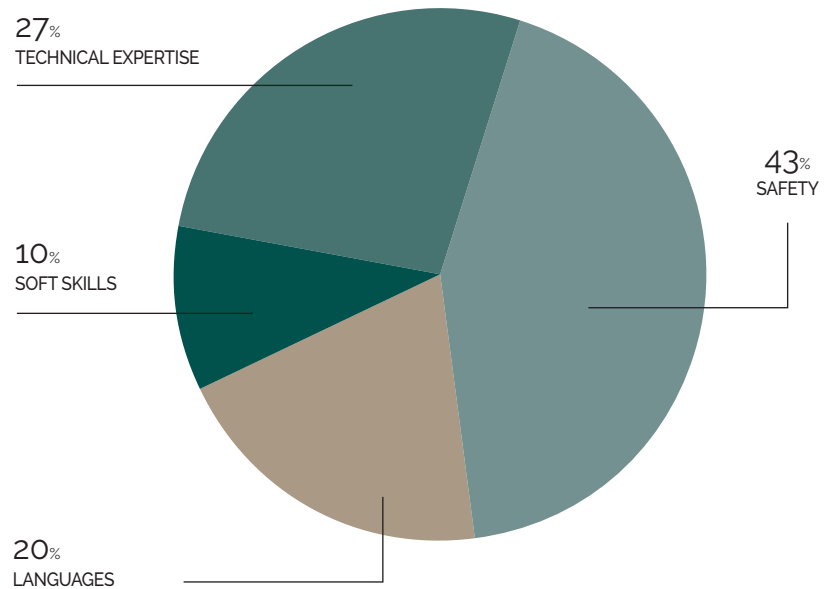
3.4 The welfare of our employees

Welfare in the 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.

FIGURE 7 – Type of training in the Ratti Group: percentage by type of total hours of training at 31.12.2022



Investing in the talent of the individual

In 2022 an experimental project was launched in Ratti SpA BC: the creation of a development pathway through the allocation of an individual training budget. A first batch of employees was identified, mainly from the creative and commercial areas. These employees were given an individual budget for a training programme chosen by themselves. In this way employees were directly involved in creating their own growth pathway and enhancing their expertise, selecting the courses they considered to be most useful according to their roles. Ratti SpA BC is currently increasing the number of workers involved in the initiative.



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 safeguard production.

A useful instrument supporting the above reconciliation and remote working, also used by employees in 2002 in line with their roles and activities.

At December 2022 10,536 hours had been carried out involving 99 employees.

With regard to welfare, Ratti SpA BC 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"**.

In 2022 the home-work incentivisation plan was approved. This involved the use of bicycles, carpooling and public transport through a system of vouchers. The programme will be relaunched in 2023, following an assessment, on the basis of governmental decisions regarding the benefit threshold for exemption from contributions and tax.



6

BUSES DEDICATED TO HOME - WORKPLACE TRANSPORT IN TUNISIA

261

TICKETS AVAILABLE TO EMPLOYEES OF RATTI SPA BC FOR USING SUSTAINABLE MEANS OF TRANSPORT FOR A VALUE UP TO €2,063

501

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

During 2022 Ratti SpA BC continued all the initiatives from previous years, reinforcing them with new activities.

June saw the launch of the "Ratti per il futuro" (Ratti for the future) project, the objective of which was to award study bursaries to employees' children who intend to undertake technical studies. This was aimed in particular at those courses for which a lack of students will have a significant impact on the industrial reality in the next few years.

The courses identified related to mechanics, mechatronics and electronic energy, electrotechnics, IT and telecommunications, chemicals, materials and biotechnologies, fashion systems, construction, environment and local regions.

In 2022 **10 students received study bursaries for a total amount of €6,800.** December saw the launch of the second edition of the initiative, encouraging first-level secondary school students to choose a related study programme. In this way the Ratti Group continues to invest in support for multidisciplinary study programmes aimed at creating a textile system which is continuously evolving. It gives direction to a positive vision of the future of the clothing textiles sector.

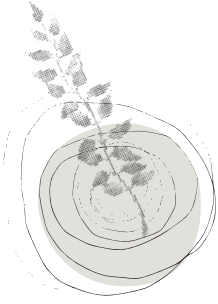
2022 also saw the launch of a new project focusing on active listening by employees through feedback. This is also an experimental project which so far has involved around 20 employees, but the objective is to extend it throughout the whole company. The initiative is part of the plan to create appropriate growth pathways for employees. It involves self-assessment and an assessment performed by employees' managers, with the goal of identifying areas for improvement.

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. Company cars are provided for some employees in Romania. Employees of both subsidiaries in Tunisia also benefit from financial incentives, such as support provided towards their children's education and towards purchases of scholastic materials, as well as intermediation between the management and banks to assist with access to credit. Finally, areas have been set aside for all employees for lunch and breaks, as well as for prayer.

In addition, at the Tunisian sites an advisory committee has been set up consisting of workers and representatives of the company, which can

Services available to the employees of Ratti SpA BC

- **Parking reserved** for staff and, specifically, pregnant women;
- **Recharging points** for electric cars and plugs;
- **Shopping and fuel vouchers** totalling €1,200 per worker;
- **Financial incentives** for sustainable mobility;
- 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**;
- **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;
- **Study bursaries** for children.



June saw the launch of the “Ratti per il futuro” (Ratti for the future) project, the objective of which was to award study bursaries to employees’ children who intend to undertake technical studies.

offer its views on all worker-related issues as well as on social aspects. A social performance team has also been created, consisting of workers’ and management representatives, with the aim of achieving a continuous improvement in working conditions.

The Group introduced two initiatives, the aim being to favour integration and a sense of belonging in Textrom employees. A performance-related bonus was introduced, analogous to that already in place in Ratti SpA BC.

This was in addition to the various bonuses awarded in previous years (experience bonus, bonus related to public holidays).

The management of public holidays falling on a Saturday or Sunday was aligned with the provisions of the National Collective Labour Agreement in force at the time (fashion clothing textiles).

Enhancing and safeguarding diversity

In Ratti, enhancing the individual and safeguarding diversity start with involving each individual, from the moment they join the company – during interviews in the recruitment phase – and continuing throughout the year through a professional growth pathway based on constant **investment in training and development**.

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

In Ratti SpA BC all necessary measures have been taken to ensure ease of access to company

SA8000:2014, respect for people is certified

SA8000 is the main international standard applicable to all organisations for the appropriate management of social accountability and rights in the workplace. It is 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/>)

In 2015 Ratti SpA BC obtained certification in accordance with the standard **SA8000 Corporate Social Accountability**, with the aim of attesting that the corporate system

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

The same SA8000 Social Accountability certification was obtained in 2016 by the Tunisian subsidiary, Creomoda and, in 2019, by the newly acquired Group company, La Maison des Accessoires. **SA8000:2014** is one of the international reference standards for managing social accountability.



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.

The principle of equal opportunities and diversity is anchored in the Group’s Code of Ethics. In Textrom the principle of equal opportunities and diversity is applied in accordance with the Code of Work and the Code of Ethics.

The Group also carefully checks any reports – whether internal or external – of potential discrimination.

Discrimination is a topic taken into consideration during audits of social accountability in accordance with the SA8000 standard. There were no episodes related to discriminatory practices in any Group companies during 2022.

The Ratti Group seeks to enhance the individual through its remuneration policy. As a listed company Ratti SpA BC produces, on an annual basis, its "Report on Remuneration

The remuneration of the CEO was not included under "executives". For further details see the tables in the Annex.

Safeguarding human rights

As it states in its Code of Ethics and in its Policy for Social Accountability, the Ratti Group is committed to preventing and opposing any situation that could potentially involve exploitation in the workplace. As a guarantee of their respect for human rights, **Ratti SpA BC, Creomoda and La Maison des Accessoires** are **SA8000 certified**, while for **Textrom** all the checks on possible effects on human rights are carried out for all activities performed in the company, as laid down in the **Policy for Social Accountability**.

In its recruitment policies, the Group also specifies its requirements regarding the minimum age of employees, in line with national regulations (18 years in Ratti SpA BC and in Textrom Srl, 16 years in Creomoda Sarl and La Maison des Accessoires) for all companies. When interviews are conducted with minors below the age of 18, there is a specific procedure in place to assess the educational circumstances of the minor, so that the working commitment is not incompatible with the former, and to verify and monitor compliance with the conditions agreed when the contract is signed. The verification of any risks inherent to any failure to comply with provisions relating to human rights, child labour or forced/compulsory labour is carried out periodically, during the process of updating SA8000 certification.

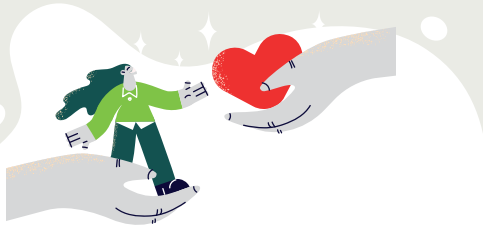
The Ratti Group is committed to **preventing and to opposing all situations involving exploitation in the workplace**, and in particular child labour, not only in its production units, but along the whole of the supply chain.

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 5, paragraph 5.4 "A virtuous circle of good practices").

Inclusion in the workplace

In September six Ukrainian women, who had sought refuge in our country after the war broke out, were hired in response to a specific need in our company to digitalise the archive. The initiative had two objectives: on the one hand moving from an emergency phase to an integration phase, supporting such people through work and, on the

other hand, carrying out an activity which is key to conservation and the digitalisation of a creative heritage which is of fundamental importance to the Group. This is a project which is supportive of a contemporary economic value which makes a connection between greater active participation and shared responsibility.



Policy and Payments Made". This is approved by the BoD once it has been proposed by the Remuneration Committee. Remuneration policy is the main tool used to create a fair remuneration structure.

This involves a careful balancing of the fixed and variable components, with the specific aim of avoiding imbalances which could lead to behaviour which does not encourage sustainable performance and which does not align with the risk profile.

Such attention is demonstrated in reality by the results relating to the indicator which compares the base salary and remuneration for women to men for each category of employee, for the major sites of operations.

In fact in 2022 the Group demonstrated that it had basically reached parity of remuneration for the various sites of the Group, and in fact for white-collar workers the relationship was in favour of women in Textrom.



4



THE SUSTAINABLE
PRODUCT





The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goal 12

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

Talent that lends form to ideas

"It took me five minutes to produce this drawing, but it took me 60 years to get here" Through these words, Pier Auguste Renoir explains his art: a mixture of talent, study and experience. Being able to draw is without doubt a natural inclination, while the "rest" is long melding of technique and learning of the visual language to produce a design which expresses, perfectly, the starting idea. In Ratti's experience, art and fashion have

always been much closer together than one might think, rendering the world of fashion a form of artistic expression on a par with painting or sculpture. The first cashmere designs of the Group's founder are proof of this: little masterpieces in Indian ink which, over the years, have

been a continuous source of inspiration for many designers and creative people.

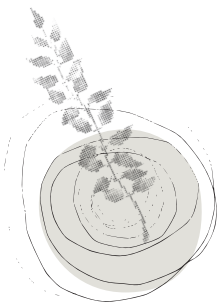
It is precisely this study of design which is the starting point of Ratti's creative process. It is work that does not follow any rules or precise methods, but instead consists of a continuous interaction between customers and the ideas they want to develop and designers with their own talents and personal creative traits. The

result of this dialogue is a design which will be printed on fabric. The design may be seen as a kind of meeting between the end-customer with their desire to enhance the elements of their brand and the creative capacity of the individual designers to lend form and expression to these ideas. Out of this ensemble between the Ratti designers and the customers is born, time and time again, a creative and innovative partnership that leads to the realisation of something unique.

In order to satisfy the most unusual requests, Ratti may open the doors of its exclusive archive to its customers, showing them the exclusive designs which might serve as a source of inspiration to launch a new project. This is a journey made up of research, flexibility and innumerable attempts, before arriving at the creative realisation of the desired product.

In this phase, a crucial role is also played by the Product Manager or, in other words, the person who, right from the start, interfaces with the market and receives customer requests. In order to ensure that the various Product Managers in the Ratti Group carry out an effective role of filtering 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.



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.

To do this, the Ratti Group:

- commits, year on year, to obtaining and updating the most important certifications at international level with regard to the sustainability of the product;
- commits to reducing and to monitoring the presence of chemical products used in the production phases, promoting organic products and paying attention to the environment;
- supports the reduction of resource flows entering the production cycle and the reduction of waste and all related environmental impacts, thanks to specific circularity activities undertaken.



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.

In general, it is clear that the process of design places an emphasis on an ability to understand customer expectations, which means a process of analysis that must be as analytical and detailed as possible. In order to arrive at a perfect proposal for a customer, it is necessary to pass through a series of proposals to capture the essence of the solution to that customer's needs.

The highest level of quality should be married with acceptable timescales – the internal organisation



Creativity at the click of a button

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

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

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

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

For its digital archive, Ratti makes use of an API (Application Program Interface) for image recognition, classification and research using a cognitive computing system.

The project is articulated in four steps: the digitalisation of physical references; data cleaning and classification; searching for and comparing images; managing the archive. In order to offer creative new stimuli to its designers and customers Ratti SpA BC is constantly committed to updating and expanding its archive.

is dedicated to this goal based on concepts of flexibility and immediate supervision. In terms of results, the ultimate proof of the importance of design activities and the commitment shown to the customer is the revenue delivered by creative activity.

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 "From creativity to the finished garment, a guarantee of quality").

The "Tessuteca Ratti"

The Tessuteca is a space – and also a service – which offers more than 500 tested bases and guarantees an immediate printing sample, whether traditional or inkjet printing.

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

The investment in the Tessuteca, together with the company's ability to forecast, with the customer, the number of metres to be purchased, represents a new business model in which delivery times are significantly reduced.

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

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 a production process which expresses the quality and luxury of an excellence that is wholly Italian and which was born, initially, out of the manufacturing of silk. This was later expanded to include natural fibres, composite fibres and technological fibres.

The synergy between heritage and innovation, similarly to that between prowess and dedication, has allowed Ratti to go back in time and merge itself with a heritage which views manufacturing excellence as a cornerstone. This is a form of capital deriving from a solid aggregation of knowledge relating to culture and

craftsmanship that has made the company an undeniable leader in the art of printing.

Three principal production cycles are carried out by Ratti:

- weaving;
- dyeing and printing;
- hemming finished garments

4.2 Spreading the cardinal value of intellectual property

The Group considers the full respect of intellectual and industrial property – its own and that of third parties – to be of primary importance. This is a cardinal principle of its business, in a context of fair competition and, as a consequence, the Group requires its employees, partners, suppliers and subcontractors to comply with the laws in force and the relevant applicable regulations

The Group is committed to:

- acting with the appropriate level of confidentiality and protecting its own brands, patents, ideas, models, designs, know-how and other intellectual/industrial property assets used and developed as part of the company's activities;
- not developing projects and/or products that could lead to violations of the intellectual/industrial property rights of third parties;
- expressly forbidding its employees or partners from any form of conduct aimed at altering, counterfeiting, illegitimate use or which is in any case harmful to third-party rights inherent to brands, patents, designs and other creative works;
- not selling products that incorporate brands or distinctive signs which have been counterfeited and/or are deceptive as regards, for example, the origin, source and quality of the product.

In addition, Ratti SpA BC will continue to register its design collection, the objective being to better safeguard the rights associated with those designs and the related interests of customers. This practice seeks to mitigate any negative effects the company might suffer from the loss of sensitive data or strategic information. To this end, should the loss of sensitive data relate to the development of a product which



incorporates a registered design, dealing with any usurpers/counterfeiters would certainly be easier, precisely because of the existence of formal rights owned by Ratti SpA BC for that design. This process helps Ratti SpA BC to reinforce its activities centring on brand awareness and enforcement of the Ratti brand, the aim being to bolster the intrinsic and financial of the brand itself, both in Italy and abroad.

Ratti SpA BC **asks its suppliers and contractors to subscribe to its general conditions** which contain – among other things – **specific provisions and commitments in relation to respecting the intellectual property** of Ratti and its customers as well as strict confidentiality regarding the information transmitted when orders are commissioned.

This policy enables Ratti SpA BC to work with suppliers and subcontracted suppliers who are contractually responsible for respecting intellectual property and confidentiality, in this way mitigating the risk of a loss of sensitive data or information, even in those activities which are downstream of the company's processes.

In 2023, Ratti SpA BC's objective will be to introduce an online portal for managing suppliers and subcontracted suppliers, automating their assessment and the related process of checking that their documentation is in order. This will include documents which contain a commitment to respect the intellectual property and data confidentiality of Ratti and its customers.

Finally, Ratti has obtained an Italian patent – and in August 2022 it obtained a European one – **for the industrial procedure used to create a lining textile using silk fabric scraps** (see paragraph 4.5 "Ratti's circular textiles: the PHORIA brand").

4.3 A commitment anchored in the most advanced standards

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.



The primary policy of the Group for consumer protection is represented by the guarantee that all products are aligned with environmental and chemical compliance regulations: a field to which the company dedicates a great deal of effort, especially in the form of investments.

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 and marks relating to the quality of its materials and products**:

- The For Textile trademark (formerly Seri.co)
- Oeko-tex Standard 100
- FSC (Forest Stewardship Council) certification
- GOTS (Global Organic Textile Standard) certification
- GRS (Global Recycle Standard) certification
- OCS (Organic Content Standard) certification
- RCS (Recycled Claim Standard) certification
- RAF (Responsible Animal Fiber) certification

In addition to these specific product certifications, in 2019 Ratti SpA BC obtained **certification of its Quality Management System in accordance with the standard ISO 9001:2015**. This certification sets the minimum requirements that an organisation's quality management system must satisfy to guarantee the level of product and service quality it claims to have in place.

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

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

For Textile (formerly Seri.co) certification

For Textile is a **system of product and process certification** deriving from the Seri.co mark. Seri.co was awarded to Ratti SpA BC in 2018 by an independent third party with the objective of providing the maximum guarantee in terms of production process, textile product and toxicological properties for a chemical/formulate/dye product.

For Textile is based on a certification which 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.

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

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

Standard 100 by Oeko-Tex® is an independent and internationally uniform testing and certification system with test criteria, limit values and scientifically based test methodologies, covering the **human-ecological requirements** for raw materials, semi-finished and finished products in the textile sector at all manufacturing stages, as well as for the accessories materials used. For articles consisting of more than one part, the premise for certification is that **all components** must satisfy the requirements laid down.

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

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 SpA BC obtained FSC certification for certain **viscose articles which were printed and/or dyed**.

GOTS (Global Organic Textile Standard) certification

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

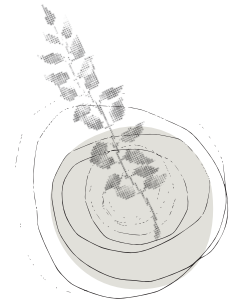
The standard establishes that all manufacturing processes can be certified, including dyeing or printing carried out in compliance with the requirements set by GOTS and using chemical products approved by the standard. The evaluation of a chemical product is based mainly on verifying its toxicological and toxicological characteristics. For textile products, this regards products containing at least 70% of natural fibres from organic agriculture (fibres, yarns, fabrics, clothing, textile accessories and others).

In 2019 Ratti SpA BC certified the following types of fabric: silk, cotton and silk/cotton produced from certified yarn, printed in a single colour. In 2020 Ratti SpA BC also extended certification to garment weaving and hemming on the back of its **extension of certification to the sites at Creomoda and La Maison des Accessoires** which, in turn, obtained GOTS certification in 2020. In 2021 and in 2022 GOTS certification was extended to some **dyes used in traditional printing**.

GRS (Global Recycle Standard) certification

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

Just as for RCS certification, GRS certification involves the release of an environmental declaration which has been verified by a third party, following the same procedure. This attests to the content of recyclable material in products, whether intermediate or finished, and guarantees



Ratti has undertaken, starting with the Parent company, a journey that has led it to obtain important certifications and marks relating to the quality of its materials and products

that traceability has been maintained throughout the production process.

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

In 2021 Ratti SpA BC obtained GRS certification for **recycled polyester, polyamides and cotton fabrics, and padding from silk by-products**. **In 2022 new articles were added.**

OCS (Organic Content Standard) certification

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

In 2021 Ratti SpA BC obtained OCS certification for **silk, cotton and organic silk/cotton fabrics**. **In 2022 new articles were added.**

RCS certification (Recycled Claim Standard) for recyclable material

RCS is a standard which has been promoted to international level by the Textile Exchange, one

of the most important non-profit organisations at international level for promoting and responsibly developing sustainability in the textile sector. RCS certification confirms the content of recyclable material in the product (both intermediate and finished) and guarantees that certified products contain at least 5% of recyclable material pre-consumption and post-consumption. It provides an environmental declaration that has been verified by a third party.

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

In 2021 RCS certification was also extended to viscose articles. In 2022 new articles were added.

RAF (Responsible Animal Fiber) certification

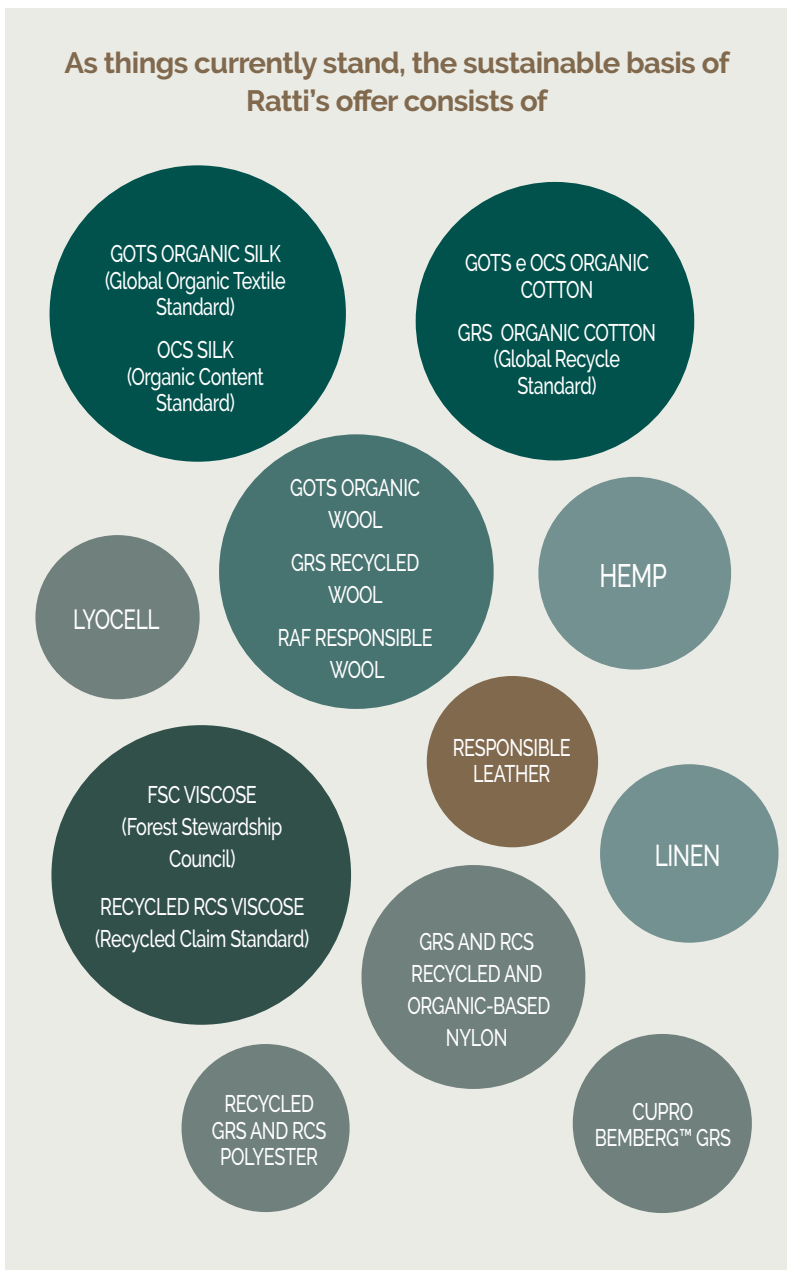
During 2022 Ratti SpA BC improved its offer of sustainable articles and achieved RAF certification.

This is the most important standard for the certification of products containing fibres of animals from responsible livestock management. Responsible Animal Fiber is also promoted by Textile Exchange and unites under a single certification RWS (Responsible Wool Standard), RMS (Responsible Mohair Standard) and RAS (Responsible Alpaca Standard). Together, these three standards **guarantee the source of wool, mohair and alpaca from responsibly managed livestock programmes** which respect the stringent criteria of **animal welfare** and the **reduction of environmental impact**, and ensure that traceability is maintained throughout the entire production process.

Responsible Animal Fiber guarantees textile products containing at least 5% of certified fibre and manufacturing activities and processes which use models and management procedures that comply with the requirements set.

This certification is subject to annual monitoring consisting of periodic inspections of the production facilities and products' warehousing and distribution centres, to ensure that compliance is being maintained.

As things currently stand, the sustainable basis of Ratti's offer consists of



4.4 Ratti's sustainable offer

The purpose of Ratti SpA BC is, as always, to develop a sustainable, constantly updated, offer which meets the needs of customers and the markets, and consists of certified yarns and fabrics and, therefore, consists of organic, recycled and socially responsible products which are included in the Tessuteca and all the Group's collections: 200 articles, made from various eco-responsible fibres, tested and manufactured and, mostly, available from stock.

The Ratti Group's policy focuses on the acquisition and manufacturing of these sustainable materials in compliance with the applicable regulations and, by extension, the adoption of **voluntary product certification regimes**.

The development of a sustainable offer is a result of paying constant attention to the needs of



customers and the market, and has been achieved through a partnership between the commercial functions, the purchasing office and the permanent sustainability working group.

Among the sustainable bases we find Ratti's **responsible leather**. This comes from tanning processes which do not use heavy metals and are part of the **Zero Impact** programmes for CO₂ compensation.

Ratti's proposals also include **recycled Cupro Bemberg™ with GRS certification** included.

Cupro Bemberg™ is a cellulose fibre which is very similar to viscose, but it differs from the latter in its manufacturing process since the starting point is waste material from cotton seeds (linter, the fluffy fibre on cotton).

Cupro fibre is biodegradable, hypoallergenic, antistatic and transparent. It regulates body temperature and humidity like cotton, and is noted for a touch to the hand which is smooth and silky and which feels comfortable on the skin.

Completing the sustainable product offer are the natural dyes (see Chapter 5, paragraph 5.1 "Dyes and chemicals, the new frontier of sustainability").

In order to monitor the effectiveness of the actions undertaken, the Ratti Group bases its approach on explicit compliance with customer needs in terms of materials. This includes **monitoring the materials supply market in a search for novelty and new projects**. Progress is measured through specific KPIs which monitor the percentage of sustainable fabrics produced of total fabric, showing significant increases year on year, also thanks to the choices made by customers.

At 31.12.2022, for example, **the percentage of certified fabrics or sustainable brands of the total metres of fabric printed was 42.99%**. In particular, of the total metres of fabric printed, **55.65% of articles were 100% renewable**, 19.61%

consisted of mixed renewable fabrics, i.e. with a 50% renewable fibre composition and just 24.74% consists either of articles with a renewable fibre composition of below 50% or non-renewable articles.

In addition, at 31.12.2022, **13.19% of the Ratti group's printed fabrics were recyclable**. These included the GRS, RCS, New Life, Econyl and Qnova certified fabrics (for further information on the indicators in summary and the specific KPIs see the details provided in the Annex at the end of this report).

The selection of packaging materials completes the offer

Another important aspect of environmental policy the Ratti Group focuses on is the **optimisation of packaging**. To this end, Ratti SpA BC continues its careful monitoring of all materials purchased by analysis its spend per product. The Group continues to look for any new materials which could replace existing materials and chooses to work with those suppliers that have the right certification for the kind of material purchased.

In addition, Ratti is broadening its research:

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

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

For sustainability, the research and improvement process is also driven by the needs of the customers, who Ratti meet regularly through dedicated teams whose role is to ensure continuous improvement in performance.

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**, the use of **bio-**



42.99%

Incidence of certified fabrics or sustainable brands on the total metres of printed fabric at 31.12.2022

55.65%

Of articles were 100% renewable

19.61%

Of the proposed articles is composed of mixed renewable fabrics (with a composition of 50% renewable fibres)

24.74%

Of the proposed articles is composed of fabrics with a renewable fiber composition of less than 50%

13.19%

Recyclable printed fabrics at 31.12.2023



bottles and **bottles made from recyclable materials** in the offices and, finally, giving each employee a **personalised flask** to use at the new dispensers installed in the office buildings and production areas. The incentive to move towards encouraging more sustainable behaviour within the Group is without doubt one of the most significant educational aspects. This involves taking simple yet practical steps that make a difference in our everyday actions. The initiatives undertaken by the Ratti Group form part of the projects launched during the "plastic free" campaign promoted by the Minister of the Environment.

4.5 Ratti's circular textiles: the PHORIA brand

Circular textiles are products which are derived from the reuse and recycling of textile materials, i.e. repair and upcycling services. In this regard, Ratti SpA BC has developed a line called "PHORIA".

PHORIA Fibers

The first initiative, PHORIA 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 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 allows the formation of innumerable minuscule air pockets which give the product excellent breathability and thermal properties. The high level of dimensional stability and resistance to washing are also indicators of quality. The lining is 70% silk, and comes in five different weights.

In 2021 the product found popularity amongst



PHORIA FIBERS AT FASHION GRADUATE

Fashion Graduate Italia, an event which brings together talented recent graduates from schools, universities and academies associated with Italian fashion, has chosen Elisabetta Di Foggia of IAAD in Turin who, for the show presenting her collection used recycled silk lining from the Ratti collection. Elisabetta has created an intricate and dense collection in which drapery and volume distort silhouettes, making them one.

various Ratti customers, in particular with high-end brands whose collections are increasingly conceptualised according to an eco-design logic and which are able to combine technical-aesthetic aspects with those which are more innovative and responsible.

The product, which already had an Italian patent, obtained a European patent in 2022.

PHORIA Hydro

PHORIA Hydro involves the **reconditioning of used garments in order to revamp their water-repellent function**. With use over time, many garments become less waterproof. However, using an eco-friendly industrial process, PHORIA 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 life to the PHORIA Hydro project. "Hydro" is a process which operates directly on the garment, not on the fabric. It uses products which respect the environment and which comply with safety and quality standards which means, first and foremost, the total absence of any fluorocarbons.

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

In 2021, the design and finalisation phases left room to gauge initial market reaction. From Hydro was born the **trademark Texun** (www.texun.it) which offers its services to a new and varied range of customers: from laundry to dry-cleaning services, to sportswear chains and the end-consumer through e-commerce sales. In 2022 the industrial process underpinning the waterproofing of finished garments received its Italian patent. Texun has reinforced its presence on the market by increasing the number of partners taking part in the project.

The brand is undergoing an overall restyling and relaunching the online platform, which could make the service more directly accessible to consumers. In addition, Texun is entering the world of academia by participating as a case history in the New Business Management seminar at the faculty of Economics of the State University of Milan. It is also taking part in the H&M Foundation's Global Change Award, a prize

given for innovation supporting sustainable and circular fashion.

PHORIA Print

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

PHORIA Print began to take shape in the spring of 2020 during the pandemic, when Ratti established a Resilience Committee. This became a recipient of ideas and creativity, many of which translated into real projects which were adopted and implemented by the company.

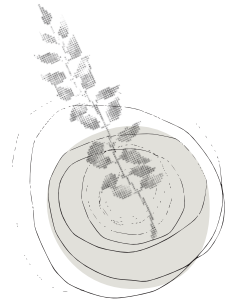
Of these PHORIA Print, an initiative proposed by Ratti to solve the problem of excess warehouse stock, gave value back to the garments through the **creativity of manual printing**. The rediscovery of the ancient a planche technique, together with other applications, has rendered each garment unique and unrepeatable, giving space to a limited and personalised series.

The right solution is found for each garment through the support of a team of experts which is made available to each customer.

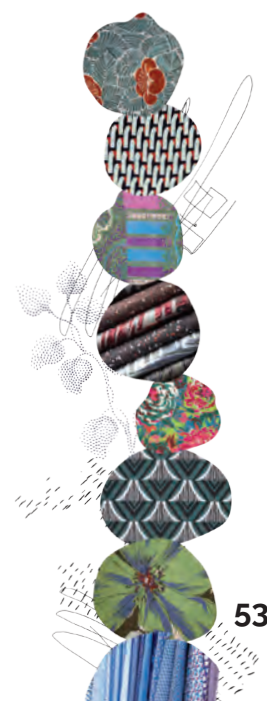
The upcycling of unsold garments presents itself as a solution which makes it possible to avoid financial losses, recovering the capital value of stock which was either destined to be written down or, in a worst-case scenario, destroyed. Upcycling is more than just selling at a discount in that it makes it possible to re-propose articles to the market at the right margin. The new garment can be sold at retail price or at an even higher price, with the margin only being reduced by the cost of the new printing or, even better, avoiding any loss at all.

In addition, PHORIA Print contributes to the **lowering of emissions** by avoiding ex novo production and responds to market requirements which are more and more sensitive to sustainability. At the same time it offers better positioning in terms of brand reputation. In 2021 items such as duvets, trench coats and t-shirts found a new aesthetic.

Pigments, dyeing, tie-dyeing and original prints transformed the imagine of obsolete articles without any need to unstitch and detach all accessories, such as zips, buckles and buttons, from the item. An effective, creative, and, at the same time, **responsible** solution.



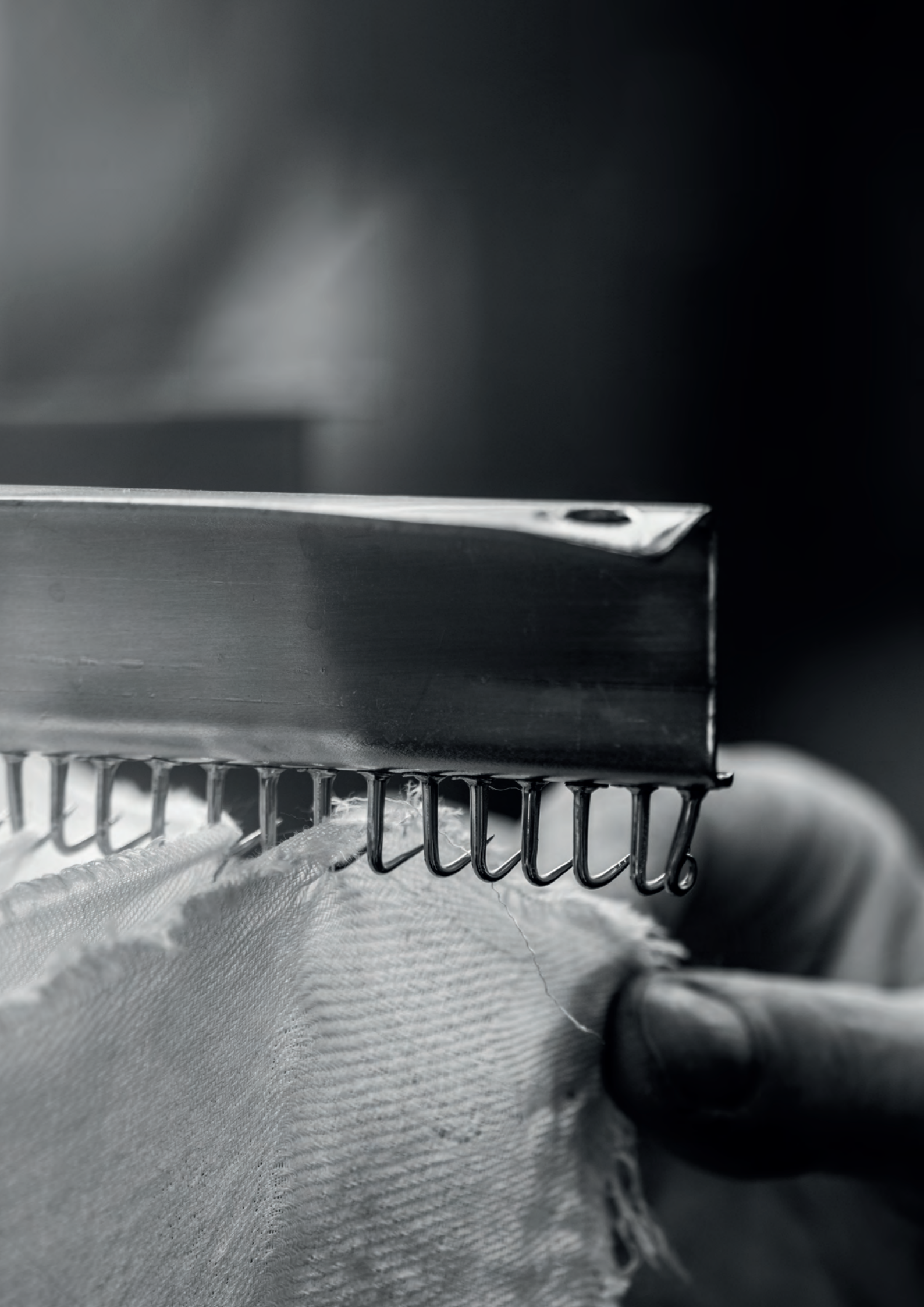
The rediscovery of the ancient a planche technique, together with other applications, has rendered each garment unique and unrepeatable, giving space to a limited and personalised series



5



RATTI'S ENVIRONMENTAL COMMITMENT





The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 6, 7, 8, 12 and 13.



Well aware of the environmental impacts of the textile industry, the Ratti Group has been working for some time to reduce these impacts, acting on its production processes and along the entire supply chain.

5.1 Sustainability in textiles: challenge accepted

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 as well as research into the reduction of consumption. 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 BC Parent company. In particular, Ratti SpA BC's environmental policy is included in the **Corporate Policy of the Integrated Management System** and was updated in 2021 with the objective of promoting the following actions:

- **to choose** and use equipment, resources, materials and substances in a rational manner, taking into consideration their impact on the environment and their potential risks to health and safety, with particular regard to mechanical, chemical and manual handling risks;
- **to favour** the use of technologies, products and services, whenever these are available, that have the least impact on the environment;
- **to operate** with the logic of a circular

economy, limiting the use of natural resources and the production of waste, focusing instead on the 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.

Well aware of the impact the textile industry has on the environment, the Ratti Group has long been working to reduce this impact, taking action on its own production processes and along the supply chain. From a focus on the use of chemical products and dyes to the selection and monitoring of suppliers and the management of

To do this, the Ratti Group

- commits, year on year, to obtain and update the most important certifications at international level;
- commits to reducing environmental impact in terms of chemical products used, waste generated, energy and water consumed and CO₂ emitted;
- uses renewable energy;
- thinks strategically through circular economy projects;
- promotes sustainable mobility initiatives for staff;
- selects suppliers that respect the environment and human rights.



manufacturing to, even, proposals for sustainable fabrics and circular economy projects involving the reuse and recycling of materials, the Group promotes environmental protection and contributes to the spreading of a sustainability culture among all those it deals with.

To this end, in 2015 **Ratti SpA BC obtained ISO14001:2015 certification for the Management System for Safeguarding the Environment**; thanks to this certification, recognised throughout the world, the company guarantees and attests to the compliance of its operations with the requirements stipulated in terms of principles, systems and support techniques for the appropriate management of the environment.

From the point of view of continuously improving its environmental performance, since 2011 the Ratti Group has undertaken the journey **Ratti for Responsibility**, making **significant investments** in order to optimise production processes, replace machinery and reduce the amount of resources consumed.

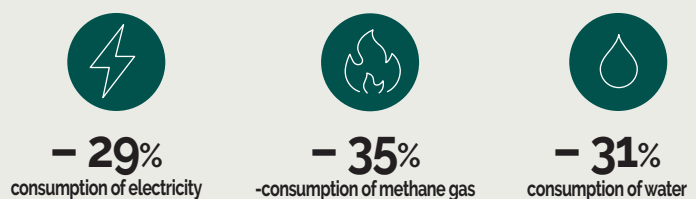
In order to assess the impact of direct activities, in 2019 Ratti SpA BC carried out a gate-to-gate **LCA (Life Cycle Assessment)**, in accordance with UNI ENISO14040:2006 standards and reviewed by a third party. The performance analysis related to the **Guanzate** site where, in comparison with Textrom, the Group's production activities with the greatest environmental impact are carried out. Meanwhile, the impact of the activities carried out at Creomoda and La Maison des Accessoires may be considered negligible in this regard, given the absence of industrial production and the prevalence of craftsmanship activities. In line with the direction followed through the LCA in 2019, and with the goal of determining its

wider impact on the supply chain, **Ratti SpA BC has decided to ascertain the environmental footprint of its Guanzate plant by applying the OEF (Organisation Environmental Footprint) methodology**, a European standard which operates from the point of view of life cycle, and which therefore takes into consideration the procurement of raw materials, consumption and emissions, the amount of waste produced and transport to customers. Applying the OEF methodology makes it possible to determine the environmental footprint, subdivided into 16 categories which may in turn be grouped into global warming, consumption of resources, impact on the environment and impact on people. Applying the OEF methodology marks the further evolution of Ratti SpA BC's sustainability system. The company is **committed to determining its**

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

The base year for Ratti SpA BC manufacturing is 2013. Plant modernisation and improved energy efficiency have enabled the company to reduce its consumption for individual product units. In this context, Ratti SpA BC produces a self-declared environmental assertion (in consideration of the ISO14021 reference standard), which is reviewed by an independent third party.

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



environmental impact along the supply chain (including the calculation of SCOPE 3).

2022 saw the launch of the OEF data collection for the Guanzate plant. This will be concluded in 2023.

In addition, in 2021 an **analysis of risks from climate change** was carried out at Group level (see Chap. 7, paragraph 7.3 "Managing risks to include sustainability").

Another project brought to a conclusion in 2022 in which Ratti SpA BC worked alongside a European

Commission task force involved **defining PEF Category Rules**. The PEF methodology was developed by the European Commission with the objective of helping companies to calculate the environmental footprint of a product. As part of this project, Ratti SpA BC applied the methodology to a specific silk product. It completed its task in 2022 with the collection of primary data.

Full data on environmental performance are reported in detail in the Annex to Chapter 5. It is noted that in 2022 **no cases were recorded of non-compliance with the regulations for environmental matters**.



Dyes and chemicals, the new frontier of sustainability

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

Every time Ratti SpA BC needs to evaluate the addition of a new chemical product, it must be checked that it complies with the MRSL (Manufacturing Restricted Substance List) and that the chemical product is recorded in the ZDHC gateway (see the box "ZDHC and Supplier to Zero"). If the product is not present, the supplier is asked to confirm compliance and/or the concentration of the substance in the MRSL of the ZDHC (see the box "Commitment to protect the environment and the safety of the end-customer", within paragraph 5.4 "A virtuous circle of good practice").

In 2023 a further update of the supply conditions is expected, covering the new requirements of the MRSL update of the ZDHC programme (Version 3.0). A campaign will be launched to **monitor the chemical management systems of those suppliers viewed as significant** and third parties that carry out wet production. Audits are also expected for some significant third parties.

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

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

Ratti joins the Fashion Pact

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

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

to concrete action based on efforts which are already under way to implement new solutions, with the support of the best technical experts. The job of leading the coalition has been assigned to a steering committee consisting of 14 rotating members, supported by an operational committee consisting of 23 supervisors and a task force.

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

Natural dyes are obtained from sources with **vegetable-based origins** (bark, leaves, flowers, roots, fruits and seeds), **animals** (mainly insects and molluscs such as scale insects and murexes) and **minerals**.

They come from **renewable sources**, they are **biodegradable**, they are of **low toxicity to the environment**, and given their "craftsmanship" characteristics they lend themselves to the creation of unique and exclusive garments.

In order to achieve continuous improvement in the management of chemical products and dyes, 2019 also saw the implementation of **software used to manage** compliance with the 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 and Supplier to Zero").

To carry out product tests and assessments, Ratti SpA BC has an internal laboratory which can be accredited for a defined set of tests in accordance with the regulation ISO/IEC 17025.

In 2023 accreditation is expected for the following tests:

- Fastness of colour to sweat (UNI EN ISO105-E04)
- Fastness of colour to water (UNI EN ISO105-E01)
- Fastness of colour to rubbing (UNI EN ISO015-X12)
- Determining the pH of water extract (UNI EN ISO3071)

Careful management of discharges

With regard to the **quality of wastewater**, Ratti SpA BC 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.

Continuing the work of the previous years, in March and November 2022 Ratti SpA BC carried out the water campaign required by the ZDHC protocol, which involved an analysis of MRSL (Manufacturing

ZDHC and Supplier to Zero

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

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

Companies which comply with the ZDHC programme must **manage their wastewater** in compliance with the concentration limits set by the **Wastewater Guideline** for wastewater originating from production processes. Chemical substances must be handled in an appropriate and organised manner, and an audit protocol is in place to assess this aspect. Finally, in order to replace particularly hazardous chemical substances with those that are ecologically superior, a company must implement a system to research and develop alternative substances.

Since 2019 Ratti SpA BC 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.

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

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

- **Level 1 – Foundational:** by completing the first level by means of a self-assessment, the company demonstrates its awareness of how to manage ZDHC chemical products as well as how to implement ZDHC solutions;
- **Level 2 – Progressive:** by completing a review of the documents by ZDHC, the company can demonstrate continuous, progressive improvement;
- **Level 3 – Aspirational:** the company supports the planning and continuous improvement of ZDHC solutions and remains at the forefront of innovation in the safest possible management of chemical products. This level has not yet been awarded by ZDHC, but a visit is planned to verify the implementation of chemical management solutions.

In 2021 Ratti SpA BC successfully completed the first level and in 2022 it successfully completed the "**Progressive**" level.



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.

Restricted Substance List) parameters as well as those that are key according to the ZDHC programme. The analyses show that **MRSL substances have been eliminated from the production cycle.**

For Ratti SpA BC, the procedure for **managing water** derived from manufacturing carried out at the plant, including that from bathroom facilities, requires it to be channelled through the internal collection network, where it is filtered (through bar screens) in a number of phases and pumped into the accumulation basin of the system, before being subsequently sent to the purification plant, as per the Autorizzazione Unica Ambientale (Single Environmental Authorisation). In the production plant in **Textrom** in Romania,

industrial wastewater is channelled into a decantation tank in order to separate and subsequently remove the solid part. It is then sent to the relevant purification plant, as authorised and regulated by the contract. Water deriving from civil use is, however, stored in a reservoir, drained off and disposed of. In general, in Romania analyses of industrial wastewater are carried out annually, as prescribed.

In 2019 testing was concluded of the chemical product treatment for **reducing the amount of volatile organic compounds** in the decantation tank. However, at the Tunisia plant, water is not used for production – it is only for civil use.

In 2022 Ratti SpA BC undertook a campaign to identify the characteristics of the substances present in the main water flows within the departments. The analysis of the data reported makes it possible to evaluate the possibility of inserting intermediate purification and recycling of water, in order to **improve not only the quality of the wastewater arriving at the purification plant, but also to reduce the total consumption of water.**

5.2 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. With the objective of reducing future water consumption, in 2021 Ratti SpA BC made a number of investments aimed at reducing the consumption of the service facilities in the factory. In particular, the revamping of the pumping system of the homogenisation tank was completed and, in the first half of 2021, SEAM Engineering carried out a water balance test at the Guanzate plant following a block diagram, measuring the quantity of water drawn, by type, and the quantity discharged.



In addition, during 2021 Ratti SpA BC introduced a significant innovation in the discontinuous washing and dyeing departments. These departments are subject to continuous improvement initiatives because, by their very nature, they require large quantities of water. In particular, Ratti SpA BC replaced the detergent which is normally used during discontinuous washing, processes, which gave rise to two benefits. There was a benefit from increasing the potency of the first cold wash, eliminating a cycle, while there was also a benefit from using a new product which did not contain an anti-foaming agent, and was therefore more concentrated and effective.

It is estimated that this has made it possible to **save, for each wash, 1 m3 of water and, therefore, – assuming an average of 3-4 washes per day – about 900 m3 per year.**

For the Tunisian companies Creomoda and La Maison des Accessoires, given that these are not production sites, water consumption is limited to use for civil purposes. In the case of Textrom, however, during 2022 a feasibility study was carried out to rationalise activities at the production site, with a focus on the management of water resources and energy consumption.

Monitoring energy consumption

Ratti SpA BC, Creomoda, La Maison des Accessoires and Textrom are adopting environmental policies which, in terms of energy, are aimed at **monitoring consumption and seeking opportunities to achieve reductions.**

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

During 2022 it was confirmed that this system complied with the ISO50001:2018 standard.

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

For some years Ratti SpA BC has regularly verified electricity consumption by using a monitoring system based on a number of meters that the company has increased over time. This measurement, which includes the main sources of consumption relating to production, was further widened to include the monitoring of individual users, with data gathered on a **daily basis.**

100%
The percentage of guaranteed-origin green energy purchased by Ratti SpA BC

1,192,500 kWh
Kwh electricity produced by photovoltaic plant in Ratti SpA BC in 2022 (with an increase of 2.30% Since 2021)

73,466 kWh
Electricity produced by photovoltaic plant in Creomoda in 2022 (with an increase of 19.77% since 2021)

20,934 kWh
Electricity produced by photovoltaic plant of Creomoda provided to the national grid in 2022

74,479 kWh
Kwh electricity produced by photovoltaic plant in Ratti SpA BC provided to the national grid in 2022

411
Tons of CO₂ avoided in 2022 thanks to photovoltaic plant in Ratti SpA BC and Creomoda

Even though the Group currently monitors the big items, the transformers, control panels in the electricity cabinets, control panels in the departments, the principal machinery, **in 2023 the monitoring network is expected to grow still further.** In fact, during 2022 the process to implement **new monitoring software** (Energy Team CloE) was launched. It will be operative from January 2023.

The CloE platform has been designed to support Ratti SpA BC in the visualisation and analysis of energy data, the aim being to obtain ever-greater awareness of the use of energy resources and, therefore, the possibility of optimising consumption and efficiency through ad hoc interventions.

Once it is operational, therefore, the platform will allow the company to **perform energy analyses** itself, monitoring **its own energy consumption** as well as **details of the performance of the plant and the results obtained from energy efficiency measures.**

On top of this, in 2022, following the full return to normal activities post Covid and the geopolitical energy crisis that then took shape, Ratti SpA BC implemented some new activities aimed at improving energy efficiency:

- Work was completed to install a **new photovoltaic plant** on the roof of the social centre while work began on a new section on the roof of the company. The installation of further sections of the photovoltaic plant could, in future, also involve the shelters in the internal car parks at the Guanzate site;
- Work has started in the production area which will result in the **replacement of 6 dye baths with 4 new generation dye baths that use vapour instead super-heated water.** The transition to vapour forms part of a bigger project aimed at eliminating super-heated

ISO 50001:2018, energy efficiency

Ratti SpA's Energy Management System is certified in accordance with the ISO50001:2018 standard.

The objective of the ISO50001 standard is to enable organisations to create and maintain an Energy Management System (EMS), allowing them to continuously improve their

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

6,25%

Energy self-produced by the Guanzate site released to the grid

93,75%

Self-produced energy from the Guanzate site for self-consumption

376

Tons of CO₂ emissions avoided at the Guanzate site in 2022

water and the related exchanger from the plant. This initiative will lead to a reduction in gas consumption: by eliminating super-heated water it will be possible to eliminate leaks related to its use, reducing current gas consumption;

- **Some batteries which had reached the end of their life and some older generation battery chargers were replaced with high-efficiency batteries.** This action had a positive impact on consumption, thanks to new systems which guarantee recharging savings of around 30%;
- An **external company carried out an energy analysis:** a new assessment focusing on identifying new energy efficiency projects. This first analysis led to a deeper evaluation of the upgrading of the air-conditioning system in the office building (UTA plant – refrigeration

units – boilers), with the aim of identifying the best strategy for replacing the refrigerator units (very old and heavy consumers).

In addition to these new projects undertaken in 2022, we reiterate that the sites at Guanzate (Italy) and Creomoda (Tunisia) have their own photovoltaic plants. Energy production from the renewable sources of the photovoltaic plant at the Guanzate site made it possible, during 2022, to **produce 1,192,500 kWh of electricity, an increase of 2.30% on 2021.**

Of this self-produced energy, Ratti SpA BC **released 6.25% to the grid**, keeping the **remaining 93.75% for its own consumption.**

Just in 2022, the photovoltaic plant at the Guanzate site allowed Ratti SpA BC to **avoid 376 tons of CO₂ emissions.**

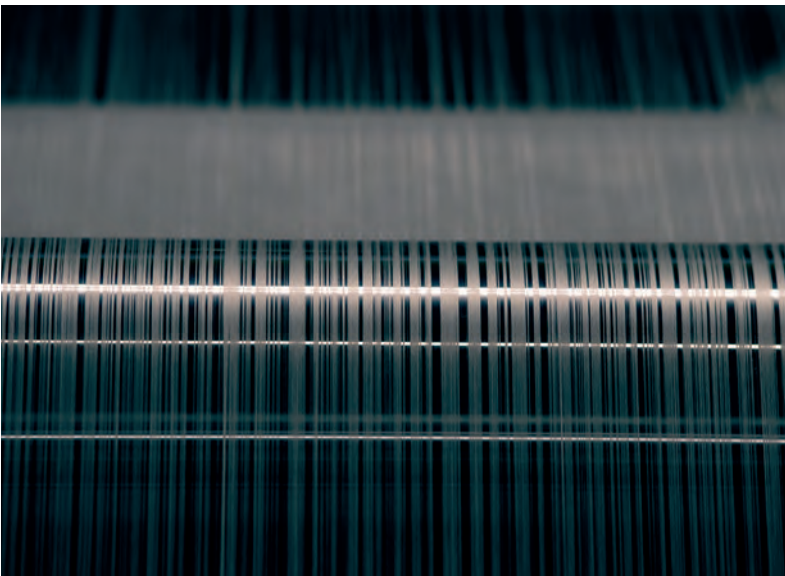
Also the **Creomoda** site, in Tunisia, **has its own photovoltaic plant, which has a power of over 50 kW.** During 2022, it **produced 73,466 kWh of electricity, an increase of 19.77% on the figure for 2021.** Of this self-produced energy, Creomoda **released 28.49% to the grid**, keeping the **remaining 71.51% for its own consumption.** This enabled Creomoda to **avoid 35 tons of CO₂ emissions.**

Meanwhile for the **Textrom** subsidiary a feasibility study was undertaken in 2022 to rationalise activities at the production site.

In addition, since 2020 electricity purchased by the Guanzate site has been **100% from renewable sources**, and certified by a Guarantee of Origin. This has made it possible to **avoid 2,201 tons of CO₂ emissions** relating to the purchase of electricity: an eco-sustainable choice which is contributing to protecting the environment and building a better future.

At the Guanzate site, Ratti ensures compliance with the applicable authorisations, laws and regulations, as well as the monitoring of **specific KPI parameters for environmental performance** through surveillance plans that are defined and managed in accordance with the appropriate procedure. The use of the CIOE platform from 2023 will provide Ratti SpA BC with a new tool to the support of the energy management system in accordance with ISO50001.

The environmental **performance KPIs** that the company monitors were defined for significant energy use as required by ISO50001, as well as for particular uses which are of particular interest to the company.



Since 2020 electricity purchased by the Guanzate site has been 100% from renewable sources, and certified by a Guarantee of Origin. This has made it possible to avoid 2,201 tons of CO₂ emissions.

The KPIs are usually determined by considering the consumption of one or more energy vectors relativised to a specific indicative parameter which, for most environmental KPIs, is the total metres of fabric produced in a year (see the Annex in Chapter 5 at the end of the document for further details).

Finally, in order to continuously improve its practices, products and services Ratti SpA BC has carried out an internal study aimed at comparing the consumption of energy, water and chemical products by inkjet printing with traditional printing (table or rotary).

The investigation was carried out in compliance with the **standard ISO14021:201 (self-declared environmental assertion)** and was reviewed by Bureau Veritas.

The results showed **lower consumption for traditional printing than for inkjet printing.**

Travel better to consume less

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

To encourage a move to **more sustainable travel**, the company has gradually replaced a number of company cars with electric vehicles, providing **14 charging points**. According to the policy governing the company's car fleet, employees should prioritise the use of electric cars for journeys up to a total of 100km.

Ratti SpA BC also encourages employees to make journeys using public transport, combining this with the pre-existing shuttle bus to and from Lomazzo station. Financial incentives have also been offered to promote carpooling by employees who share similar journeys to and from work. A shuttle bus has been made available to employees at the **Creomodà, La Maison des Accessoires and Textrom** sites.

In November 2021 the carpooling initiative was relaunched. It had stopped in March 2020 because of the Covid-19 health emergency.

The Group wishes to continue to incentivise such initiatives once the emergency is over, while fully complying with regulations on passenger numbers and the sanitisation of areas.

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. The negative percentages indicate a saving and, therefore, improved efficiency, while the positive percentages, on the other hand, indicate higher consumption.

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

Source: Internal study carried out in 2019 and verified by an independent body in 2020. The negative percentages indicate a saving and, therefore, improved efficiency, while the positive percentages, on the other hand, indicate higher consumption.

5.3 The circular economy and waste management

The management of waste produced by Ratti

The Ratti Group's waste policy does not make any distinction between the Parent company and its subsidiaries and is aimed at preventing, reducing and improving the management of waste.

With regard to **prevention**, the Company is committed to exploring ways of using by-products, making donations and looking for product servitisation possibilities. With regard to **reduction**, the Group is committed to continuously searching for opportunities to reduce the production of waste, by means of actions aimed at training or raising the awareness of its staff, analyses of the sources of waste production, a reduction in the amount of scraps, a search for new supply agreements, a review of work cycles, the acquisition of durable, reusable and repairable materials and the transition from the physical to the digital.

Finally, with regard to the **management of waste**, in accordance with the waste pyramid (Article 179 Legislative Decree 152/2006), the Group requires intermediaries to record the destination of waste and to look for opportunities to improve the management of all types of waste.



Sustainable travel

CAR POOLING

- Parking places reserved for work teams
- Company cars available when overtime is required
- **6 people involved overall in 2022**

BICYCLES

- Numbered and personalised racks with locks
- **24 people involved in 2022**

LOCAL PUBLIC TRANSPORT

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

- Employees may purchase an annual season ticket from the company (train and/or bus), and the amount is deducted from salaries in ten monthly instalments
- **3 people involved in the project**

3,397kg of CO₂ saved

thanks to sharing the journey to and from work through carpooling, or through using public transport or bicycles.

ELECTRIC CARS

The company's car fleet has 5 electric cars, which in 2022 were used to travel 65,451 km.

SHUTTLE BUS

Creomoda, La Maison des Accessoires and Textrom have organised an efficient and safe transport service that may be used by all workers.

- **219 people involved at the Tunisian sites of Creomoda and La Maison des Accessoires**
- **19 people involved in Textrom**

The **management of waste** is carried out in full compliance with the legislation in force in the countries in which the Group has its production facilities, i.e. Italy, Tunisia and Romania. Generally, Ratti applies the local waste management regulations for each country in which it operates, organises separate waste collection and contracts out the disposal/recycling of waste to authorised third parties.

The Ratti Group's waste management policy was updated following the publication of "Strategy for Sustainable and Circular Textiles" by the European Commission on 30 March 2022.

This document raised the issue of the destination and the reuse/recycling of textile waste and the need to activate EPR (Extended Producer Responsibility) schemes, i.e. consortia of producers committed to managing the end of life of textile products.

As far as the Group's activities are concerned, it generates waste at all its sites in Italy, Tunisia and Romania. **Ratti SpA BC** receives raw materials (mainly fabrics), chemical substances and all its packaging from its supply chain.

The activities carried out at the Guanzate plant are related to fabric printing and ennoblement. Almost all (91.07%) of the Group's overall production of waste can be attributed to the Guanzate site. The waste management procedure, which is part of the Environmental Management System, applies for the above company.

In 2015 Ratti SpA BC implemented an environmental management system in accordance with the standard ISO14001 and, in this regard, drew up specific procedures for managing the waste generated.

Particular attention is paid to the management of hazardous waste, from its classification and its internal management to its entrustment to leading authorised companies in the sector which deal with transport and disposal/recycling.

In addition, precisely because the Guanzate plant accounts for a large share of the Group's production, the evaluation of the environmental impact is carried out for Ratti SpA BC. To this end, in 2019 Ratti SpA BC carried out a gate-to-gate **LCA** (Life Cycle Assessment) survey for the Guanzate plant, which was reviewed by a certified third-party company. The objective of this was to ascertain the impact of direct activities. **The investigation showed the negligible impact of the waste generated and its transport.**

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

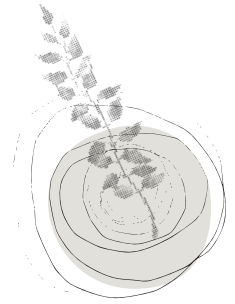
For **Creomoda** and **La Maison des Accessoires**, where there are no production facilities, only modest amounts of waste are produced in comparison with the Guanzate site. Such amounts are recycled/disposed of by specialised companies in accordance with the legislation in place. In order to implement monitoring that is increasingly detailed in terms of quantity and type of waste produced, since 2018 Ratti has made a commitment to weigh, trace and report the main types of waste – paper, plastic, textile and unsorted waste, with the aim of improving its waste management. The waste produced is managed by a third party, which is responsible for the transportation, recycling and disposal of the waste. For certain types of waste an agreement has been reached with a company accredited by the State. The Environmental Agency of the Republic of Tunisia carries out all necessary checks on such companies, verifying compliance.

At the **Textrom** site, finally, waste disposal takes place in accordance with local regulations, reporting the principal categories of waste and their destinations and having launched a study of projects aimed at improving performance. The transportation, recycling and disposal of the waste is managed by third-party contractors.

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

- waste **from production**;
- waste from activities associated with the **maintenance of buildings and the maintenance of machinery**;
- **waste from packaging**

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



Ratti applies the local waste management regulations for each country in which it operates, organises separate waste collection and contracts out the disposal/recycling of waste to authorised third parties.

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

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

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

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

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

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

One powerful circularity tool is Extended Producer Responsibility (EPR), whereby producers' responsibilities extend to managing the end of life of products which they themselves launched on the national market. In EPR, producers – i.e. companies in the textile/fashion sector – come together to organise and finance the collection, selection and treatment of textile waste. The Strategy for Sustainable and Circular

Textiles, published by the European Commission in March 2022, further enhanced EPR. Ratti has, for some time, been carrying out studies and investigations on the topic, in partnership with other companies. These activities came to a positive conclusion and, in 2022, Ratti and a number of other companies set up the Retex Green consortium, which dealt with the recycling of textile waste and the circularity of the supply chain.



customers are used to make items of clothing which, in turn, having been purchased by the end-consumer and having reached the end of their life cycle, **produce textile waste**.

According to "The Italy that recycles", 2021 edition, a study carried out by the Foundation for Sustainable Development ³, the destination of post-consumption textile waste collected on the national market breaks down as follows:

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

Collaborative projects

Any improvement in the management of textile waste depends mainly on the conditions in the system (such as the presence of plant in the local region, consortia dealing with collection and treatment of waste, as well as the responsibility taken by producers) that can be created by the implementation of EPR and the development of recycling chains.

In addition, Ratti SpA BC took part in **the Rehubs partnership project promoted by Euratex**, the European Confederation of textile and clothing companies. The Rehubs project was a partnership of around 20 European companies, including Ratti, supported by McKinsey Consultants, which contributed to and financed a feasibility study into the development of technologies used to recycle textiles. In Europe, seven million tons of textile waste, of which 30-35% was collected, required the scaling of technology and an increase in the number of recycling plants, close cooperation between companies and public-private partnership. The benefit of the Rehubs (recycling hubs) project was recognised by the ITMF (International Textile Manufacturers Federation). At the Federation's annual conference, held in September at Davos, Switzerland, the project was amongst the winners of the 2022 ITMF Cooperation Award. The award was given to companies which had contributed to the project, including Ratti. The Rehubs project will continue with the implementation of the findings of the study.

As far as preventing waste is concerned, Ratti SpA BC is working with Siticibo on the collection

³ https://www.fondazionevilupposostenibile.org/wp-content/uploads/ITALIA_DEL_RICICLO_2021_web.pdf

of excess food and has developed a series of **circular economy activities** which, in addition to preventing waste, will facilitate the recycling of materials. A part of this is the "**PHORIA**" project, which involves the use of a 100% silk by-product to make padding used in lining (see Chapter 4, paragraph 4.5 "Ratti's circular textiles: the PHORIA brand").

Finally, Ratti SpA BC has **set up a company – Second Life Fibers Srl** – which recycles non-hazardous textile waste. This company has received the authorisation required to carry out its activities and is fitting out its plant to manage materials.

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

5.4 A virtuous circle of good practices

Selecting suppliers

Ratti targets maximum reliability and quality in its daily operations. This means management which is accountable and sustainable and which is solidly anchored in values and a company policy that also includes its approach to the supply chain.

Operating at international level, the Group interfaces with businesses and organisations in Italy and abroad. This is why selecting suppliers and managing relationships with them in the right way is a theme of fundamental importance. This creates an opportunity to generate value in the complex textile-fashion supply chain.

As far as the supply chain is concerned, Ratti purchases both direct materials (yarns, unfinished and semi-finished fabrics and all materials involved in the production cycle) and indirect materials (services, capex, maintenance, packaging and materials not directly involved in the production cycle).

With regard to the first (direct) category, the geographical areas for supply include the Far East, Italy and Europe, while the indirect category involves Italy and Europe. Group purchases are almost all carried out by Ratti SpA BC while the foreign sites at Tunisia

and Romania purchase negligible quantities of materials, in compliance with local regulations.

Group purchases are almost all carried out by Ratti SpA BC while the foreign sites at Tunisia and Romania purchase negligible quantities of materials, in compliance with local regulations. Ratti SpA BC's **Code of Ethics** is a key tool for managing relationships with suppliers. It was renewed in 2018 (see Chapter 7, paragraph 7.2 "The bodies and the instruments that monitor corporate ethics"), and for further details the **Code of Ethics** (see the box "The Supplier's Code").

In addition, **Ratti SpA BC's Environmental Policy** raises the topic of supply chain, specifying that Ratti selects "suppliers and subcontractors on the basis of their ability to supply goods and services which comply with the requirements and the principles set out therein (sustainability, quality), monitoring their performance and establishing a constructive dialogue with them to ensure that the business is sustainable over time".

An **evaluation of the supplier**, therefore, must ensure that it subscribes to the Group's Code of Ethics, it accepts the general supply conditions and adheres to the principles of social and environmental accountability.

With the aim of enhancing and monitoring the accountability of its supply chain, Ratti SpA BC 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 accountability** are monitored.



68%

Of waste from garments and accessories is destined to form part of preparation for reuse in cycles of consumption. (Source: *L'Italia del riciclo*)

29%

Is sent for recycling (Source: *L'Italia del riciclo*)

3%

Is sent for disposal (Source: *L'Italia del riciclo*)

The Suppliers' Code

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

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

continuing such relationships.

To ensure supplier compliance, the Group reserves the right to check that the **principles stipulated have been complied with.**

The contents of the Suppliers' Code focus specifically on respecting human rights and working conditions, safeguarding the environment, the fight against corruption and respect for intellectual property.



1,239
Total suppliers
of Ratti SpA BC

87.49%
Suppliers from Italy

66.55%
Suppliers located
in the Lombardy region

28.83%
Suppliers located
in the Como area

7.75%
Suppliers from
other European
countries

4.12%
Suppliers from
Asia

0.56%
Suppliers from
America

0.08%
Suppliers from
Africa

To do this, the company **has carried out specific social and environmental audits on its supply chain**, which during 2022 involved some of the Group's strategic suppliers.

In 2022 an **audit plan for major suppliers** was put in place, both for Italian suppliers and those outside Europe. The audits were carried out by third parties directly in situ, the objective being to evaluate the suppliers' operations from a social and environmental point of view and to identify any incidences of non-compliance.

In 2023 Ratti SpA BC will implement a suppliers' portal which will also include an **ESG questionnaire** to be completed online by each supplier. This will be used to assess the supplier from a social and environmental point of view.

At 31 December 2022 Ratti SpA BC had 1,239 suppliers; of these **87.49% are from Italy, 7.75% from other European countries, 4.12% from Asia, 0.56% from North America and 0.08% from Africa**. With regard to Italian suppliers, **66.55% are located in the Lombardy region** and, specifically, **28.83% are in the Como area**.

The social accountability of the supply chain

The SA8000 standard requires procedures to be implemented that respect social accountability requirements for direct workers and for the **company's supply chain**. Compliance with the requirements relating to suppliers is ensured by obliging suppliers to sign a commitment to comply with the principles, by sending out a questionnaire and subsequently evaluating the responses, and by the supplier accepting the principles of the Suppliers' Code approved by the Board of Directors of Ratti SpA BC.

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

- **effectively communicate** the requirements of the standard to the management of suppliers, contractors, or private employment agencies and sub-suppliers;
- **evaluate** significant risks of non-compliance by suppliers, contractors, or private employment agencies and sub-suppliers;
- **take reasonable steps** to ensure that significant risks are adequately dealt with by suppliers, contractors, or private employment agencies and sub-suppliers,

and that subsequent action is taken with the appropriate priority;

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

Should a supplier not be SA8000 certified it will need to fill in an appropriate questionnaire.

To ensure the above, the Group follows specific procedures, during the initial choice of suppliers and during **regular assessments** of whether said suppliers are complying with the SA8000. In addition to these procedures, a **check-list has been introduced to evaluate health and safety, environmental protection and social accountability aspects of the suppliers** and, in 2022, a **specific audit plan** was put in place to evaluate suppliers from a social perspective.

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 BC and its Tunisian subsidiaries have implemented a social accountability management system, certified in accordance with SA8000 by an independent third party. In addition to compiling the checklist, suppliers are asked to fill in a self-assessment questionnaire in which the company's legal representative confirms compliance with the principles of SA8000. In 2020 a **specific declaration on forced labour** was also drawn up. Suppliers of raw materials from areas at risk were asked to sign up to this. With regard to the Textrom site most suppliers, given that they deal with purchases from Italy, are assessed in accordance with the Group's procedures. The small number of local suppliers comply with the national legislation in force.

Generally, as a result of a lack of regulations and laws to protect workers, including with regard to child labour, Ratti has limited its procurement from Bangladesh, Iran, Kenya, Guatemala, Honduras, the Philippines, Venezuela, Laos, Bolivia, Vietnam, Pakistan, Uzbekistan, Turkmenistan, Kazakhstan, Tajikistan, Syria, Iran and the Xinjiang region. The Ratti Group is constantly updating – in alignment with the market – the list of at-risk countries from which suppliers are not accepted. The only case of supply relationships with companies 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.

As things currently stand the checks carried out by Ratti have not revealed any cases of non-compliance by suppliers with human rights principles.

The environmental accountability of the supply chain

As already mentioned, the Group's purchases are almost all made by Ratti Spa BC, although

purchases of chemical substances and dyes, given their crucial importance to the Group, are all made by the Parent company.

To this end, for all suppliers of chemical products and services involving disposal of waste and fabrics, Ratti SpA BC carries out a specific environmental evaluation (*see the box "Commitment to protect the environment and the end-customer"*).

The Prevention and Protection Service and Chemical Management, also applying the provisions set out in the relevant procedure, carry out assessments of the suppliers of such products. They guarantee that, in purchases made by Ratti Spa BC, there are no substances that could lead to non-compliance with national and regional regulations and the most commonly applied certifications.

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

Ratti requests all suppliers of chemical products and dyes to:

- **sign a declaration of compliance with the REACH regulation**, in accordance with the most up-to-date list of substances, with regard to the properties of chemical products, dyes, articles and manufacturing processes. REACH (Registration, Evaluation, Authorisation and restriction of Chemical substances) is an EU regulation covering numerous chemical substances, with the aim of providing information regarding the hazardous properties of products, the risks connected with exposure and the safety measures that need to be applied. According to this regulation, in order to produce, import or market chemical substances, producers and importers are obliged to gather information on the properties of the substances, so they can be managed safely. This information should be forwarded to

the ECHA (European Chemicals Agency).

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

possible. The request to implement the ZDHC programme was also extended to all suppliers of articles and manufacturing processes in order to work with Ratti towards the gradual elimination of the intentional use of the substances included on ZDHC's MRSL list.

- **conform with For Textile certification**, the objective being to safeguard health with regard to textiles and to define the ecotoxicological specifics of products, formulates 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.



6



INNOVATION
AND
COMMUNITY





The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goals 1, 4, 9, 10, 12 and 17

6.1 Green and digital innovation

For the Ratti Group the area of innovation covers different types of intervention. Stylistic innovation – of design, of the product – incremental innovation, also followed by the line for “inter-work” with suppliers, technological innovation, innovation generated by research and development projects.

Innovation is generated as much in projects developed within the company as in partnership with businesses, universities and research centres. In such an environment constant monitoring is essential, as are relationships and exchanges with the fresh and young universe of startups, an inexhaustible mine of creativity, originality and new perspectives.

With the aim of coordinating the wide field of initiatives and projects the **Innovation Board** was set up in September 2022. The Board consists of the Company’s CEO, the Business Unit Innovation Manager, the Supply Chain Manager, the IT Manager, a Business Unit Manager, the Sustainability Manager, the CFO and the Legal Manager (CLO); the Board guides and monitors activities and sets priorities.

The guidelines which set the direction of innovation policy in Ratti and the design of the business may be summed up in the words **green and digital, green transition and digital transition**. A **sustainable and circular company** in terms of materials, manufacturing, services, and the perennial tension between **innovation and new compliance**, alert to the potential offered by the new frontier of circular textiles. A business which offers **digital relationship models** to its customers

and which transforms manufacturing from automated to **digital and intelligent**, integrating IT and machinery, developing algorithms, using new tools and technology, and always on the lookout for new business models.

When it comes to associations focusing on innovation, Ratti SpA BC is a member of the Lombardy Region clusters Associazione Fabbrica Intelligente Lombardia (Lombardy Association of Intelligent Factories) and Chimica Verde (Green Chemicals); it sits 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) and on the board of the Made in Italy cluster, which is a public-private alliance which encourages cooperation between the world of research and fashion businesses. It works towards sustainable growth in the sector, in line with the strategic agenda of the EU. Ratti SpA BC is part of the “Rehubs di Euratex” project (<https://euratex.eu/rehubs>) for upgrading recycling technologies in dedicated centres (hubs) and, finally, it is a founding member of the Retex Green voluntary consortium promoted by SMI (the Confindustria association of textiles and fashion companies) set up in March 2022. The consortium deals with the management of textile waste and supply chain circularity.

Innovation projects

Selecting the best innovative startups operating in Fashion Tech in Europe and beyond, and accelerating their growth through mentorship and business development programmes, putting them in contact with investors and other businesses: these are the objectives – which started in 2020 and continued in 2022 – of the Startup Bootcamp

To do this, the Ratti Group:

- commits itself to innovation, developing projects which promote creativity and technological progress, continuously enhancing effectiveness and efficiency;
- invests in the future of the younger generations, working directly with schools and universities whether in Italy or abroad, as well as with associations which help young people to enter the world of work;
- promotes the enhancement of the local and regional community, supporting growth in developing countries through entrepreneurship;
- works with specific partners to help those in the greatest difficulty and the most socially disadvantaged categories;
- participates in events and conferences to promote its new sustainable and accountable production model based on the concept of the circular economy;
- promotes and encourages multilateral partnerships between public and private bodies which share knowledge, expertise and technologies in the sustainable development of the global economy.



initiative which included Ratti SpA BC as one of the project's partners. The programme accessed the knowledge of startup partners committed to developing business projects focused on technological trends involving the fashion value chain. Ratti has met with a number of startups operating in the textile and digital area and, with two of these, has launched specific projects.

The first is the **Twin One project**, which makes it possible for various corporate divisions to create a digital twin which can be used in various commercial and communications environments without the need to produce a physical sample. The application manages a library of fabrics to which it applies designs from the digital archive. In this way a "digital twin" may be exported as a "simulation" of a Ratti product on supports used for internal purposes (e.g. e-commerce websites, marketing, testing) in both a 2D and a 3D modality. The system will provide a map of physical appearance as well as the technical data needed to "input" the accompanying fabric/design, so that the fabrics are also available to applications in the metaverse.

Ratti SpA BC carried out the second project in partnership with an Italian startup and the Marzotto group. This was a **POC** (proof of concept) for checking the quality of unfinished fabrics with the aid of **computer vision and AI software**. The POC was tested on a vast range of fabrics of various types with promising results. For 2023 Ratti SpA BC is assessing the implementation of a full pilot study, because a successful outcome could greatly improve the interception of defects in unfinished fabrics and could offer greater control over the company's suppliers.

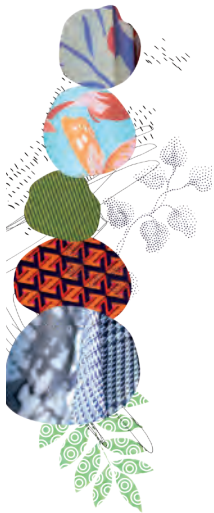
A further innovative project is the extended adoption of the **SAP system** in the company, born

out of a need to replace the company's various management systems, based on AS400s, with a single ERP system covering core processes. This system is already present in the areas of administration, finance and control and will be extended to active cycle processes, passive cycle processes, operations, logistics and quality. The transition to SAP will enable the company to adopt a technology that is in step with the times, ensuring it can adapt to increasingly pressing scenarios such as traceability, sustainability and supply chain integration can be addressed. At the same time,





The learning provided by these projects has reinforced the system of expertise of the company and the experience matured has led it to adopt a governance body for innovation. This was crystallised in the decision to set up the Innovation Board.



system consolidation and process standardisation will delineate a pathway towards rationalising activities, with the objective of maximising efficiency and reducing the time taken to respond to customers. In 2022 the analysis was completed and, at the same time, the system development and configuration began.

Of the aforementioned projects, SAP is supported by substantial documentation attesting to progress made and the deliverables achieved in various areas. This also applies to Project Twin One, developed in accordance with tried and tested project management methodologies. For other projects, such as those relating to the development of a computer vision, which are still at an early stage and which constitute industrial research/experimental development projects, a proof of concept needs to be developed – i.e. a test of the ideas underpinning the project.

The learning provided by these projects has reinforced the system of expertise of the company and the experience matured has led it to adopt a governance body for innovation. This was crystallised in the decision to set up the **Innovation Board**.

Finally, this year Ratti SpA BC has once again chosen to be a **partner of TEDxLakeComo**, now on its 12th edition. The goal is to support and enhance the value of ideas and their diffusion

in a constructive and welcoming environment, and to **promote a real and virtual community which is sensitive to the themes of innovation**, understood in its widest sense, and which is motivated to participate in the renewal of the region and of the country. The theme for 2022 was "Equal – Unequal" and was an important opportunity to meet, discuss and seek to respond to extremely profound questions on the topic such as, for example: *"When does diversity become inequality? What will the impact be of the exponential development of new technologies? But, most of all, who is going to govern diversity? Will we manage to live together in a way that is equal yet diverse?"*.

6.2 Ratti, adding value to the community and the region

For the Ratti Group, the social dimension, aimed at people and communities, represents one of the cornerstones of its strategies. Ratti is constantly committed to maintaining solid links with the community, enhancing skills in the region and getting involved in partnership projects. Ratti pays the highest level of attention to relationships with institutions, associations and the individual stakeholders involved in various projects

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

Collecting the opinions and views of the Group's external actors who, in their different ways, are involved in the process of gathering feedback from projects, is a way of assessing the effectiveness of initiatives undertaken. Such initiatives are discussed within the permanent working group on sustainability.

One way of checking on the effectiveness of actions undertaken in the area of sustainability, and which is less exposed than others to the risk of being self-referential, is the system of recognition and awards given to the Group's external actors.

To this end, Ratti SpA BC appears in the 2022 ranking presented by the Corriere della Sera, Pianeta 2030 and Statista, as regards the 100 most green and eco-friendly Italian companies – those that pay attention to the climate and to environmental sustainability.

In addition, another joint initiative between the Corriere della Sera, Bologna Business School and Aiccon assessed and presented awards to the 74 companies which gave the best account of their non-financial commitments and performance. Of these, Ratti SpA BC received an **award for the process it followed when drafting its Sustainability Report** and for the way the document is transparent, clear and able to effectively communicate the sustainability strategy to all stakeholders.

In addition, the National Chamber of Italian Fashion (CNMI), in partnership with the EFi of the United Nations, an International Trade Center programme and with the support of the Ministry of Foreign Affairs, the ICE Agency and the Municipality of Milan, organised the awards ceremony for the **CNMI Sustainable Fashion Awards 2022**. The awards were given to deserving individuals and organisations who, in the world of Italian and international fashion, have distinguished themselves by their commitment to sustainability in the highest sense of the term, vision, innovation, commitment to craftsmanship, recognition of diversity, the circular economy, human rights and environmental justice.

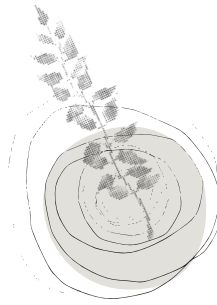
On this occasion **Ratti SpA BC received a special mention for the programmes associated with the Ethical Fashion Initiative** (for further information see within Chapter 6 the paragraph dedicated to partnerships that do good, the project: "Ratti and the Ethical Fashion Initiative").

Finally, at the annual conference of the ITMF, held in September in Davos, Switzerland, the project "Rehubs Initiative for fibre to fibre Recycling in Europe" was one of the **winners of the 2022 ITMF Cooperation Award**. The prestigious certificate of recognition was awarded to those companies, including Ratti SpA BC, which had contributed to the project (for further information about the project see Chapter 5, paragraph 5.3 "The circular economy and waste management")

Ratti's commitment to smart communication

Internal and external communication is an activity of primary importance to the Ratti Group. It draws attention to the activities and results of the Group and creates value, involvement and motivation among the employees.

The Group's reputational capital is created through channels of communication, which must select messages and content and identify channels and tools that are appropriate and effective, and



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in harmony with the development of the digital mode. In this context it is particularly important to include communication of the product, as this conveys the innovative content of the Ratti offer.

In 2022, as had been the case in previous years, the digital marketing and communication policy focused on the implementation of digital assets and new platforms supported by omnichannel communication strategies.

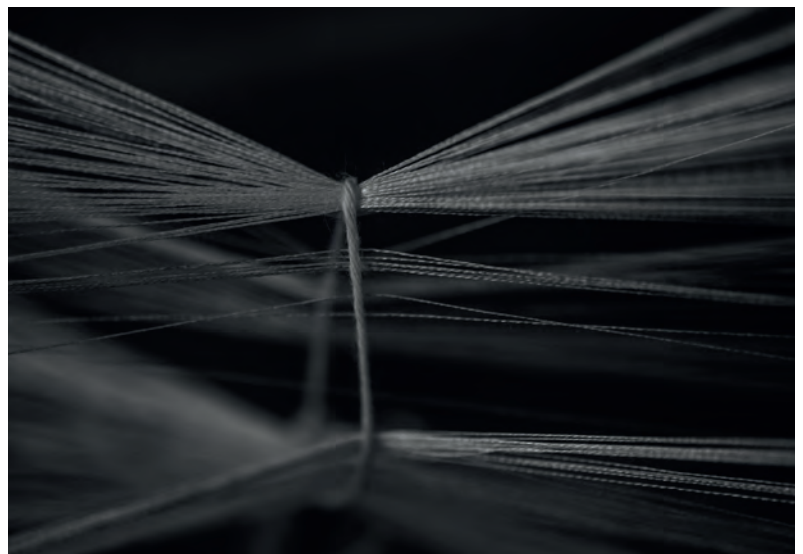
In such an environment two working guidelines can be identified:

1. adapting our product offer to the needs of the market and requesting greater **digitalisation** in terms of both offer and process;
2. supporting the opening of new pathways for **innovative business models**

During 2022 all digital marketing and communication activities followed a precise strategy aimed at following the above-mentioned guidelines.

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

Alongside an analysis of its social media profile and any developments on the company's website, Ratti works with Eco della Stampa to monitor and assess its presence in the world of both traditional and digital communication, carrying out a monthly press review. The press review is a tool used to



promote the Group's activities in magazines and newspapers. This is useful not only for measuring the Group's visibility, it also makes it possible to understand the positioning of the Ratti brand, offering insights which can be used to support sales and marketing activities.

Schools, universities and training

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

- scouting for talented young people to take on as interns;
- offering them support with their dissertations;
- supplying fabrics and pattern books for workshops or courses;
- providing technical sponsorship for events, exhibitions and competitions organised by schools and universities;
- organising guided tours of the company.

Every year, in fact, Ratti SpA BC throws open the doors of its premises, organising **ad hoc company visits**. The idea is to explain the complete production cycle, from initial design to printing the fabrics. Tours are guided directly by plant managers and are aimed at Italian and international fabric institutes as well as universities and fashion academies from around the world. In addition, Ratti SpA BC participates in **training workshops** which nourish relations with the students.

As a **partner of the TAM network**, Ratti SpA BC supports the professional development of students in the textile sector by means of teacher training, study bursaries and internships in the company. The TAM network is a national network of institutions of the textile, clothing and fashion sector and consists of a number of academic institutions throughout Italy. Ratti's experience allows it to provide experts specialised in the textile and fashion sector, promoting skilled labour in one of the most important economic sectors in Italy and one which brings "Made in Italy" to the whole world.

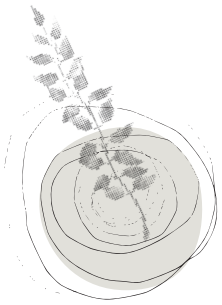
In line with one of its objectives, namely that of

nurturing the talent of designers emerging into the world of fashion, Ratti SpA BC has decided to participate as a **partner in Milano Moda Graduate** (Milan Fashion Graduate), whose show opened the summer edition of Milan Fashion Week. The aim of the project, which was launched by CNMI in 2015, is to celebrate and promote the excellence of Italian fashion schools at both national and international level. The finalists of this edition of Milano Moda Graduate were selected by CNMI with the support of a prestigious jury. They presented their creations on the runway at the ADI Design Museum in Milan. Ratti believes its partnership with CNMI and, in particular, with the students at Milano Moda Graduate, to be an important asset which could enhance the culture and talent of these young designers. These partnerships are a unique opportunity to provide knowledge. They often leave a tangible mark on the students' academic journeys through the creation of custom-made projects which are also "sewn and hemmed" on the basis of their own expectations.

The **State University of Milan has chosen Ratti SpA BC** to speak, as a part of the "New Business Startup" of the Faculty of Economics, on how to launch a new business and the highly uncertain process this involves. Traditional lectures were combined with a strong link with entrepreneurial ecosystems, and students learned how to develop a business plan. In particular, **Texun was presented as an example of a startup**, showing its genesis, the research and experimentation phase and the process of launching it on the market.

As it had in 2021, Ratti SpA BC took part in the **second edition of "Fashion Talent Days" promoted by Confindustria Fashion**: a digital trade fair which puts talented young people in touch with the most important Made in Italy fashion houses. During these three days companies and talented young people had an opportunity to meet and get to know each other, with the emphasis on the type of encounters and dialogues that always provide opportunities for growth. Participants at the fair included young people on their first job, coming from technical and professional institutes, fashion schools and universities throughout Italy, as well as young professionals who were already experts in their field and who were looking for enhanced opportunities for professional growth. While participating in this event Ratti SpA BC itself also offered a number of positions.

Fondazione Setificio, in partnership with textile companies in the Como region, organised a



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course to update teachers in the area of textiles

from Istituto Setificio Paolo Carcano di Como. The programme, which has been in place for a number of years, brings to the school the latest updates to production methodologies in the sector.

Textile companies from the Como region offer their support in order to offer practical lessons to teachers, directly on their production sites.

These start with the 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.

In addition, in 2022 the foundation organised **training courses for students** in textiles chemicals at the Setificio. Technical experts from the various companies, including Ratti, gave lessons on the various processes of printing and weaving.

In 2022 Ratti also continued its partnership with **Accademia Costume and Moda (ACM)**. Together they **took part in the last edition of Fashion Graduate Italia (FGI)**, an event organised by Piattaforma Sistema Formativo Moda Ente del Terzo Settore (ETS), which brings together the best Italian institutions and academies for post-diploma training and which is aimed both at students and at everyone who is passionate about fashion. During FGI nine graduates of ACM, who had been enrolled on the last edition of the Master's in High Fashion, Fashion Design, presented their project/collection: an absolute tour de force, a mirror of their own creative identity and a starting point on a journey towards a new vision of the world of high fashion.

In addition, **Ratti SpA BC also participated in a Master's** (Fabrics Innovation Design) which ranged from a study of the evolution of design, to the techniques used to acquire expertise in raw materials, through to the technological and experimental aspects of high fashion. The objective of the Master's was to mould a professional figure, who would provide crucial support to the creative management of a collection, and/or a new generation of designers in a variety of textile environments.

The Master's follows a methodological approach which blends together research and technical aspects and which builds expertise. It also encourages experimentation in materials, finishing and embroidery. The relationship between the creative figure and the supplier is a synergy which,



In 2022 there were various partnerships with players in the local region in support of projects associated with corporate social accountability. Some of these initiatives, apart from having a social impact, also seek to make a positive contribution to the environment and to the local economic and productive fabric.

if combined with the right skills, produces results which are extraordinary, unique, and always innovative. The Master's in Fabrics Innovation Design seeks to offer a programme based on culture, on knowledge, on the development of creativity and the use of innovation in order to produce designers and professionals who can offer important support to creative directors in developing collections and who will be able to dialogue effectively with textile and manufacturing companies.

The Master's is structured in a way that **integrates research (both technical and conceptual) within the practical element** which is the main part of the course. The goal of this specialisation is to offer graduate professionals all the tools they need to **create new materials, and to use processes and techniques to generate fabrics following a sustainable and innovative approach**. The companies which work together on training projects of this type will make a contribution by offering lessons on the specific characteristics and excellence of their activities in the textile area. They will provide samples for the lessons and will allow visits to the companies and the archives. They will 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.

Finally, Ratti SpA BC decided, once again, to **partner with FIT in New York**, organising lectures about Italian manufacturing excellence, in which experience and technology cohabit, as do sustainability and quality. The lectures were structured to take the form of a journey that started with Ratti's historical archives, the starting point of any creative exploration, before moving on to the topic of research and experimentation involving new sustainable materials, and finally the technical aspects of production.

Partnerships that do good

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

In 2022 there were various partnerships with players in the local region in support of projects associated with corporate social accountability. Some of these initiatives, apart from having a social impact, also seek to make a positive contribution to the environment and to the local economic and productive fabric.

COOPERATION WITH CIVIL PROTECTION: Ratti SpA BC and Civil Protection – the "Alpini" section of Como – working together to stress the importance of spreading a culture of paying attention to others. This is an initiative aimed not only at sharing objects such as cots and mattresses, but also values and objectives that promote the concept of being responsible citizens and companies. The objects donated by the company were used to enrich the already significant **civil protection structure in Como**. The objective of this donation was to reinforce the link between these two realities present in the local region and to seek to spread a solid and shared culture of resilience, whose end goal is the protection and wellbeing of the entire community.

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

SUPPORT FOR UKRAINE: Ratti SpA BC organised an internal collection of foodstuffs, medicines, clothes and other essential goods which were delivered to the "Esarcato Apostolico" of Como in support of the Ukrainian people. In September **six Ukrainian women**, who had sought refuge in Italy after the war broke out, **were hired by Ratti SpA BC** to work on digitalising the archive. The initiative had two objectives: on the one hand to **support the transition from an emergency phase to an integration phase**, supporting people

through work and, on the other hand, carrying out an activity which is of key importance to the Group itself: the conservation and digitalisation of Ratti's creative heritage.

SUPPORT FOR WOMEN THANKS TO Go5: Go5 is a not-for-profit association, set up thanks to the efforts of a group of former patients at the Institute of Tumours in Milan. Its main objective is to finance projects and initiatives to support and accompany patients at the institute, helping them to deal with problems that could arise from their illness and seeking to lighten their journey as much as possible. Projects taken on by Go5 in 2022 included "Il filo di Arianna", an initiative set up together with a team of psychologists and oncologists at the National Institute of Tumours and aimed at women experiencing metastasised breast cancer, helping them to rediscover the equilibrium they need to continue to live a normal life. Ratti SpA BC participated practically in the project, making available the fabrics which had been used by the inmates of the high-security wing in Vigevano in partnership with Caritas, to make bags, turbans and other accessories designed by Helen Field. The proceeds from the sale of these objects were donated to the association. .

COOPERATION WITH PENNA NERA: As always, the growth of a business does not arise only out of financial considerations, but also depends on the trust of those involved, on the sharing of values and projects, on a journey which reconciles progress and social wellbeing, through approaches and initiatives which are increasingly inclusive. For these reasons Ratti SpA BC has decided to work with the Penna Nera cooperative, the primary aim being to **combat waste, enhance the associations and bodies of the local region and, last but not least, offer support to people with disabilities**. As far as the last point is concerned, it is not the disability that defines a person, but rather the way the challenges presented by the disability are managed. This is the idea behind the initiative with the Penna Nera cooperative: understanding and involving people with diverse outlooks and expectations to breathe life into a project of "de-sampling" old collections so that paper and plastic scraps can be separated and cloth reused. In this way a "capsule collection" is created from old fabrics, and all the proceeds from this are donated to the cooperative.

RATTI AT APRITIMODA: On 22 October Ratti SpA BC took part in ApritiModa, an initiative offering an incredible journey behind the scenes of high-level fashion and craftsmanship, our "Made in Italy" which is the envy of the world. Now on its

sixth edition, and building on the ever-increasing success of its original proposal, ApritiModa opened its doors to the public again in 2022, unveiling the marvellous places in which clothes and accessories are born, not just those of brands famous throughout the world but also those produced by companies which may be little known but are real treasure troves of Italian savoir-faire. Working with ApritiModa, Ratti SpA BC offered free guided visits open to all, pre-booked and in total safety. This was a unique experience which unveiled the secrets of a sector which is testimony to Italian quality throughout the world and is also one of the great pillars of our economy.

PROJECT FOR PEOPLE AND RATTI TOGETHER TO PRODUCE A CAPSULE COLLECTION WITH WAX FABRIC:

Paying attention and respect to savoir-faire as an art form has deep roots. If these are then planted into an environment with concrete experience of social inclusion, a product is born which marries tradition, experience and the flavour of things made in art.

Ratti SpA BC and Project for People, an association that for 28 years has operated in the field of health, education and finance to support mothers and their children in Bénin, Brazil, India and Italy, have come together in partnership to



Ratti and the Ethical Fashion Initiative

Social sustainability goes beyond the limits of the company and the local community and extends to the neediest areas of the world. It is precisely in this environment that the partnership between Ratti SpA BC and the Ethical Fashion Initiative (EFI), a programme of the International Trade Centre of the United Nations, is located. The remit of the initiative is to combine brands and global fashion talent with a tradition of textile craftsmanship which goes back hundreds of years in some of the poorest areas of the world. The goal is to support economic independence, employment of women, and the fight against poverty.

"No charity, just work" is the hashtag of the initiative. The EFI has chosen Ratti SpA BC for its creative capacity and its business know-how. Ratti is supporting the promotion of manufactured articles and is contributing to the transition to the "just work" of the initiative. The prospect of earning a wage from the objects they manufacture is, for the local community, becoming a reality.

In 2020 Ratti SpA BC and the EFI signed a partnership agreement based on the shared objectives of the United Nations' sustainable development goals and inspired by the principles and logic of the International Bill of Human Rights. In particular, Ratti SpA BC is committed to The Peace Scarf, a programme featuring silk scarves from Afghanistan, the Faso Dan Fani programme, featuring fabric from Burkina Faso which is a symbol of national pride, and the Bogolan programme, featuring cotton fabric from Mali with motifs created using natural colours and fermented mud.

In detail, 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 work had been completed to fine-tune the product, in 2021 The Peace Scarf found its place in the collections of an Italian luxury brand. However, the difficult socio-political situation in Afghanistan has put the brakes on the project. Fortunately, in 2022 the project continued with Burkina Faso where the EFI is supporting 15 laboratories which produce Faso Dan Fani, the fabric made from Burkinabé cotton. It was precisely this exploratory mission among the fashion houses of the country in 2019 which was the start of the activities of Ratti and the EFI in support of better organised production processes and the promotion of products on the international markets.

Over the years much work has been done on dyes to guarantee the quality and technical performance of the products. Dyeing processes have been studied and consultancy has been provided on operational aspects. This has improved the efficiency of the looms and led to improvements through mechanical solutions. Colour cards were created, the most suitable yarns were selected to produce the product and chemical compliance was checked to ensure that products can be used in international markets. Finally, in 2022 Ratti SpA BC joined up with the Ferragamo brand – who are due special thanks for being the first label to embrace the project – and added Burkinabé fabrics to their collections, enabling the transition from "charity" to "just work". On 25 September, at the awards ceremony of the 2022 Sustainable Fashion Awards organised by CNMI, Ratti received a "Giving Hope" special mention for the programmes it has undertaken for the EFI.



support a **social tailoring workshop** managed by professionals coming from various countries in Africa. They will produce a **collection of bags and unique accessories**, united by a unique and exclusive "red yarn". Ratti wax cotton can adapt itself to any form of hemming, creating the basis for the work of Project for People who, adding it to jeans fabric, create a collection of unique bags and accessories. These are born out of study and research to show the signs which mark the difference between one bag and another and which are almost works of art. The new joint collection does indeed celebrate uniqueness: each piece recounts a beauty which is out of the ordinary. It becomes, in everyday life, an object which is able to solicit emotions in which quality is also measured in an ability to develop projects alongside mothers and children who are going through the most difficult phases of their lives.

Ratti and the Foundation supporting culture

The Antonio Ratti Foundation was born out of the desire of its founder to share his passion for art and fabric. Over the years it has become a place where scholars, artists and intellectuals have always been able to deepen their research and produce new work, as well as get in touch with the main institutions and all those who are passionate about art.

Founded in 1985 and chaired, today, by Annie Ratti, it is a not-for-profit organisation aimed at disseminating the culture of beauty to the public at large. It enriches creativity with new languages and new experiences, making the collections of antique textiles in its archive available to the increasingly numerous exhibitions organised both in Italy and abroad.

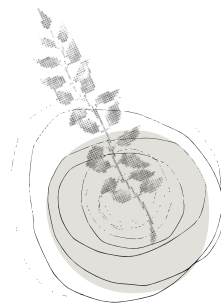
Today, in the spaces of Villa Sucota, which may also be reached by the **Chilometro della Conoscenza**, (Kilometre of Awareness), the Foundation houses a collection of antique fabrics which were collected by Antonio Ratti throughout his life. More than 3,300 textile fragments and 3,000 pattern books, across centuries and cultures, trace a historical journey that goes from archaeological fabrics to the experimentation of the 1900s.

From the Kuba fabrics of the Republic of the Congo to the velvet of the Tuscan Renaissance, from the Coptic fragments of the Third Century to the brocades of the Eighteenth Century, from Indian and European cashmere shawls to pattern books of companies active in the 1800s, the textile



3,300
Textile fragments

3,000
Pattern books



The Foundation houses a collection of antique fabrics which were collected by Antonio Ratti throughout his life.

collections of the Antonio Ratti Foundation traverse the centuries and the most remote parts of the world, becoming a source of study and awareness of the present **open to anyone who wants to go more deeply into the topic.**

Aware that successful industrial production must always have a strong cultural base, Antonio Ratti promoted fabric in all its manifestations, paying particular attention to history and to the various cultures of the world. He always remained open to new production, technological and geopolitical frontiers. In 1995 the Foundation also contributed to the creation of the **Antonio Ratti Textile Center at the Metropolitan Museum of Art in New York**: a space of 2,300 m³ housing the textile collections of the American museum.

In addition, the not-for-profit organisation Fondazione Provinciale della Comunità Comasca selected and co-financed the Ratti Foundation's project **to restore and digitalise the pattern books of the Como manufacturer Guido Ravasi**. The volumes, containing test cards from the 1930s, speak of a Como-based company which was a pioneer of the silk industry. They are therefore representative of industrial production in the early 1900s. The state of conservation of the volumes was extremely fragile, and without dedicated action there is a risk of losing this heritage. The objective is 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. Action will therefore be taken to restore the volumes, followed by a digitalisation campaign of the findings. It will then be possible to consult these findings on the Foundation database. The success of Antonio Ratti Foundation's candidacy in the tender was made possible by the donation from Ratti which, right from the start, recognised the value of the restoration project and supported it, sharing the costs and, in this way, making financing possible.

7



GOVERNANCE AND MONITORING OF CORPORATE ETHICS AND RISK MANAGEMENT



Ratti SpA BC has been listed on the stock market (Mercato Euronext Milano) as an SpA (joint-stock company) since 1989. It has a system of corporate governance which complies with the Code of Corporate Governance

7.1 The governance structure of the Group

Ratti SpA BC has been listed on the stock market (Mercato Euronext Milano) as an SpA (joint-stock company) since 1989. It has a system of corporate governance which complies with the Code of Corporate Governance and is organised in accordance with the traditional model of administration and control which requires a Shareholders' Meeting, a Board of Directors (BoD) and a Board of Statutory Auditors. The company has a Supervisory Body and includes the Internal Auditing function.

The reporting activities are audited by an independent third-party company. With specific reference to the non-financial declaration

(DNF), the mandate of the auditing company is implemented on the basis of the principle ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This requires procedures to be planned and followed with the aim of acquiring a level of limited certainty that the DNF does not contain any significant errors. In particular, to ensure this is the case interviews and discussions are held with the company's management and, where considered necessary, with other bodies of the Group. In addition, document checks are carried out in order to gather information about processes and procedures which facilitate the gathering, aggregation, elaboration and transmission of data and information of a non-financial nature.

Ratti SpA BC carries out **strategy, coordination and control** activities in accordance with Article 2359 of the Italian Civil Code; for that reason all the operations of particular strategic and financial significance of Ratti SpA BC (and the entire Group) are subject to the collective examination and the exclusive approval of the Company's BoD.

The members of the BoD of Ratti SpA BC, as well as some executives who cover strategic roles, are involved in the administration of other companies in the Group, ensuring the appropriate participation of the associates in governance decisions. In particular:

- **Ratti International Trading (Shanghai) Co. Ltd** has Thierry Cusinato 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

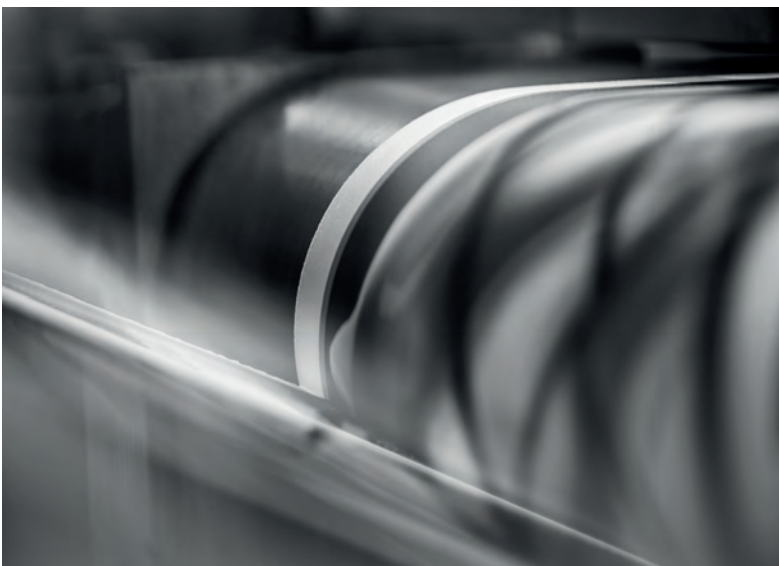




FIGURE 8 – The administration and control model of Ratti SpA BC

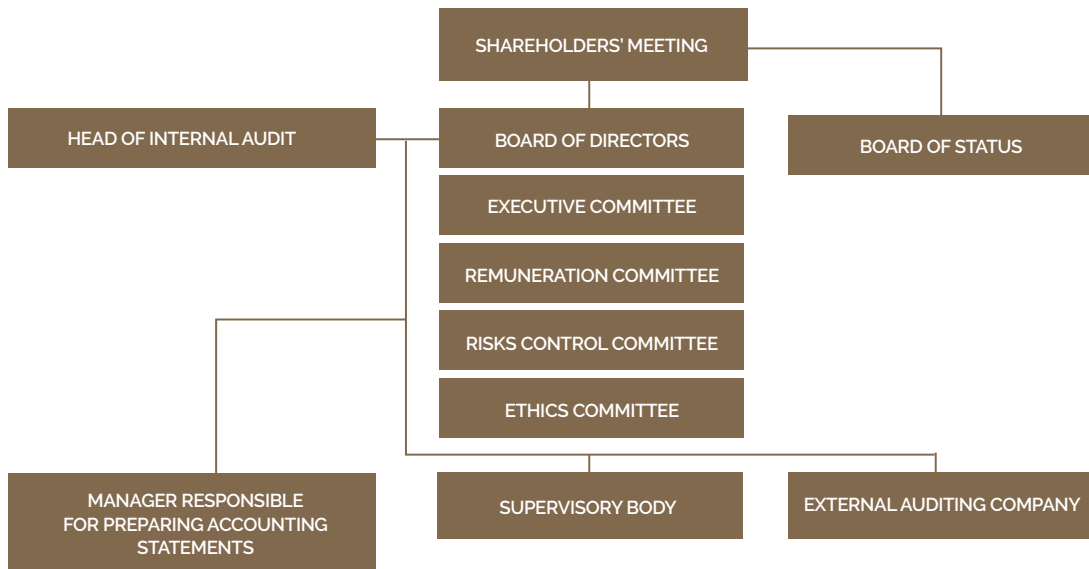
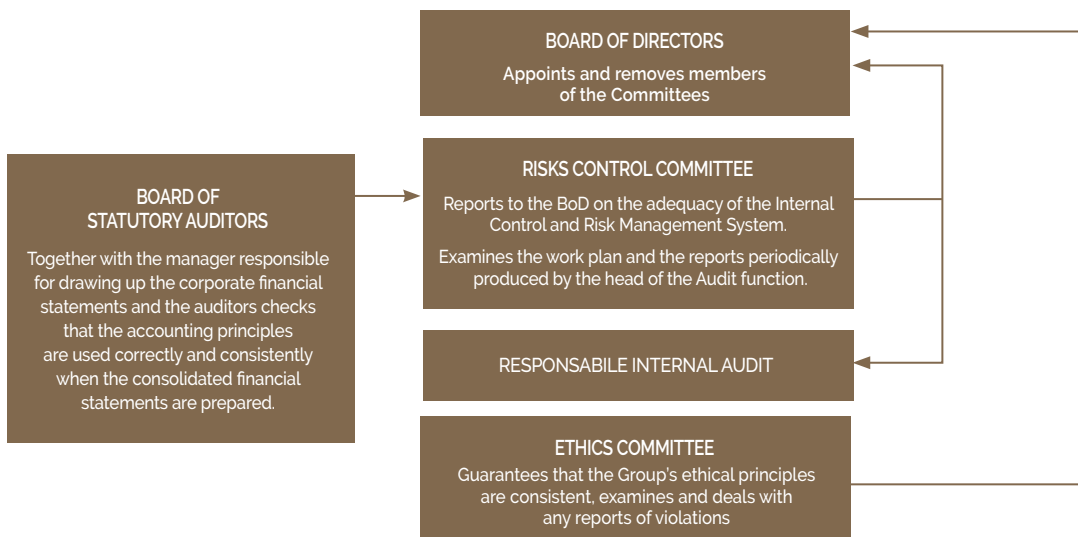


FIGURE 9 – Monitoring the governance of the Ratti



Director, who exercises all powers of administration. The sole Director's mandate does not have a pre-defined expiry date;

- **Creomoda Sarl** has as joint directors Thierry Cusinato and Ali Ghedamsi, who exercise all powers of administration. The mandate of directors has a three-year duration;
- **La Maison des Accessoires Sarl** has as joint directors Thierry Cusinato, Ali Ghedamsi and Béchir Tlili, who exercise all powers of administration. The mandate of directors has a three-year duration;
- The governance structure of **Ratti USA Inc.** consists of: Sergio Tamborini (Director), Michael Marchese (Director and Vice President), Andrea Randazzo (Director), Giovanna Tecchio (Treasurer) and Liberio Romano (Secretary), who exercise all management powers. The mandate expires on an annual basis.

The Board of Directors of Ratti SpA BC

Appointed by the Shareholders' Meeting, the BoD is the corporate body responsible for managing the company.

It consists of the **Chairman, the Deputy Chairman, the CEO** and **seven directors**, of whom two are independent.

General duties relating to **management powers**

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

In addition, the BoD is also responsible for **approving policies, strategies and objectives relating to the sustainable development** of the Group and for approving the annual Sustainability Report. Since 2022, the Group has also been responsible for approving the report covering the pursuit of mutual benefit by Ratti SpA BC as a benefit company.

Strategies and projects are reported to the BoD by Sergio Tamborini, CEO of Ratti SpA BC and nominated by the BoD to oversee the balancing of the interests of shareholders with the pursuit of mutual benefit and with the interests of all the stakeholders identified in the by-laws.

At least every three years the BoD carries out a detailed evaluation of its functions, size and composition, and performs the same task on the committees. In particular, the evaluation includes an assessment of the professional skills and gender balance of the various members. Over time, the members of the BoD, with regard to the specific competences of each member, and bearing in mind Ratti SpA BC's size and operations, have shown themselves to be aware of the powers and obligations inherent to the roles they have been asked to perform; to have the appropriate level of professionalism for the role they have been asked to cover; to also possess wide-ranging and diverse skills (knowledge of the local economy and the related market context, knowledge of the textile industry and its related market, skills in business finance, legal expertise); and to be able to dedicate sufficient time and resources to the role covered.

The Board of Statutory Auditors

The **Board of Statutory Auditors** consists of three standing (and two alternative) members nominated by the Shareholders' Meeting; it is the 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,

TABLE 2 – Composition of the BoD of Ratti SpA BC at 31.12.2022

The BoD, nominated by the ordinary Shareholders' Meeting of 28 April 2022 for three financial years, consists of:

Donatella Ratti (1)	Chair
Antonio Favrin (1)	Deputy chair
Sergio Tamborini (1)	CEO
Andrea Guaccero (3)	Director
Pierantonio Regeni (2 - 3)	Independent Director
Federica Favrin (2)	Director
Massimo Caspani (2 - 3)	Independent Director
Davide Favrin	Director
Giovanna Silvia Lazzarotto	Director
Cristina Marchesini	Director

(1) Member Executive Committee
 (2) Member Risks Control Committee
 (3) Member Remuneration Committee

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

The Executive Committee

The BoD has appointed an Executive Committee consisting of three members elected by the BoD, including the office of Chairman of the BoD and the CEO of the Company, plus a third member to be appointed by the Board. It may be convened either by the Chairman of the BoD 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 Ratti SpA BC or the Group**, according to the criteria laid down by corporate governance.

The Remuneration Committee

The Remuneration Committee, in accordance with the Code of Corporate Governance, consists of non-executive independent directors. **It evaluates the consistency and application of the policy for remuneration of directors and executives with strategic responsibility**, formulating proposals or expressing opinions on the matter.

The Remuneration Committee has been given the task of:

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

The Risks Control Committee

The Risks Control Committee consists of three members nominated by the BoD: non-executive directors of whom two are independent. The Committee monitors the observance and periodic updating of the Corporate Governance rules. In particular, **it assists the BoD** in carrying

The remuneration policy of the Ratti Group for senior roles

Remuneration policy adopts a fair structure. This involves a careful balancing of fixed and variable components, **avoiding imbalances** which could lead to behaviour which is not aligned with a sustainable performance and the risk profile.

Remuneration of directors always has a fixed component, which is decided by the Shareholders' meeting following a proposal from the BoD; for sole directors with specific roles, a variable component is added to the fixed component while, only for members of the Remuneration Committee and the Risks Control Committee, an attendance allowance is added for participation in the meetings of the respective committees.

Directors who are members of the Supervisory Body also receive fixed remuneration on an annual basis.

Directors are also entitled to receive reimbursement of living expenses incurred in relation to their role.

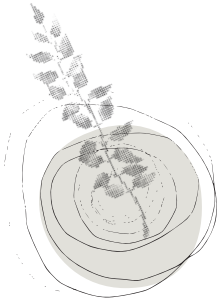
Meanwhile, the remuneration package for directors with strategic responsibility consists of an annual basic salary, incentives based on results (from 5% to 50% of gross annual salary depending on role) and other benefits typically associated with the role, such as company cars and supplementary medical services.

Finally, the approved remuneration policy precludes the possibility of stipulating agreements with directors and executives with strategic roles that determine their treatment if their roles/employment relationships are terminated. The only exception to this is the General Manager, who currently also covers the role of CEO

out its duties relating to **matters of internal control and risk management**.

More specifically, the Risks Control Committee:

- **evaluates**, having communicated with the director responsible for preparing the company's financial statements, the statutory auditor and the control body, that the accounting principles have been correctly applied and, in the case of groups, are in line with the draft consolidated financial statements;
- **assesses** the extent to which periodic information – whether financial or non-financial – correctly represents the business model, the company's strategies, the impact of the company's activities and the results obtained;
- **examines** the contents of significant periodic information of a non-financial nature for the purposes of the internal control and risk management system;



Ratti has nominated a Group Ethics Committee. This was established through a resolution of the BoD with a mandate for the period stipulated at the time of its appointment. Its task is to ensure the consistent application and diffusion of the Group's ethical principles.

- **expresses** a view on specific aspects inherent to the identification of the main corporate risks and supports the assessments and decisions of the BoD in relation to risks deriving from prejudicial factors which have come to the latter's attention;
- **examines** the periodic reports as well as those of particular importance prepared by the Internal Audit function;
- **monitors** the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- **may task the Internal Audit function** with the job of carrying out verifications on specific operational areas, at the same time providing communication of this to the chairman of the control body;
- **reports to the BoD**, at least on occasion of the approval of the annual and half-yearly financial statements, on the activities which have been carried out and the adequacy of the internal control and risk management system;
- **expresses**, giving reasons, a non-binding opinion on the interests of the issuer on the conclusion of translations with related parties, on the benefit and accuracy in substance of the related conditions and, periodically, on the validity of the procedure governing transactions with related parties adopted by the Company;
- **may carry out** further tasks it may be assigned by the BoD.

The Ethics Committee

In order to bolster the role of its Code of Ethics, since 2018 Ratti has nominated a Group Ethics Committee. This was established through a resolution of the BoD with a mandate for the period stipulated at the time of its appointment. Its task is to **ensure the consistent application and diffusion of the Group's ethical principles** contained in the Code of Ethics, and to investigate and **deal with any reports of violations or requests for clarification**.

Appointment as members of the Ethics Committee depends on the satisfaction of the individual requirements of honesty, integrity, respectability and independence, as well as the absence of any reason for incompatibility with the appointment in question, such as, for example, a

potential conflict of interests with the role and the duties associated with the position.

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

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

7.2 The bodies and the instruments that monitor corporate ethics

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

In their turn, these control bodies have access to a number of instruments and policies that ensure compliance with the Standards and appropriate Group behaviour, i.e. **the Code of Ethics and the Suppliers' Code** adopted by all the Companies of the Group, **Model 231 and the Social and Corporate Accountability Policies (which include aspects of safety, the environment, energy and quality)** adopted by Ratti SpA BC as well as the **Environmental and Social Accountability Policies** adopted 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 specialised external consultants when necessary.

If key internal functions are not present in the subsidiaries, the corresponding functions in Ratti SpA BC will supply them, providing consultancy services either in person or managed remotely,

making use of specialised external consultants if necessary. For Ratti SpA BC, managing significant risk profiles is in any case corroborated by appropriate evaluations carried out by the bodies which form part of the management and internal control system.

In addition, the Ratti Group has for some time been following a strategy of formally declaring its compliance in respect of social, financial and environmental issues. It has obtained and maintains a series of product and process certifications. It should also be noted that on 17 May 2022 Ratti became a benefit company, in accordance with Law 208/2015, adding the resulting clarifications and amendments to its by-laws and, in particular, adding to its corporate purpose the specific goal of mutual benefit which Ratti SpA BC is already pursuing and which it intends to continue to pursue.

As had already been planned for its subsidiary Ratti International Trading (Shanghai) Co. Ltd, in 2022 the Ratti Group launched a privacy compliance project in relation to the relevant current applicable Chinese law called "Personal information protection law". More time has been needed to complete the project than expected, but it is reasonable to suppose that it will be concluded in the first half of 2023.

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 of Ethics** 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. With regard to the project to update the Organisation, Management and Control Model 231/01 which began in September 2022 and which is expected to be completed in the first half of 2023, more detail is planned for the chapter relating to the conflict of interests in the Code of Ethics.

The Organisational Model and the Supervisory Body

Since 2006, Ratti SpA BC has had an **organisational, management and control model which complies with Legislative Decree 231/2001 ("Organisational Model")** and has appointed a Supervisory Body.

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

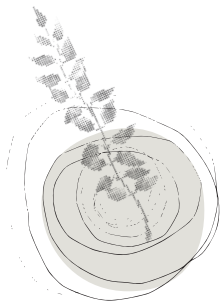


The Group's ethical principles

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

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

The Code of Ethics may be consulted by accessing the Communications area of Ratti's self-service Human Resources portal or the website www.ratti.it in the section: "Investitori / corporate governance / procedure e codici" (Investors / corporate governance / procedures and codes).



Since 2006, Ratti SpA BC has had an organisational, management and control model which complies with Legislative Decree 231/2001

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, the Risks Control Committee and the Board of Statutory Auditors; on a **six-monthly basis**, with a written report given to the Board of Directors and the Board of Statutory Auditors. Specifically, when the half-year and annual financial statements are approved, the Risks Control Committee, Internal Audit, the Supervisory Body and the Group Ethics Committee submit – each in relation to its area of competence – reports to the BoD explaining the activities they have carried out and expressing their assessment of the internal control and risks management system, emphasising any critical issues reported. In addition, the chair of each body participates in board meetings as an Independent Director.

FIGURE 10 – Characteristics of Organisational Model 231

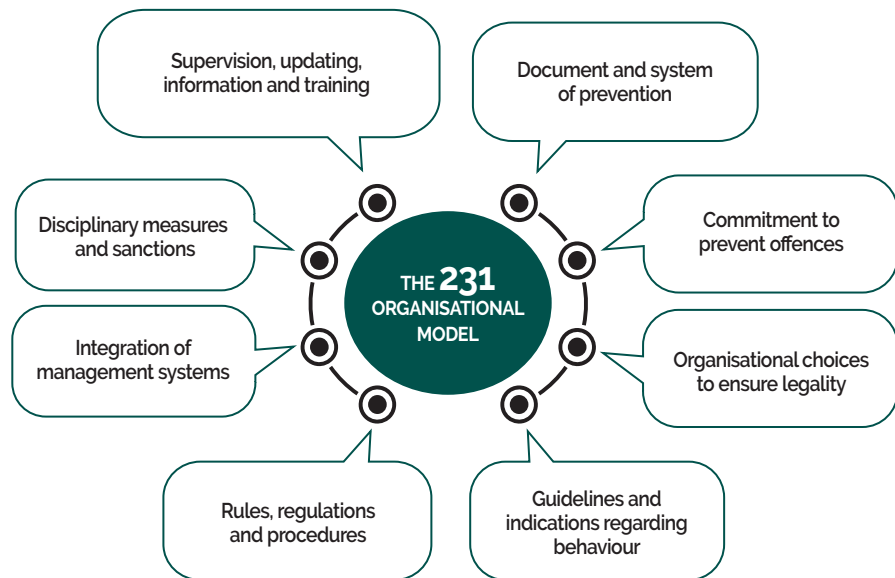
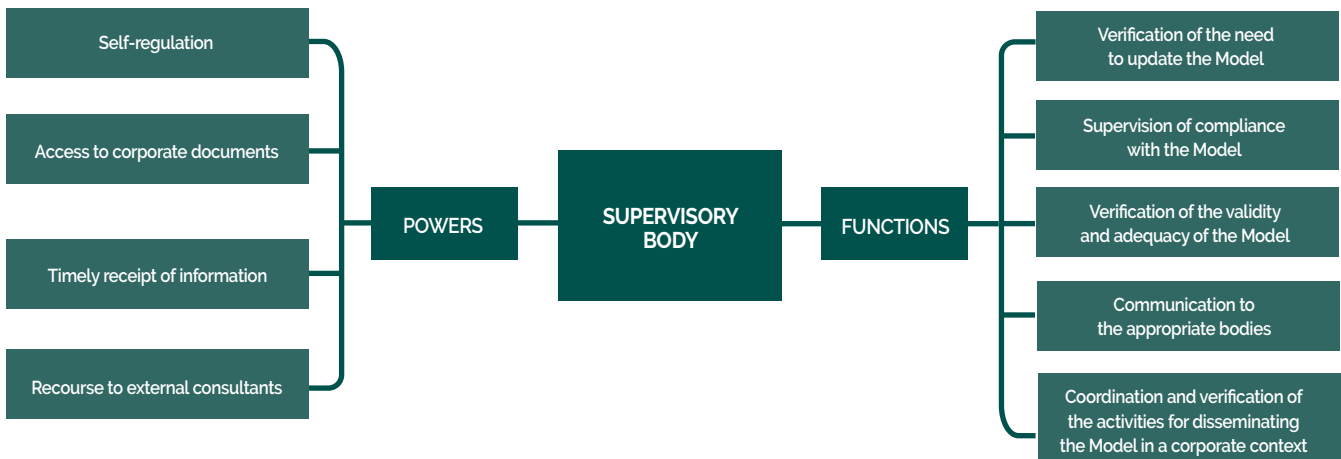


FIGURE 11 – Characteristics of the Supervisory Body



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**.

Reports which could come from Ratti Group stakeholders could concern breaches of the regulations, as well as suggestions for improving the Group's policies and processes. Some stakeholders (such as the RLS or union representatives) are involved in the processes of revising and improving the functioning of reporting mechanisms by participating in specific meetings organised by the Ratti Group.

The actions taken in response to complaints or doubts over the corporate actions of the Group – at least in situations which require confidentiality – are recorded in specific reports, while for cases involving non-anonymous reports the person who made the complaint is contacted directly to receive feedback.

As already mentioned, in September 2022 a project was launched and is expected to be completed in the first half of 2023. The purpose of the project is to update the Organisational Model, the Code of Ethics and the Suppliers Code and to draft the Group's anti-corruption policy.

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 BC. In particular, the Board of Directors of Ratti SpA BC defines the Group's strategic choices in accordance with the contents of Legislative Decree 254/2016, based on knowledge of the processes in other Group companies and the integrated system for managing risks (see the paragraph "The management of sustainability risks"), with the aim of providing a line of conduct to follow in the operating activities of the Group.

From March 2018, the Sustainability Committee set up in Ratti SpA BC, which meets regularly to develop plans and proposals for the Group, assumed the name, the characteristics and the functions of the "**Working Group on**

Sustainability". The Group, coordinated by Ratti SpA BC's Sustainability 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.

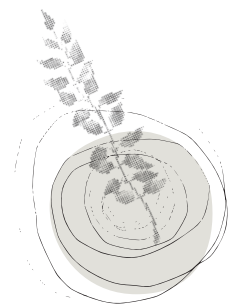
In 2022, the Working Group on Sustainability occupied itself with certifications, audits and assessments, analyses of consumption, taking part in programmes run by customers, associations and institutions, training the sales force, providing learning support to fashion schools, and social activities.

With increasing monitoring of aspects of sustainability, Ratti SpA BC has adopted a range of policies and instruments that have been communicated and implemented by the various companies of the Group according to the specific needs and various contexts in which they operate. The documents relating to the policies applied are available on the website www.ratti.it, on the company notice boards and, only in the case of Ratti SpA BC, published on the portal used by all employees.

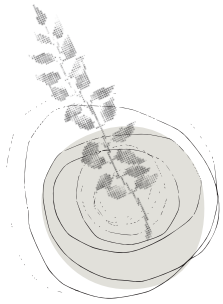
In particular, Ratti SpA BC, Creomoda, La Maison des Accessoires and Textrom have adopted their own **Social Accountability Policy** and, with the exception of Textrom, SA8000 certification safeguarding the **fundamental rights of persons**, with a particular focus on child labour, forced and compulsory labour, occupational health and safety, non-discrimination against workers during the recruitment phase and following hiring, freedom of association, etc.

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. In 2019, Creomoda updated its environmental policy to include the activities of the new company La Maison des Accessoires. In 2021, Ratti SpA BC also launched a study **analysing the climate change risks associated with the value chain**, also in relation to the **production chain**.

The management of personnel and the defence of human rights are covered in the **personnel and selection policies** of Ratti SpA BC, Creomoda, La Maison des Accessoires and Textrom. No discrimination of any type is



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.



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.

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 3 paragraph 3.4 "The welfare of our employees" and, in particular, the sub-paragraph "Safeguarding human rights").

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. Ratti SpA BC has signed a number of specific agreements with suppliers who operate in countries at risk. The objective is to avoid purchasing products coming from areas that run the risk of non-compliance with human rights (see Chapter 5, paragraph 5.4 "A virtuous circle of good practices").

With regard to social themes, for the Group **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 BC and Textrom monitor the chemical substances used to guarantee compliance with the prevailing legislation and the customers' specific requests, as stipulated in the product certifications obtained by Ratti SpA BC (see Chapter 4, paragraph 4.3 "A commitment anchored in the most advanced Standards"). The same attention is requested of suppliers, e.g. the request to comply with the Reach Regulation and Scheda24 For Textile.

The same attention is requested of suppliers, e.g. the request to comply with the Reach Regulation and Scheda24 For Textile. In this way, Ratti SpA BC ensures that products are manufactured in compliance with the European regulations and voluntary protocols safeguarding consumers.

With regard to **corruption**, Ratti SpA BC follows **Model 231/01**, updated to November 2018 (a further update is planned) and integrated with the **Whistleblowing Policy**. As requested by the Model, a **Supervisory Body** is also present. For the Group's other companies, the main monitoring methods are the **Group's Code of Ethics** and the **Group's Ethics Committee**, whose purpose is to receive and manage any reports of violations, including those relating to conduct that could violate the provisions of the Code of Ethics. In order to improve anti-corruption monitoring, the drafting of the Group's anti-corruption policy is scheduled for the first half of 2023.

7.3 Managing risks to include sustainability

The internal control and risk management system

Ratti SpA BC has an **internal control and risk management system** (ICRMS) which complies with the **Code of Corporate Governance**, to which it adheres voluntarily. The ICRMS focuses on the Ratti Group, although its activities also relate to the subsidiaries. Ratti SpA BC's ICRMS is represented by the sum total of the **rules, procedures and organisational structures** whose purpose is to allow the identification, measurement, management and monitoring of the principal risks, including those relating to sustainability.

The 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 **CEO** has the task of ensuring that the main corporate risks are identified, submitting these periodically to the BoD, and implementing the BoD's strategy through the ICRMS' planning, management and monitoring.

Ratti SpA BC has also established an **Internal Audit** department, which supports the BoD, the CEO, the Risks Control Committee and the management in carrying out their respective tasks in relation to the ICRMS. Other control bodies include the Supervisory Body, the Board of Statutory Auditors, the Manager Responsible and the Group Ethics Committee.

To maximise the efficiency of the ICRMS and coordinate the activities of those involved Ratti SpA BC, in compliance with the **Code of Corporate Governance**, has specifically separated control activities and has implemented various organisational practices, such as annual board meetings, regular reporting to the 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

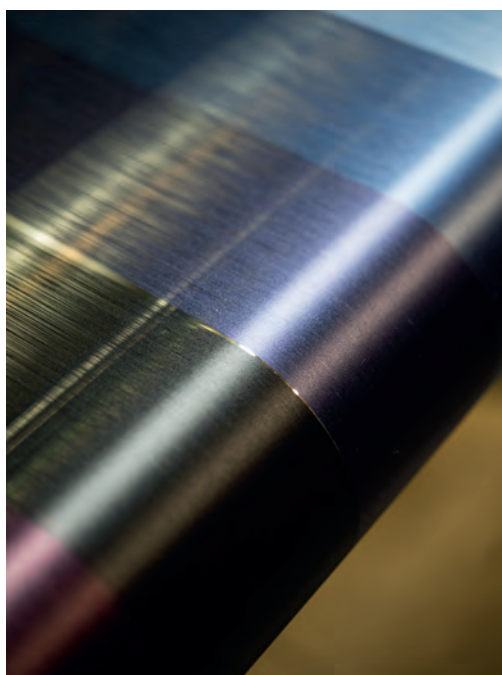
The regulations with regard to non-financial

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 BC to prevent such a risk is the **Organisation, Management and Control Model 231/01**.

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.

As mentioned previously, the last quarter of 2022 saw the launch of a project to update the **Organisation, Management and Control Model to reflect new criminal offences and, concomitantly, the Code of Ethics and the Suppliers' Code**. The conclusion of the project is scheduled for the first half of 2023.



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Given the delicacy of the topic, although no incidents of corruption have been signalled and/or reported, the Company has decided to **reinforce its monitoring activities** by adopting – in the near future and hopefully in the first half of 2023 – an **anti-corruption policy at Group level**.

In addition, the prevention of corruption is a topic that is also covered by the **Suppliers' Code** approved in 2018. The Suppliers' 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 Suppliers' Code could lead to the termination of the contract (*see Chapter 5.4 "A virtuous circle of good practices"*).

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

During 2019 the first levels of Ratti SpA BC received training on Legislative Decree 231/01 and the principles and contents of the Organisation, Management and Control Model 231/01 emphasising, 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 2022 training plan relating to the topics featured in the Organisation, Management and Control Model 231/01 and the Code of Ethics (with particular reference to the protocols for fighting corruption) involved all newly hired personnel. The training was carried out by Internal Audit on behalf of the Supervisory Body and the Ethics Committee.

The anti-corruption training and the limitation of the use of cash in commercial transactions and even then only in the presence of contractual agreements between the parties are the main protection against corruption. These processes are subject to checks carried out by Internal Audit.

In 2023 training will involve – in addition to new hires – senior management, executives and middle managers. It will focus in particular on the update to the Organisation, Management and Control Model 231/01, the Code of Ethics and the approval of the anti-corruption policy.

The management of sustainability risks and the impacts associated with these
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 BC, assisted by a team consisting of the heads of the Financial Administration and Control and Internal Audit functions.

The list and the description of the risks have as their starting point the analysis of the strategic risks and the risks mapped within the Integrated Management System (quality, environment, energy efficiency, the chemical management system, the customs environment), which was performed through a mainly qualitatively evaluation. In 2022, new ESG risks identified through a material analysis were added to the initial mapping.

The process, in accordance with the provisions of the GRI Standards (Universal Standards), identified risks of a financial, social and environmental nature which could have potentially negative effects.

The definition of such risks is based on an analysis of competitors and similar companies in the sector that published a non-financial declaration or a sustainability report in 2021, as well as the description in the guidelines of specific series of Standards (series 200, 300 and 400) that are examples of the risks associated with certain sustainability themes.

The same qualitative evaluation was applied to ascertain the probability that such risks might materialise and could, therefore, generate significant negative effects for the Group and its stakeholders.

The evaluation was carried out for all Group

companies. The Group's assessment was that risks of this type were not significant for Ratti USA and Ratti International Trading (Shanghai), given the dimension and nature of their activities. The analysis is carried out annually, on the basis of knowledge of processes, of any measures taken to reduce risks, of any verifications carried out, of reports received and any evidence which emerged during ordinary activities, as well as on updates relating to regulations in the area of sustainability reporting.

The materiality process has made it possible to integrate the analysis of risks with an analysis of opportunities, thereby also identifying significant positive effects for the Ratti Group and its stakeholders.

There now follows a short description of the positive impacts, the negative impacts and the risks associated with them, and the positive steps taken by the Ratti Group to reinforce the positive impacts and reduce or mitigate the negative impacts (*for a detailed description of the materiality process see the section "Methodological note" in this document*).

Impacts and risks of an environmental nature

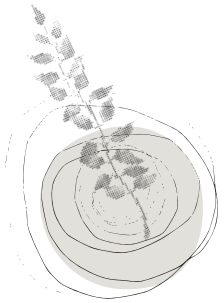
Environmental themes of importance to the Group include the attractiveness of Ratti to customers who are sensitive to environmental matters, the use of productive resources and the resulting impact on the environment.

Impacts of an environmental nature on relationships with commercial partners

The Ratti Group has, for a number of years, followed a virtuous pathway towards reducing its relative consumption of resources and widening its offer of sustainable products backed by certification and complying with protocols for managing chemical substances (e.g. the ZDHC protocol). This has enabled it to respond effectively to the needs of the market. In addition, the Group has launched a project to establish Ratti's environmental footprint, including that of its supply chain.

Impacts of an environmental nature associated with processes of transformation

In order to provide the market with the goods/services it requires businesses carry out processes of transformation which use economic/environmental resources (energy, water, raw materials, chemical products, the human factor etc.) generating, however,



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

a negative impact on the environment (e.g. consumption of resources, production of waste, emissions into the atmosphere and water pollution). To this end, Ratti has established a model of a responsible company which is orientated towards an innovation of products, processes and services in which policies contributing positively to the environment are of key importance.

Moving in this direction are the projects launched over the last ten years relating to investment in new generation plant, the installation of photovoltaic panels, improving the efficiency of processes/plant, and drawing up contracts for the purchasing of green energy. The management of chemical products – Ratti SpA BC is a contributor to ZDHC, the reference protocol in fashion textiles for eliminating hazardous substances – has also received investment and has delivered improvements and other positive results.

Finally, the Group has also operated at the level of circularity, procuring recycled material, using a part of its residual production to make by-products, promoting a line of circular products and services (PHORIA) based on recycling and repair, setting up a company which recycles non-hazardous textile waste, and working with producers on the circularity of the supply chain (membership of the Retex Green consortium).

All the negative environmental impacts identified for the Group are real in practice. The action taken by Ratti has made it possible to mitigate these impacts. Naturally, the process of continuously improving the environmental performance of the Company is influenced by the geopolitical scenario, the regulatory and legislative context as well as by processes of changing and reorganising the supply chain and individual companies.

Although in the material analysis of impacts, as a consequence of adopting an inside-out perspective that takes into consideration the impacts caused by the company on stakeholders, no specific environmental impacts emerged as to how climate change could influence Ratti's performance, from the point of view of long-term economic sustainability a number of observations are reported below.

For further information see Chapter 4 "The sustainable product" and Chapter 5 "Ratti's environmental commitment".



The main risks relating to climate change

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

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

The importance of such risks has been recognised by the 2023 Global Risk Report which, over a period of ten years, has included six risks

related to climate change and environmental phenomena.

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

The risks associated with climate change are basically of a nature which is exogenous to Ratti.

The Company, to mitigate the impact of these risks rather than look for opportunities, retains that it should continue with the sustainable pathways/ projects already under way.

Table 3 - Principal risks associated with climate change in the Ratti Group

DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>In the long term the increase in temperatures could carry the risk that water procurement will face difficulties.</p>	<p>Ratti SpA BC, since 2013, has taken significant steps to boost efficiency in water use. This has resulted in a saving of 31% per metre produced in 2019 compared with 2013 (see the environmental declaration of 27/12/2021 in accordance with ISO14021). The main interventions include:</p> <ul style="list-style-type: none"> - a new Arioli washing line, a rope MCS, discontinuous washing systems; - optimisation of work planning and replacing tanks; - new silk scouring machinery. <p>In 2023 new and more efficient dye baths were installed.</p>
<p>In the long term climate change could have a negative impact on the production/quality yield of natural fibres (cultivation, breeding), so the Company could find it difficult to source raw materials. The same criteria may be observed for synthetic fibres if there is a scarcity of energy.</p>	<p>The company spreads its risks, given that it deals with different types of fibre.</p> <p>In Ratti, policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity</p>
<p>During the period of transition a scenario could arise in which European climate change legislation is stricter than it is in the rest of the world, with a consequent increase in costs and loss of competitiveness in European companies. Of fundamental importance will be the approach adopted by customers to sustainability and the consistency they demonstrate.</p>	<p>Participation in Italian/European associations and working groups to safeguard the textile supply chain.</p> <p>Enhancement of the sustainable content of materials and market-oriented manufacturing.</p> <p>Investments made in sustainability since the beginning of the 2000s</p>
<p>During the transition period climate change-oriented legislation could lead to the closure of production sites, with subsequent difficulties obtaining raw materials/services.</p>	<p>In Ratti, policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity. There will also be future audit processes in strategic suppliers.</p>
<p>A scenario could arise in which new models of sustainable consumption such as, for example, lengthening the life cycle of the product, could lead to a reduction in demand for the fabric. In addition, possible greenwashing policies implemented by economic operators in the textiles/fashion sector could penalise those companies that have invested in sustainability.</p>	<p>It is suggested that legislative pressure could reduce the space for greenwashing and that market preferences could reward sustainable companies. For more than a decade, Ratti has launched organisational processes oriented towards environmental sustainability, both in terms of improving the efficiency of production processes and in terms of offering a sustainable product. The Company has presented a transparent and sustainable image to the market (also from a social accountability point of view).</p> <p>The transition from the linear economy to the circular economy could involve a reduction in consumption (a lengthening of the life cycle). However, it could also offer an opportunity for service companies to reuse and repair products, as Ratti has done through the PHORIA initiatives.</p> <p>In order to limit the phenomenon of greenwashing, it is useful to participate in associations and working groups whose aim is to safeguard the Italian/European textiles supply chain.</p>

Impacts and risks of a social nature

Social themes that are significant for the Group concern respect for human rights in the supply chain, health and safety in the workplace, the safeguarding of diversity within the Group, the attractiveness of Ratti to customers who pay attention to social issues and the creation and maintenance of distinctive know-how within the Group.

Impacts of a social nature on relationships with commercial partners

Impacts of a social nature on relationships with partners require rules/checks to be defined aimed at ensuring compliance with applicable regulations and/or international principles which safeguard workers and, more generally, individuals.

The Ratti Group has, for a number of years, established policies and procedures for selecting/evaluating suppliers. This has made it possible to create a supply chain which is sustainable in terms of compliance with applicable regulations and the implementation of sustainability practices by the Group's suppliers, leading to a benefit in terms of the reputation of the Group itself. These factors, together with a widening of the

range of sustainable products thanks to product certifications and compliance with the protocols for managing chemical substances (ZDHC) have enabled Ratti to respond effectively to requests from customers who are increasingly concerned about sustainability.

Impacts of a social nature on employees

Impacts of a social nature on employees refer to safeguarding the rights of workers, which includes aspects of health and safety in the workplace, as well as recognising and safeguarding the values of diversity and inclusion. The Group, thanks to the strategy it has been following for years of continuous improvement in health and safety performance and the construction of a culture orientated towards inclusion and respect for diversity, has guaranteed the treatment of employees in accordance with best practices from a social point of view, equal career development opportunities for its employees, keeping/attracting talented personnel and high standards of safety in the workplace.

For further information see Chapter 3 "Human resources".

Table 4 – The main risks of a social nature

IMPACTS	DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
Potential reputational damage for the Ratti Group caused by non-compliance with applicable regulations in a social context by its supply chain (e.g. rights in the workplace, safeguarding minors etc.), should a social infraction committed by the Group's suppliers be demonstrated and made public.	Risk of violation of human rights and/or regulations in force at Group companies or along the supply chain with consequent reputational damage.	In Ratti SpA BC there is an SA800 and ISO45001-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 and ISO 45001-certified in terms of social accountability policy. Textrom has a social accountability policy. Since 2018, in Textrom a social accountability policy has been in place which also covers the area of health and safety. Textrom also has a consultant who is specialised in and dedicated to ensuring compliance with the national legislation, with a contract that stipulates regular visits, and includes the provisions and updates of the Risk Evaluation Documentation and subsequent training.
Potential occurrence of episodes of discrimination in the workplace	Failure to comply with the principles of SA8000 standard on social accountability with subsequent reputational damage.	The safeguarding of human rights is enshrined in the Group's Code of Ethics and in the Suppliers' Code that all Ratti's trade partners must agree to comply with. The Group has an Ethics Committee . In addition, in the certified companies there is a Social Performance Team. Stakeholders may contact this team in order to report any episodes of non-compliance with SA8000 principles (including any episodes of discrimination).
Work-related injuries	Risk of injury and/or occupational illnesses.	In Ratti SpA BC has procedures for the assessment, selection and monitoring of suppliers and the management of tenders which also include aspects of social responsibility and health. The assessment 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. For suppliers there are regular monitoring and evaluation procedures. In 2022 a number of ethical audits were carried out on the supply chain.
		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.

Impacts associated with the management of personnel

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 are critical success factors. 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 further information see *Chapter 3 "Human resources"*.

Table 5 – Principal risks associated with the management of personnel

IMPACTS	DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>Creating and maintaining the distinctive know-how within the Group.</p>	<p>Deficiencies in the ability to attract and retain talent in a sector in which peoples' expertise represents an extremely important competitive factor.</p> <p>The Group can be damaged by a loss of know-how if employees leave to join more attractive competitors.</p>	<p>Ratti and the unions have signed an agreement to renew the supplementary company-level agreement with satisfactory results.</p> <p>Ratti SpA BC 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 Creomoda and La Maison des Accessoires, local employment market availability guarantees that personnel have sufficient expertise.</p> <p>The Group conducts both internal and external training. This makes it possible for employees to acquire knowledge and expertise, and develops and rewards them by investing in their professional future while setting in train programmes aimed at reskilling resources. In addition, the Group is investing in individual retention and growth policies for high potential resources and in corporate welfare policies (by way of example, during 2022, given the high level of inflationary turbulence on the market, the company decided to award €1,200 to each employee in shopping and fuel vouchers).</p> <p>The Group has considered implementing an internal job posting policy. In the case of a vacancy, priority is given to internal candidates for the role, the aim being to follow a growth pathway.</p>

Impacts and risks in a financial context

An improvement of corporate financial performance, making it possible to redistribute the added value to the Group's stakeholders and guaranteeing the financial sustainability of the business in the medium to long term, and a commitment to supporting a stable local economy and nurturing relationships with the community constitute, together with the pursuit of socio/environmental sustainability objectives, are the principles on which the Company bases its strategies.

Thanks to the implementation of strategies aimed at meeting customers' needs, the reinforcement of the production/creative/IT infrastructure, enhancing the efficiency of production/organisational processes, the definition of a product offer which is compatible with market needs, the enhancement/growth of human resources, and investment in social/environmental aspects, the Ratti Group has, over the last ten years, always delivered a positive performance. This was the case even in 2020 –

albeit with a significant contraction – as a result of the Covid-19 pandemic which hit the whole world.

Although the corporate strategy is strongly focused on the pursuit of long-term economic/financial objectives, it is impossible to exclude the risk of exogenous phenomena occurring which could hit performance.

These could include, for example, customer behaviour, competitor strategies, unfavourable macroeconomic developments, market developments for raw materials energy and technological and regulatory changes. To face such events, in addition to the strategies listed above, the Company is constantly monitoring trends in its reference market and in the new economy, the aim being more to anticipate any negative impacts rather than look for new business opportunities. To this end the Area Innovation was established in 2022 with the aim of developing innovative business projects.

For further information see *Chapter 8 "Economic performance"*.

Impacts and risks associated with corruption

With regard to the phenomenon of corruption the reputational and financial damage which could result if representatives of the Company committed acts – illicit from an administrative and/or penal point of view – against third parties has been identified as being of material impact. To this end, 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 further details see the paragraph “*The prevention of corruption*” in Chapter 7, paragraph 7.3 “*Managing risks to include sustainability*”.

Table 6 – Impacts and risks associated with corruption in the Ratti Group

IMPACTS	DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>Reputational and financial damage arising from an illicit act related to episodes of corruption in the Group</p>	<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 the Organisation, Management and Control Model 231/01 (“Organisational Model”) 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. In the first half of 2023 updates to the Organisational Model to include new offences, to the Code of Ethics and to the Suppliers Code are planned, as well as the drafting of an anti-corruption policy at Group level.</p> <p>During 2019, training was carried out for first-level staff on the Organisational Model in Ratti SpA BC and on the Code of Ethics in Creomoda, La Maison des Accessoires and Textrom. In 2022, training was carried out for new hires on the Organisational Model and the Code of Ethics. After the Model and the Code of Ethics have been updated in the first half of 2023, training will be provided to the Group’s senior management.</p>

Other impacts and risks

In addition to the ESG impacts that are directly linked with GRI themes, other impacts have been identified which are considered to be key to the Company's sustainability in the medium term. Thanks to the projects/activities the Group has undertaken over the years, these impacts have contributed to creating the corporate culture. In detail, the positive impacts identified are: an ability to create networks with organisations and institutions on projects with a high innovative and technological content, the continuous

improvement of its practices, processes, products and the services offered to customers, and the attitude of linking, during the design of a product, aesthetics, sustainability and support for the local community. Another impact which is considered to be significant is safeguarding intellectual property, for which various steps have been taken to mitigate risk, as specified below.

For further information see *Chapter 4, paragraph 4.2 "Spreading the cardinal value of intellectual property"*.

Table 7 – Other impacts and risks of the Ratti Group

IMPACTS	DESCRIPTION OF THE MAIN RISKS	MITIGATION ACTION TAKEN
<p>Reputational and financial damage relating to the possible loss of data and strategic information suffered by the Group (safeguarding intellectual property)</p>	<p>Risk of loss of sensitive data and strategic information</p>	<p>Defined procedures/organisational and IT practices for access to designs, with appropriate profiling of users/designs</p> <p>Infrastructure of redundancy storage of designs to guarantee continuity, with further physical backups managed remotely</p> <p>Management of IT infrastructure, also with regard to safeguarding data, outsourced to leading companies in the sector</p> <p>AEOF authorisation obtained from the Customs and Monopolies Agency, which also covers physical security and IT aspects</p> <p>Employees and suppliers sign confidentiality clauses Safeguarding intellectual property is addressed in the Code of Ethics and the Suppliers' Code.</p>

8



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.

99,8 Milioni

MILLION OF ECONOMIC VALUE
GENERATED IN 2022

Table 8 – Economic value directly generated, distributed and held by the Ratti Group at 31.12 for the three years 2020-2022. Amounts are in thousands of euros

	2022	2021	2020	Δ% 2022 su 2021
Directly generated economic value	99,810	80,887	68,717	23.39%
Revenues from sales of goods and services	88,600	78,466	71,236	12.92%
Change in stock and work in progress	7,972	88	-4,203	8,959.09%
Changes in fixed assets by internal works	513	312	84	64.42%
Other revenues and net income	2,451	1,617	1,196	51.58%
Financial income	274	404	404	-32.18%
Economic value distributed	94,516	75,891	62,975	24.54%
Operating costs (for the acquisition of raw materials, subsidiary materials, consumables, goods, and for third-party services and leases and rentals)	60,133	45,163	35,847	33.15%
Salaries paid to employees, including social security contributions, TFR (employee severance fund) and other costs	30,216	26,062	25,559	15.94%
Interest payable on loans and other forms of debt	690	601	869	14.81%
Dividends distributed ⁴	2,735	2,735	0	0%
Income taxes and other tax liabilities ⁵	682	1,272	420	-46.38%
Charitable gifts and donations	60	58	280	3.45%
Economic value retained	5,294	4,996	5,742	5.96%

⁴) As per the proposals produced by the BoD on 22 March 2023 and 23 2022 respectively.

The table "Economic value distributed" published in the Sustainability Report in relation to the 2021 financial year reported the dividends distributed on a cash basis. For the 2022 financial year it was considered more representative to use an accruals basis, therefore reporting dividends distributed on the basis of the year in which the economic value was generated. The economic value generated, distributed and held in 2021 was, as a consequence, recalculated to bring it into line with the new criterion.

⁵) Including deferred taxes of €43,000, €207,000 and -€226,000 respectively

In 2022 the Ratti Group generated **€99.8 million** of economic value, **an increase of 23.39% on the previous year.**

The increase in Group revenues (+12.92% on 2021), as well as economic value generated (+23.39% on 2021), illustrates the capacity of the Group to react both to the increased costs of factors of production linked to the complex geopolitical and economic situation, and to the increased costs of the business structures that, since they were no longer impacted by the limitations associated with managing the spread of coronavirus variants in 2021, returned to ordinary levels of activity.

94.70% of this value was distributed to the reference stakeholders. In detail, suppliers received 60.25% of this, employees 30.27%, shareholders 2.74%, lenders 0.69%, the Public Administration 0.68% and the community (in the form of charitable gifts and donations) 0.06%. The remaining 5.30% was retained in the Group to support future growth (6.18% in the 2021 financial year).

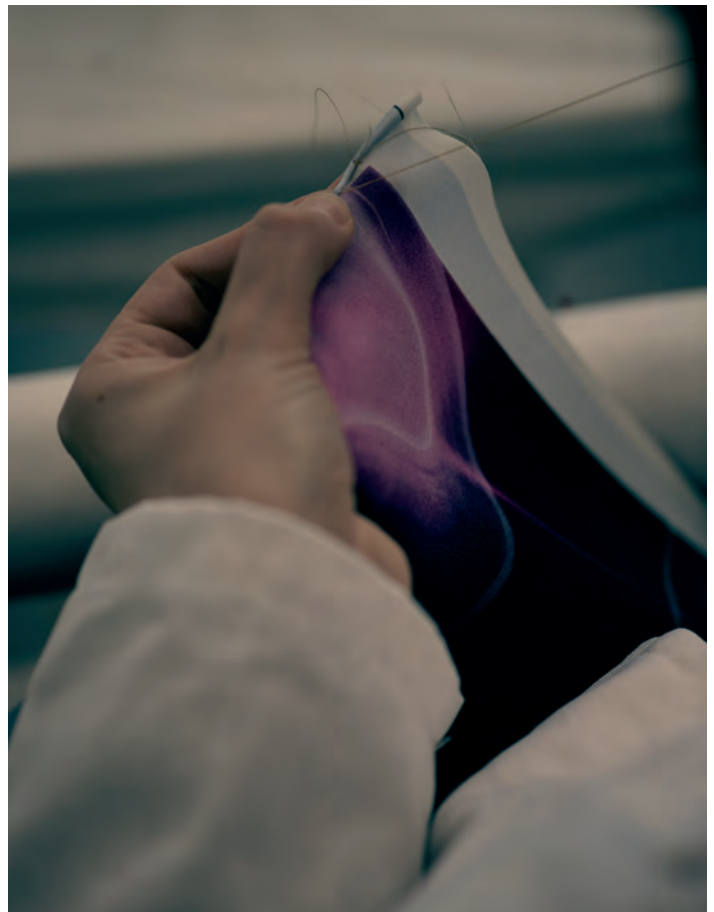
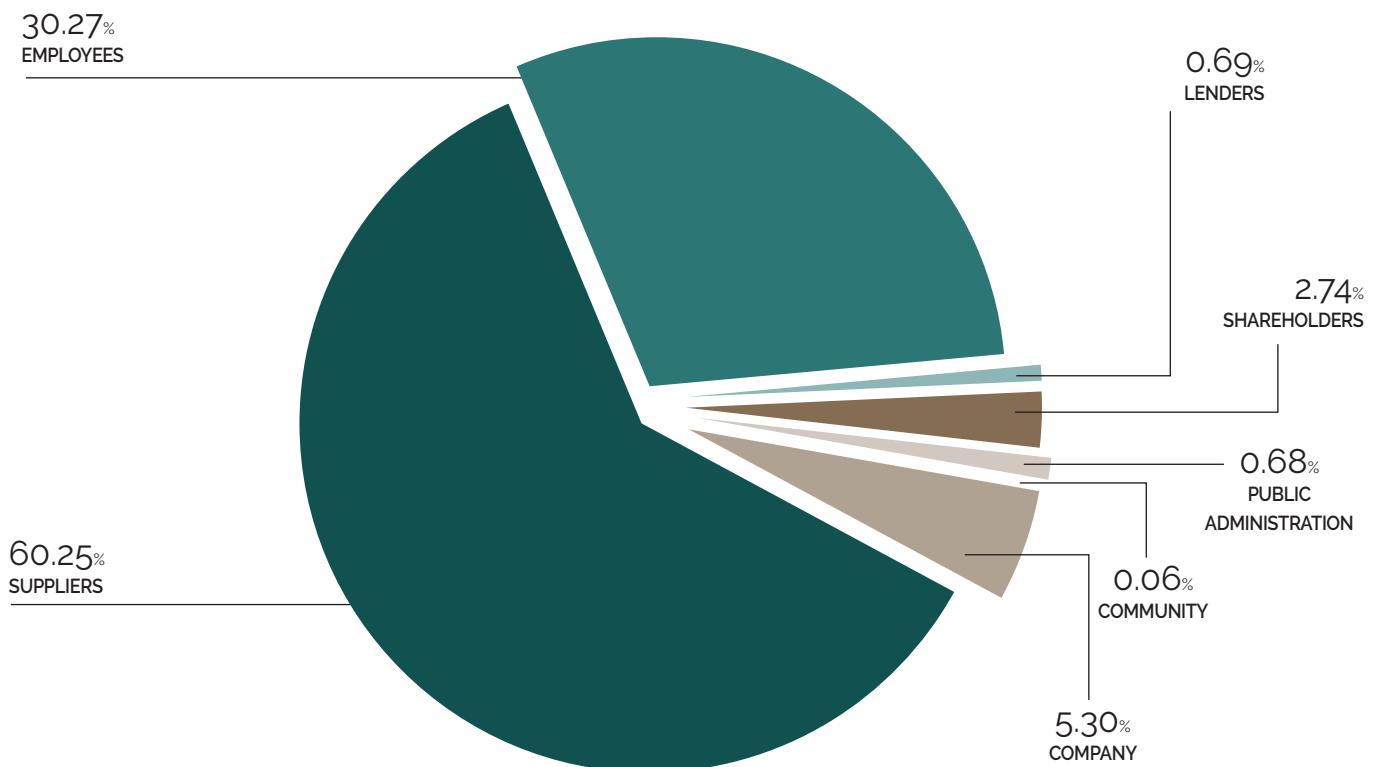


FIGURE 12 – Breakdown of the economic value generated for the stakeholders in 2022



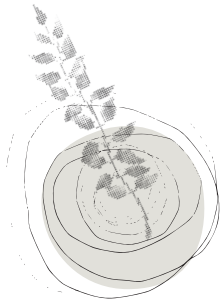


METHODOLOGICAL NOTE

Perimeter, purpose and contents of the Sustainability Report and the 2022 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**



with Law 208/2015, Ratti SpA effectively assumed this form, having followed the appropriate procedures, on 17 May 2022. This Sustainability Report, therefore, also complies with the obligations in the **“annual report on the pursuit of mutual benefit”**, as stipulated by Law 208/2015 as it relates to Ratti SpA as a benefit company. Chapter 2 of this document is dedicated specifically to the Benefit Company. In particular, it explains the objectives and results for the last financial year and the objectives for the next financial year (2023).

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

Given the entry into force of the new GRI Standards (“Universal Standards”) and the revision of materiality in accordance with these standards (for details see the paragraph “Analysis of materiality”), some new disclosures have been added to this DNF compared with 2021.

There now follows a list of disclosures introduced in the 2022 non-financial disclosure:

- GRI 204-1 Proportion of spending on local suppliers
- GRI 205-2 Communication and training about anti-corruption policies and procedures
- GRI 301-2 Recycled input materials used
- GRI 303-5 Water consumption
- GRI 306-4 Waste diverted from disposal
- GRI 306-5 Waste directed to disposal
- GRI 308-2 Negative environmental impacts in the supply chain and actions taken
- GRI 405-2 Ratio of basic salary and remuneration of women to men
- GRI 414-2 Negative social impacts in the supply chain and actions taken

Given these new disclosures, in this DNF a number of small updates have been made in the

On 28 April 2022 the Shareholders’ Meeting of Ratti SpA approved the Board of Directors’ proposal whereby the Company would take the form of “Benefit Company”, in compliance with Law 208/2015. Ratti SpA effectively assumed this form, having followed the appropriate procedures, on 17 May 2022.

human rights and the fight against active and passive corruption. The Decree also stipulates some general criteria for the structure and contents of the relevant document called **Consolidated declaration of a non-financial nature (DNF).**

The Ratti Group is among the subjects affected by the Decree, which is why this Sustainability Report complies with the obligations of the Decree, and constitutes the **2022 Consolidated declaration of a non-financial nature.** The Sustainability Report is therefore the ideal instrument for presenting to the stakeholders the activities, projects and results achieved in the 2022 financial year (1 January to 31 December 2022) in economic, social and environmental terms, as well as initiatives undertaken and the commitments made with the principal stakeholders.

On 28 April 2022 the Shareholders’ Meeting of Ratti SpA approved the Board of Directors’ proposal whereby the Company would take the form of “Benefit Company”, in compliance

tables in the Annex with regard to product data (Chapter 4) and environmental data (Chapter 5). In particular, the table for packaging materials and the table for office renewable materials were updated to comply with disclosure GRI 301-2. Packaging materials, therefore, were divided into recycled and non-recycled, instead of FSC and non-certified.

The tables for waste were also updated from 2021 to respond, at the same time, to the indicator 306-3 and the new indicators 306-4 and 306-5.

The **reporting perimeter** is represented by all the companies consolidated within the Ratti Group, i.e. Ratti SpA BC, Creomoda Sarl and La Maison des Accessoires Sarl, S.C. Textrom Srl, Ratti USA Inc. and Ratti International Trading (Shanghai) Co. Ltd.

Ratti USA and Ratti International Trading (Shanghai) are excluded from the perimeter for environmental and social matters given the small number of people they employ – 2 female employees and 1 male employee, on permanent contracts, for Ratti USA and 3 female employees on permanent contracts for Ratti International Trading (Shanghai) – as well as their negligible environmental impact, given that they do not have production activities.

In addition, in 2020 Second Life Fibers Srl, a company which deals with the recycling of non-hazardous textile waste, became part of the Ratti Group. The company did not carry out any activities during 2022.

This document (DNF) was approved by the Board of Directors of Ratti SpA BC on 22 March 2023.

The consolidated declaration of a non-financial nature was drawn up in accordance with GRI Standards – Universal Standards which came into force automatically with the 2021 update for reports published after 1 January 2023.

This DNF has been subject to a limited examination ("limited assurance engagement") according to the criteria indicated by the ISAE 3000 Revised principle by Deloitte & Touche SpA who, having completed their work, released the relevant report regarding the compliance of the information provided in the consolidated declaration of a non-financial nature drawn up by the Ratti Group in accordance with Legislative Decree 254/2016. The relevant report may be consulted on pag. 148.

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



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

Analysis of materiality

The analysis of materiality is the process stipulated by the GRI Standards which makes it possible to identify significant impacts in the three areas of sustainability – economic, social and environmental – for the Ratti Group. By the term "impact" GRI means the effect that an organisation has or could have on the economy, on the environment or on people, including on their human rights, which in turn could indicate its contribution (positive or negative) to sustainable development.

With the entry into force of the new GRI "Universal Standards" and, in line with its actions in the past, the Ratti Group carried out a new materiality analysis in 2022. This process followed the provisions set out in the Standards GRI-3: Material Topics 2021, with the objective of identifying a list of positive and negative impacts,

actual or potential, which the Group runs either directly on the basis of its business activities or indirectly on the basis of its business relations.

In order to define the impacts relating to the Ratti Group, the first step was to carry out an analysis of the environment in which the Group operates.

An external benchmarking investigation was performed, taking into consideration the matrices of materiality published in the 2021 sustainability reports/declarations of a non-financial nature of the Ratti Group's competitors or similar companies operating in the textiles sector. The second step was to take into consideration the materiality analysis carried out by the Group in 2020, which produced a list of topics which were material for the Ratti Group and documents through which Ratti demonstrates its commitment to sustainable development. These documents include the Group's Code of Ethics and the Suppliers' Code of Conduct.

Through these activities it was possible to **produce a list of 52 specific impacts** for the

in a workshop during which there was a brief presentation of the materiality process and the main changes introduced by the Universal Standards.

A materiality threshold was defined on the basis of the evaluations collected. This was used to assign a **priority to the impacts, thereby selecting 37**. This list of 37 impacts was then scrutinised by a number of specifically selected external stakeholders: suppliers, customers, the Università Cattolica del Sacro Cuore (Catholic University of the Sacred Heart) and managers of the Ratti Group's human resources functions. The stakeholders expressed their views as to the materiality of the impacts, from the perspective of the employees of the Group.

A total of 7 completed questionnaires were collected from external stakeholders. The external stakeholders were also given the option of adding further impacts in addition to those already on the materiality questionnaire. All stakeholders, however, considered the list to be exhaustive.

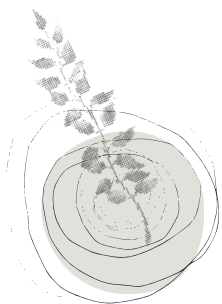
The list was further reduced following an internal validation carried out by the manager responsible for sustainability and the head of Internal Audit. The new total was 31 impacts, grouped into 19 broader categories.

For potential impacts an evaluation of their likelihood of occurrence was carried out, in line with the internal evaluations performed for ESG risks.

All the impacts selected were linked to specific Standards from the Universal Standards (series 200, 300 and 400). **Overall, 16 GRI topics were identified, to which were added 4 topics specific to the Ratti Group.** The latter do not correspond to GRI Standards and were reported with the performance indicators.

The impacts were treated by applying GRI 3-3, opting for a description of the impacts to be added to the paragraphs of the document and for a brief description to be presented in *Chapter 7, paragraph 7.3 "Managing risks to include sustainability"*, which also proposes a description of ESG risks associated with the negative impacts identified in the materiality analysis.

There now follows a summary table of the broad categories of impact, the GRI topics associated with these, reporting any correspondence with the areas covered by Legislative Decree 254/2016.



Each individual impact which emerged from the internal and external analyses was subjected to a materiality evaluation by Ratti Group management, and involving the main corporate functions

Ratti Group. Finally, the list and the description of the latter was enhanced by taking inspiration from the guidelines of specific series of GRI Standards (series 200, 300 and 400) and, with specific reference to negative impacts, by making comparisons with the descriptions of ESG risks in the risk analysis document for the 2021 DNF. It was updated in 2022.

Each individual impact which emerged from the internal and external analyses was subjected to a materiality evaluation by Ratti Group management, and involving the main corporate functions, for a total of six managers. These managers were asked to fill in an online questionnaire and to express a **brief opinion on materiality**, bearing in mind the parameters indicated by the GRI Standards (extent, environment and whether effects are irremediable for negative impacts; extent and environment for positive impacts). These evaluations were collected together

Table 9 - Brief description of material impacts, associated GRI themes and the scope of Decree 254/2016

IMPACTS	ASSOCIATED GRI	SCOPE OF DECREE 254/2016
Redistribution of economic wealth to involve stakeholders	201 - Performance economiche	-
Supporting a stable local economy and maintaining relationships with the community	204 - Procurement	-
Reputational and economic damage related to illicit acts involving corruption	205 - Anti-corruption	The fight against corruption both active and passive
Attractiveness to customers who pay attention to environmental issues	301 - Materials 305 - Emissions 306 - Waste 308 - Supplier environmental assessment	Environment
Consumption of raw materials and resources for production	301 - Materials	
Environmental impact linked to energy consumption arising from production activities of the Group	302 - Energy 305 - Emissions	
Environmental impact arising from polluting emissions generated by the Group's value chain	305 - Emissions	
Environmental impact linked to water consumption arising from production activities of the Group	303 - Water and effluents	
Environmental impact linked to energy consumption arising from waste produced by activities of the Group	306 - Waste	
Reputational impact linked to managing the supply chain	414 - Supplier social assessment	Social
Attractiveness to customers who pay attention to social issues	408 - Fighting against child labour 409 - Fighting against forced or compulsory labour 414 - Supplier social assessment	Safeguarding human rights
Impact on the creation and maintenance of the Group's distinctive know-how	401 - Employment 404 - Training	Social - managing personnel
Health and safety of the Group's employees and partners	403 - Health and safety	
Diversity within the Group	405 - Diversity and equal opportunities	Social - gender equality
Impact on human rights in the Group's supply chain	414 - Supplier social assessment	Safeguarding human rights
IMPACTS NOT RELATED TO GRI THEMES		SCOPE OF DECREE 254/2016
Reputational and economic damage related to violation of intellectual property	-	-
Innovation within the Group	-	-
Capacity to link aesthetics and sustainability in the design of products	-	-
Support for the local community	-	Social

There now follows a list of the material themes which give expression to the above-mentioned impacts. Where appropriate, and to make the document easier to read, some groupings have been proposed for impacts associated with only one theme (see *“Responsible management of the supply chain”* and *“Reduction of environmental impacts”*).

The following table shows the **12 themes** which are material for the Ratti Group.

The list of significant impacts and associated material themes reported here has been validated by Ratti managers and the CEO of 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 2022.

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 2022 process of involving stakeholders. Suppliers and customers were involved directly in the 2022 materiality analysis by filling in

Table 11 – List of the main dialogue initiatives with stakeholders and the key topics discussed

MATERIAL THEME	ASSOCIATED GRI	PERIMETER	TYPE OF IMPACT
Economic performance	201 - Economic performance	Ratti Group	Caused by the Group
Responsible management of the supply chain	204 – Procurement; 308 - Supplier environmental assessment; 414 – Supplier social assessment	Ratti Group, suppliers	Caused by the Group and directly related to its activities
Fight against corruption	205 – Anti-corruption	Ratti Group	Caused by the Group
Reduction of environmental impacts	301 – Materials 302 - Energy 305 - Emissions 306 - Material waste	Ratti Group, suppliers, customers	Caused by the Group and directly related to its activities
Chemical management	303 - Water	Ratti Group, suppliers, customers	Caused by the Group and directly related to its activities
Training and growth of talented employees	401 - Employment 404 - Training	Ratti Group	Caused by the Group
Health and safety of employees	403 - Occupational health and safety	Ratti Group, suppliers, non-employed workers	Caused by the Group and directly related to its activities
Safeguarding diversity and equal opportunities	405 - Diversity and equal opportunities	Ratti Group	Caused by the Group and directly related to its activities
Safeguarding human rights	408 - Fighting against child labour 409 - Fighting against forced or compulsory labour 414 - Supplier social assessment	Ratti Group, suppliers	Caused by the Group and directly related to its activities
Safeguarding intellectual property	-	Ratti Group, customers	Caused by the Group
Innovation	-	Ratti Group	Caused by the Group
Support for the local community	-	Ratti Group	Caused by the Group

the questionnaire. Employees were involved indirectly, through the compilation of the same questionnaire by the Group's Head of Human Resources.

The following tables show:

- the principal categories of stakeholder;
- the scope of the involvement;
- the principle initiatives to establish dialogue during the year.

Involving the stakeholders has allowed the Ratti Group to establish a productive dialogue as well as relationships involving solid cooperation, in which no critical issues are reported.

The European Taxonomy

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

eco-sustainable activities. The Taxonomy is an important piece of legislation which makes it possible to increase sustainable investment and, therefore, implement the European Green Deal. It applies to all companies subject to Directive 2014/95/EU with regard to reporting non-financial information (also known as the Non-Financial Reporting Directive – NFRD), as well as companies subject to the Corporate Sustainability Reporting Directive (CSRD). The companies are obliged to provide further details (capital expenditure (capex) and operational expenditure (opex)) of economic activities that are classified as sustainable, in response to six environmental objectives.

The following objectives are set by the Taxonomy:

1. mitigation of climate change;
2. adaptation to climate change;
3. sustainable use and protection of water and marine resources;

Table 11 – List of the main dialogue initiatives with stakeholders and the key topics discussed

STAKEHOLDER	SCOPE OF INVOLVEMENT	PRINCIPAL INITIATIVES FOR DIALOGUE
Industrial shareholder (Marzotto Group)	Belonging to the same corporate group	Joint working groups
Employees and partners	Labour force acquisition	Internal communication via email, noticeboards, welcome manual for new-hires and the company intranet.
Competitors	The dynamics of fair competition in the market	Participation in regional round table meetings and trade associations
Suppliers and subcontractors	Acquisition of raw materials, semi-finished products and manufacturing	Sales meetings and company visits; audits in accordance with SA8000; requests to fill in questionnaires; joint projects on topics specifically linked to sustainability.
Customers and licensors	Sales and distribution of fabrics and finished products	Sharing and providing information on Ratti's various sustainability activities through newsletters and social channels; presenting the Group's sustainable activities through direct meetings with customers or in video conferences; joint participation in workshops and round tables; presenting the product's sustainable offer through the collections, the Tessuteca and sustainable textiles.
Schools and universities	Supporting training and attracting strategic competences	Work-school alternation programmes; training programmes with possible recruitment by Ratti at the end of the process.
Local community	Supporting and transferring value to the local community	Partnerships which plan and implement projects in support of the disadvantaged which promote culture, thanks to links with the Antonio Ratti Foundation.

4. transition to the circular economy, also with regard to reducing and recycling waste;
5. prevention and control of pollution;
6. protection of biodiversity and the health of ecosystems.

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

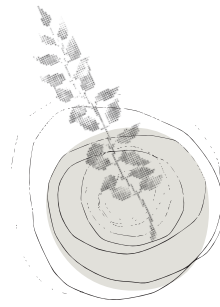
The Climate Delegated Act of 4 June 2021 sets out the technical criteria for selecting economic activities which are eco-sustainable, and which make a significant contribution to the first two objectives, i.e. "mitigation of climate change" and "adaptation to climate change".

The Ratti Group, whose core business is represented by "textile finishing", is part of a sector which is not currently one of those explicitly considered on the basis of the first two climate-change objectives.

On the basis of these considerations, in the 2021 document it declared its non-eligibility for the purposes of the Taxonomy.

In 2022, the Ratti Group carried out an assessment which led it to consider as eligible capital expenditure and operational expenditure related to assets associated with economic activities which the Taxonomy considers to be sustainable. It should be stressed, however, that for such activities the KPIs foreseen by the Taxonomy in relation to turnover are 0, meaning that these activities do not relate to the Group's core business. In particular, the company Second Life Fibers, a subsidiary set up by Ratti but not yet operational, will carry out certain activities which could contribute to objective 4: "transition to the circular economy", and for which it will also be possible to report the KPI relating to turnover.

The following tables show the percentage of admissible activities and the percentage aligned with the specific technical criteria for those activities, and for which an analysis has been carried out of the main suppliers to ensure there have not been any violations or sanctions relating to the social themes covered by the "Minimum Safeguards". While awaiting further clarification regarding application of minimum safeguarding guarantees, it should be noted that the Ratti Group, as part of its processes of selecting and evaluating its suppliers and with regard to SA8000 certification, carries out due diligence on its partners. This regards compliance with international conventions on human rights and workers as well



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

as applicable regulations on financial and tax matters.

Activities were considered admissible if the value of their capex and opex was equal to at least 2.50% of the total capex and opex recorded in the financial statements.

The choice is determined by an opportunity cost assessment – for admissible activities it is necessary to assess compliance with technical criteria and minimum safeguards, also carrying out an analysis of the Ratti Group's suppliers.

It should be noted, however, that the current method used to evaluate admissible activities was developed on the basis of current information, so it should not be excluded that for the next reporting year (2023) the Legislator could provide guidelines or information that could modify the current interpretation.

Therefore, on the basis of these considerations and in relation to the future publication of delegated acts for the remaining four objectives, the Ratti Group will carry out a new evaluation of its eligible activities, providing communication of this in the 2023 DNF.

FIGURE 13 – Percentage of CapEx admissible and aligned with the European Taxonomy of total CapEx

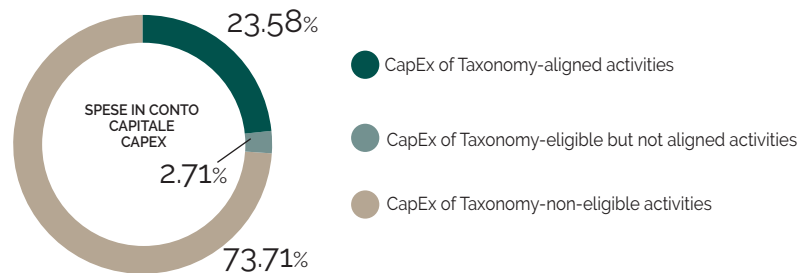
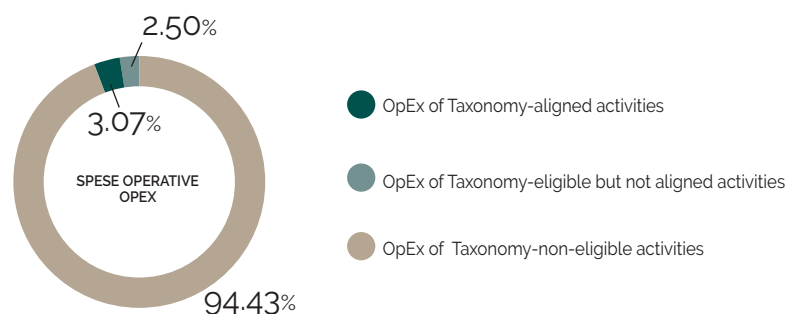


FIGURE 14 – Percentage of OpEx admissible and aligned with the European Taxonomy of total OpEx



Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

Economic activities	Codes	Absolute CapEx m €	Proportion of CapEx %	Substantial contribution criteria		DNSH criteria (‘Does Not Significantly Harm’)							Minimum safeguards	Taxonomy aligned proportion of CapEx, year 2022 %	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
7.6 - Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	209	3.15%	100,00%	0,00%	Y	Y	Y	Y	Y	Y	Y	Y	3.15%	E	
8.2 - Computer programming, consultancy and related activities	J62	1.359	20.43%	0,00%	100,00%									20.43%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.568	23.58%	100,00%	100,00%									23.58%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
6.5 - Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11,	180	2.71%													T
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		180	2.71%													
Total (A.1 + A.2)		1.748	26.29%											23.58%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)		4.904	73.72%													
Total (A + B)		6.652	100,00%													

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

Economic activities	Codes	Absolute OpEx m €	Proportion of OpEx %	Substantial contribution criteria		DNSH criteria (‘Does Not Significantly Harm’)							Minimum safeguards	Taxonomy aligned proportion of OpEx, year 2022 %	Category (enabling activity) E	Category (transitional activity) T	
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N						
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
8.2 - Computer programming, consultancy and related activities	J62	281	3,07%	0,00%	100,00%												
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		281	3,07%	0,00%	100,00%												
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
6.5 - Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11,	229	2,50%														T
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		229	2,50%														
Total (A.1 + A.2)		510	5,57%														
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
OpEx of Taxonomy-non-eligible activities (B)		8.639	94,43%														
Total (A + B)		9.149	100,00%														





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ANNEX – CHAPTER 3

GENERAL DISCLOSURES

GRI 2-7 EMPLOYEES BY WORK CONTRACT, TYPE OF EMPLOYMENT, GENDER AND GEOGRAPHICAL AREA

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
TOTAL EMPLOYEES	714	711	741	501	466	513	184	217	199	23	22	24
<i>Women</i>	462	479	494	270	258	286	169	199	186	18	17	17
<i>Men</i>	252	232	247	231	208	227	15	18	13	5	5	7
CONTRACT TYPE												
PERMANENT	629	596	647	485	460	507	115	108	111	23	22	24
<i>Women</i>	392	377	409	260	255	284	109	100	103	18	17	17
<i>Men</i>	237	219	238	225	205	223	6	8	8	5	5	7
FIXED TERM	85	115	94	16	6	6	69	109	88	0	0	0
<i>Women</i>	70	102	85	10	3	2	60	99	83	0	0	0
<i>Men</i>	15	13	9	6	3	4	9	10	5	0	0	0
EMPLOYMENT TYPE												
FULL TIME	685	681	706	474	438	480	184	217	199	21	20	22
<i>Women</i>	434	451	460	243	231	253	169	199	186	17	16	16
<i>Men</i>	251	230	246	231	207	227	15	18	13	4	4	6
PART TIME	29	30	35	27	28	33	0	0	0	2	2	2
<i>Women</i>	28	28	34	27	27	33	0	0	0	1	1	1
<i>Men</i>	1	2	1	0	1	0	0	0	0	1	1	1

Employees of the Ratti Group by contract type (fixed term and permanent), gender and geographical area as at 31.12 for the three-year period 2020-2022; at 31.12.2022 Ratti USA had 2 female employees and 1 male employee, hired on permanent contracts, while Ratti International Trading (Shanghai) had 3 female employees, hired on permanent contracts.

Employees of the Ratti Group by employment type (full time and part time), by gender and geographical area for the three-year period 2020-2022; in Ratti USA and in Ratti International Trading (Shanghai), all workers are full time. The figures refer only to employees hired on fixed-term and permanent contracts.

GRI 2-8 EMPLOYEES BY CONTRACTUAL RELATIONSHIP, GENDER AND GEOGRAPHICAL AREA

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
TOTAL NON-EMPLOYED WORKERS	32	15	12	32	15	12	0	0	0	0	0	0
<i>Women</i>	19	7	8	19	7	8	0	0	0	0	0	0
<i>Men</i>	13	8	4	13	8	4	0	0	0	0	0	0
TEMPORARY	3	0	0	3	0	0	0	0	0	0	0	0
<i>Women</i>	2	0	0	2	0	0	0	0	0	0	0	0
<i>Men</i>	1	0	0	1	0	0	0	0	0	0	0	0

PROJECT WORKERS	5	4	2	5	4	2	0	0	0	0	0	0
<i>Women</i>	2	1	0	2	1	0	0	0	0	0	0	0
<i>Men</i>	3	3	2	3	3	2	0	0	0	0	0	0
INTERNS	24	11	4	24	11	4	0	0	0	0	0	0
<i>Women</i>	15	6	4	15	6	4	0	0	0	0	0	0
<i>Men</i>	9	5	0	9	5	0	0	0	0	0	0	0
OTHER EMPLOYEES	0	0	6	0	0	6	0	0	0	0	0	0
<i>Women</i>	0	0	4	0	0	4	0	0	0	0	0	0
<i>Men</i>	0	0	2	0	0	2	0	0	0	0	0	0

Workers not employed by the Ratti Group by contractual relationship (interns, project workers, apprentices and others), gender and geographical area at 31.12 in the three-year period 2020-2022

EMPLOYMENT

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

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Below 30 years	47	49	33	36	13	9	11	34	24	0	0	0
<i>Women</i>	29	35	30	18	4	6	11	30	24	0	0	0
<i>Men</i>	18	14	3	18	9	3	0	4	0	0	0	0
Between 30 and 50 years	55	29	27	41	16	11	9	14	14	5	1	0
<i>Women</i>	32	17	18	21	5	5	7	12	12	4	1	0
<i>Men</i>	23	12	9	20	11	6	2	2	3	1	0	0
Over 50 years	7	5	1	5	3	1	0	0	0	2	1	0
<i>Women</i>	2	3	0	2	2	0	0	0	0	0	1	0
<i>Men</i>	5	2	1	3	1	1	0	0	0	2	0	0
Total employees	109	83	61	82	32	21	20	48	39	7	2	0
<i>Total women</i>	63	55	48	41	11	11	18	42	36	4	2	0
<i>Total men</i>	46	28	13	41	21	10	2	6	3	3	0	0

New personnel hired by age range, gender and geographical area at 31.12 in the three-year period 2020-2022. In 2022 there was no staff turnover at Ratti International Trading (Shanghai) and Ratti USA.

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

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Below 30 years	31	29	70	8	7	6	23	21	64	0	0	0
<i>Women</i>	28	25	65	5	3	4	23	21	61	0	0	0
<i>Men</i>	3	4	5	3	4	2	0	0	3	0	0	0

Between 30 and 50 years	41	31	35	21	22	10	17	9	25	3	1	0
Women	35	22	26	17	14	5	16	8	21	2	1	0
Men	6	9	9	4	8	5	1	1	4	1	0	0
Over 50 years	28	53	40	18	50	39	7	0	1	3	3	0
Women	13	23	13	7	22	12	5	0	1	1	1	0
Men	15	30	27	11	28	27	2	0	0	2	2	0
Total employees	100	113	145	47	79	55	47	30	90	6	4	0
Total women	76	70	104	29	39	21	44	29	83	3	2	0
Total men	24	43	41	18	40	34	3	1	7	3	2	0

Personnel that interrupted/terminated their employment, by age range, gender and geographical area at 31.12 in the three-year period 2020-2022. The figures refer to employees hired on fixed-term and permanent contracts. In Ratti USA and in Ratti International Trading (Shanghai), during the three-year period 2020-2022, no employee interrupted their employment.

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

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Total employee turnover rate	29.27	27.57	27.80	25.75	23.82	14.81	36.41	35.94	64.82	56.52	27.27	0.00
Employee turnover rate (incoming)	15.27	11.67	8.23	16.37	6.87	4.09	10.87	22.12	19.60	30.43	9.09	0.00
Women	13.64	11.48	9.72	15.19	4.26	3.85	10.65	21.11	19.35	22.22	11.76	0.00
Men	18.25	12.07	5.26	17.75	10.10	4.41	13.33	33.33	23.08	60.00	0.00	0.00
Below 30 years	28.66	26.52	17.93	40.45	17.57	11.25	14.67	32.08	23.08	0.00	0.00	0.00
Women	24.17	23.78	19.61	37.50	9.52	12.00	15.28	29.70	23.30	0.00	0.00	0.00
Men	40.91	36.84	9.68	43.90	28.13	10.00	0.00	80.00	0.00	0.00	0.00	0.00
Between 30 and 50 years	17.13	9.81	8.52	20.71	8.04	5.16	8.65	14.00	17.24	33.33	7.14	0.00
Women	14.16	7.83	7.89	18.10	4.00	3.70	7.37	13.19	15.19	33.33	9.09	0.00
Men	24.21	15.12	10.11	24.39	14.86	7.69	22.22	22.22	37.50	33.33	0.00	0.00
Over 50 years	3.06	1.87	0.42	2.34	1.55	0.45	0.00	0.00	0.00	25.00	12.50	0.00
Women	1.72	2.83	0.00	1.89	2.20	0.00	0.00	0.00	0.00	0.00	16.67	0.00
Men	4.42	0.93	0.79	2.78	0.98	0.84	0.00	0.00	0.00	100.00	0.00	0.00
Employee turnover rate (outgoing)	14.01	15.89	19.57	9.38	16.95	10.72	25.54	13.82	45.23	26.09	18.18	0.00
Women	16.45	14.61	21.05	10.74	15.12	7.34	26.04	14.57	44.62	16.67	11.76	0.00
Men	9.52	18.53	16.60	7.79	19.23	14.98	20.00	5.56	53.85	60.00	40.00	0.00
Below 30 years	18.90	15.47	38.04	8.99	9.46	7.50	30.67	19.81	61.54	0.00	0.00	0.00
Women	23.33	16.78	42.48	10.42	7.14	8.00	31.94	20.79	59.22	0.00	0.00	0.00
Men	6.82	10.53	16.13	7.32	12.50	6.67	0.00	0.00	300.0	0.00	0.00	0.00
Between 30 and 50 years	12.77	10.13	11.04	10.61	11.06	4.69	16.35	9.00	28.74	20.00	7.14	0.00
Women	15.49	10.00	11.40	14.66	11.20	3.70	16.84	8.79	26.58	16.67	9.09	0.00
Men	6.32	11.47	10.11	4.88	10.81	6.41	11.11	11.11	50.00	33.33	0.00	0.00
Over 50 years	12.23	24.77	16.67	8.41	25.91	17.73	140.00	0.00	12.50	37.50	37.50	0.00
Women	11.21	21.70	11.50	6.60	24.18	11.88	250.00	0.00	25.00	16.67	16.67	0.00
Men	13.27	27.78	21.26	10.19	27.45	22.69	66.67	0.00	0.00	100.00	100.00	0.00

Total annual turnover rate, subdividing employees by age range, gender and geographical area for the three-year period 2020-2022. 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 INJURIES AT WORK FOR EMPLOYEES AND SUB-CONTRACTORS BY GEOGRAPHICAL AREA

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Number of injuries recorded	6	9	1	3	4	1	2	5	0	1	0	0
<i>of which occurred to employees</i>	6	9	1	3	4	1	2	5	0	1	0	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0
Number of injuries with serious consequences	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to employees</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0
Rate of deaths following injuries at work	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to employees</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0

Number of recordable injuries, with serious consequences or death following injuries in the workplace in the three-year period 2020-2022. In the foreign subsidiaries, in the three-year period 2020-2022, no injuries at work were reported for employees and, with regard to contractors, there were no external workers offering their services on an ongoing basis. The calculation excludes injuries sustained when travelling to/from work, with the exception of injuries sustained during business trips where a worker is carrying out activities on behalf of the employer, and injuries sustained when travelling to/from work when transport is organised by the Group. With regard to accidents with serious consequences, injuries 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 injury within six months.

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

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Rate of recordable injuries at work	4.82	7.68	0.95	3.58	5.31	1.49	5.42	12.93	0.00	26.82	0.00	0.00
<i>of which occurred to employees</i>	5.18	8.10	1.00	3.87	5.78	1.63	5.78	12.93	0.00	26.82	0.00	0.00
<i>of which occurred to contractors</i>	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total number of hours worked	1,243,938	1,172,458	1,051,605	837,615	752,772	672,602	369,038	369,601	343,683	37,285	33,085	35,321
<i>Total hours worked by employees</i>	1,158,131	1,111,354	994,236	774,955	691,668	615,233	345,891	386,601	343,683	37,285	33,085	35,321
<i>Total hours worked by contractors</i>	85,807	61,104	57,369	62,660	61,104	57,369	23,147	0.00	0.00	0.00	0.00	0.00

Rate of injuries relating to recordable accidents at work in the three-year period 2020-2022, including Ratti SpA BC, Creomoda and La Maison des Accessoires and Textrom. In Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2020-2022, no injuries were reported for employees and there were no external workers offering their services on an ongoing basis. No figures are available for the hours worked at Ratti USA and Ratti International Trading (Shanghai). The rate of recordable injuries at work is calculated as the relationship between: (number of recordable injuries at work/number of hours worked) * 1,000,000. In the three-year period 2020-2022, for all companies in the Group there were no accidents with serious consequences or any deaths at work, so the relevant rate of accidents at work with serious consequences and the rate deaths resulting from accidents at work are zero.

TRAINING AND EDUCATION

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

	RATTI GROUP			RATTI SPA BC			TUNISIA			ROMANIA		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Executives	48	9	2	48	10	2	0	0	0	0	0	0
<i>Women</i>	50	6	6	50	6	6	0	0	0	0	0	0
<i>Men</i>	47	11	1	47	12	1	0	0	0	0	0	0
Middle management	24	10	7	25	10	7	0	0	0	0	0	0
<i>Women</i>	19	8	5	21	9	5	0	0	0	0	0	0
<i>Men</i>	27	11	9	27	11	9	0	0	0	0	0	0
White-collar workers	12	5	4	12	5	4	10	8	6	6	6	6
<i>Women</i>	12	5	4	12	5	3	10	8	6	5	5	5
<i>Men</i>	13	5	6	13	5	6	10	8	6	7	7	7
Blue-collar workers or equivalent	7	6	3	5	5	1	9	7	4	12	13	11
<i>Women</i>	8	6	3	4	3	1	9	7	4	12	12	11
<i>Men</i>	5	7	2	5	6	1	7	6	8	14	16	12
Total	11	6	4	11	6	3	9	7	4	11	11	10
<i>Total women</i>	10	6	4	11	5	3	10	7	4	11	11	10
<i>Total men</i>	11	7	4	11	7	3	7	6	7	11	13	11

Annual average training hours per employee, by category of employee, by gender and geographical area for the three-year period 2020-2022. No training was 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 2022 there was one (male) middle manager and no executives. The figures refer only to employees hired on fixed-term and permanent contracts.

DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1 EMPLOYEES OF THE RATTI GROUP BY CATEGORY OF EMPLOYEE, GENDER AND AGE RANGE FOR THE THREE-YEAR PERIOD 2020-2022

	RATTI GROUP 2022			RATTI GROUP 2021			RATTI GROUP 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	37.50	62.50	100.00	36.36	63.64	100.00	30.00	70.00	100.00
<i>age below 30 years</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	0.00	20.00	12.50	0.00	28.57	18.18	0.00	28.57	20.00
<i>age above 50 years</i>	100.00	80.00	87.50	100.00	71.43	81.82	100.00	71.43	80.00
Middle management	28.26	71.74	100.00	38.10	61.90	100.00	39.53	60.47	100.00
<i>age below 30 years</i>	0.00	3.03	2.75	0.00	0.00	0.00	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	53.85	57.58	56.24	50.00	57.69	54.76	47.06	69.23	60.47
<i>age above 50 years</i>	46.15	39.39	41.02	50.00	42.31	45.24	52.94	30.77	39.53
White-collar workers	78.18	21.82	100.00	80.24	19.76	100.00	80.35	19.65	100.00
<i>age below 30 years</i>	16.28	15.00	16.00	16.26	12.00	15.42	18.34	12.50	17.19
<i>age between 30 and 50 years</i>	48.37	40.00	46.55	53.20	44.00	51.38	50.22	41.07	48.42
<i>age above 50 years</i>	35.35	45.00	37.45	30.54	44.00	33.20	31.44	46.43	34.39
Workers	60.00	40.00	100.00	63.21	36.79	100.00	60.79	39.21	100.00
<i>age below 30 years</i>	36.80	22.08	30.91	42.97	21.48	35.06	45.31	15.19	33.50
<i>age between 30 and 50 years</i>	49.78	33.12	43.12	44.53	31.54	39.75	42.86	29.11	37.47
<i>age above 50 years</i>	13.42	44.81	25.97	12.50	46.98	25.19	11.84	55.70	29.03
Total	64.71	35.29	100.00	67.37	32.63	100.00	66.67	33.33	100.00

	RATTI SPA BENEFIT COMPANY - 2022		
	Women	Men	Total
Executives	37.50	62.50	100.00
<i>age below 30 years</i>	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	0.00	20.00	12.50
<i>age above 50 years</i>	100.00	80.00	87.50
Middle management	28.89	71.11	100.00
<i>age below 30 years</i>	0.00	3.12	2.22
<i>age between 30 and 50 years</i>	53.85	59.38	57.78
<i>age above 50 years</i>	46.15	37.50	40.00
White-collar workers	77.78	22.22	100.00
<i>age below 30 years</i>	17.35	16.07	17.06
<i>age between 30 and 50 years</i>	45.92	37.50	44.05
<i>age above 50 years</i>	36.73	46.43	38.89
Workers	29.59	70.41	100.00
<i>age below 30 years</i>	24.14	22.46	22.96
<i>age between 30 and 50 years</i>	32.76	29.71	30.61
<i>age above 50 years</i>	43.10	47.83	46.43
Total	53.89	46.11	100.00

Employees of Ratti SpA BC by professional category, gender and age range in 2022.

GRI 405-1 NUMBER AND PERCENTAGE OF EMPLOYEES BELONGING TO PROTECTED CATEGORIES BY PROFESSIONAL CATEGORY AND GENDER

	RATTI SPA BENEFIT COMPANY - 2022					
	Women		Men		Total	
	number	% of total	number	% of total	number	%
Executives	0	0.00%	0	0.00%	0	0.00%
Middle management	0	0.00%	0	0.00%	0	0.00%
White-collar workers	6	66.67%	3	33.33%	9	40.91%
Blue-collar workers	4	30.77%	9	69.23%	13	59.09%
Total	10	28.89%	12	71.11%	22	100.00%

At 31.12.2022, people belonging to protected categories were present only in Ratti SpA BC.

Data for employees belonging to protected categories was published for the first time in the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

GRI 405-1 COMPOSITION OF THE BOD OF RATTI SPA BC BY AGE RANGE AND GENDER

	2020	2021	2022
Between 30 and 50 years	22.22	0.00	10.00
<i>Women</i>	50.00	0.00	100.00
<i>Men</i>	50.00	0.00	0.00
Over 50 years	77.78	100.00	90.00
<i>Women</i>	28.57	33.33	33.33
<i>Men</i>	71.43	66.67	66.67
Total	100.00	100.00	100.00
<i>Total women</i>	33.33	33.33	40.00
<i>Total men</i>	66.67	66.67	60.00

SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES

GRI 405-2 RATIO OF BASIC REMUNERATION OF WOMEN TO MEN BY PROFESSIONAL CATEGORY, FOR THE MOST IMPORTANT OPERATIONAL SITES

	RATTI SPA BENEFIT COMPANY - 2022
Executives	72.22
Middle management	99.51
White-collar workers	93.30
Blue-collar workers or equivalent	97.70

The value is calculated as the ratio between the average gross annual remuneration (only considering basic pay) of the female to the male population, for each professional category covered by the Contract. As the most important operational site, only Ratti SpA BC was considered.

The ratio of basic remuneration of women to men was measured for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

GRI 405-2 RATIO OF REMUNERATION OF WOMEN TO MEN BY PROFESSIONAL CATEGORY, FOR THE MOST IMPORTANT OPERATIONAL SITES

	RATTI SPA BENEFIT COMPANY - 2022
Dirigenti	69.68
Quadri	96.83
Impiegati	93.37
Operai ed Equiparati	97.70

The value is calculated as the ratio of the average gross annual remuneration (adding the theoretical bonus for reaching objectives) of the female to the male population, for each professional category covered by the Contract (no bonus is included for the category of blue-collar workers and equivalent). As the most important operational site, only Ratti SpA BC was considered. The ratio of basic remuneration of women to men was measured for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

ANNEX – CHAPTER 4

MATERIALS – FABRICS

GRI 301-1 MATERIALS USED BY THE RATTI GROUP AND BY RATTI SPA BC

PRINTED FABRICS (U.M. m)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
TOT. FABRIC PRINTED	3,429,523	3,581,970	3,053,969	-4.26%
<i>of which certified fabric/sustainable brands</i>	1,474,438	1,222,706	666,892	20.59%
Percentage of certified fabric/sustainable brands of total metres of fabric printed	42.99%	34.14%	21.84%	25.92%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties and including printing for samples. It is worth noting the significant increase of 25.92% since 2021 for certified fabrics/sustainable brands of total fabric printed. This result may be explained by the growing market demand for fabrics of this type as well as the sustainability policies implemented by Ratti.

PRINTED FABRICS (U.M. m)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
TOT. FABRIC PRINTED	2,961,366	3,125,452	2,700,876	-5.25%
<i>of which certified fabric/sustainable brands</i>	1,200,982	1,070,594	554,663	12.18%
Percentage of certified fabric/sustainable brands of total metres of fabric printed	40.55%	34.25%	20.54%	18.39%

Total fabric printed at the Italian site at Guanzate, including printing for samples

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

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS (U.M. m)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
TOT. PRINTED FABRICS, EXCLUDING SAMPLES	3,367,333	3,527,222	3,011,451	-4.53%
<i>of which 100% renewable articles</i>	1,873,952	2,080,939	1,647,741	-9.95%
<i>of which mixed renewable articles (with renewable fibre composition ≥ 50%)</i>	660,443	605,385	442,713	9.09%
<i>of which renewable articles (with renewable fibre composition < 50%) and non-renewable articles</i>	832,938	840,898	920,998	-0.95%
Percentage of 100%-renewable articles of total metres of printed fabric	55.65%	59.00%	54.72%	-5.68%
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total metres of printed fabric	19.61%	17.16%	14.70%	14.28%
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabric	24.74%	23.84%	30.58%	3.78%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties, but excluding printing on samples (62,190 metres out of a total of 3,429,523 metres). 100%-renewable printed articles include: 100% cotton, 100% silk, 100% viscose, 100% linen, 100% wool, 100% cupro, 100% modal, 100% hemp and, from 2022, 100% Lyocell. 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, including polyester, polyamides, leather or ramie.

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS (U.M. m)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
Tot. printed fabrics, excluding samples	2,899,985	3,072,144	2,661,403	-5.60%
<i>of which 100% renewable articles</i>	1,848,674	N/D	N/D	N/D
<i>of which mixed renewable articles (with renewable fibre composition ≥ 50%)</i>	657,820	N/D	N/D	N/D
<i>of which renewable articles (with renewable fibre composition < 50%) and non-renewable articles</i>	393,491	N/D	N/D	N/D
Percentage of 100%-renewable articles of total metres of printed fabric	63.75%	N/D	N/D	N/D
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total metres of printed fabric	22.68%	N/D	N/D	N/D
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabric	13.57%	N/D	N/D	N/D

Total for fabrics printed at the Italian site at Guanzate, excluding printing on samples (61,381 metres out of a total of 2,961,366 metres). The data for Ratti SpA BC compared with the total for the Group was collected for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

GRI 301-1 MATERIALS USED BY THE RATTI GROUP AND BY RATTI SPA BC

FABRIC PRODUCED (U.M. m)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
Tot. fabric produced	3,266,160	3,370,380	2,942,174	-3.09%

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

FABRIC PRODUCED (U.M. m)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
Tot. fabric produced	2,961,366	3,125,452	2,700,876	-5.25%

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

GRI 301-1 MATERIALS USED BY THE RATTI GROUP AND BY RATTI SPA BC OBTAINED FROM RECYCLING

TESSUTI RICICLATI (U.M. m)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
Tot. printed fabric, excluding samples	3,367,333	3,527,222	3,011,451	-4.53%
<i>of which recycled articles</i>	444,034	N/D	N/D	N/D
Percentage of recycled articles of total metres of printed fabric	13.19%	N/D	N/D	N/D

Total for recycled fabrics printed at sites in Italy and Romania, including fabrics outsourced to third parties. The percentage is calculated as the proportion of recyclable articles of total metres of printed fabric, excluding printing for samples. The category of recycled articles includes GRS and RCS-certified fabric, as well as New Life, Econyl and Qnova. The indicator GRI 301-2 was applied for the first time for DNF 2022. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

RECYCLED FABRIC (U.M. m)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
Tot. printed fabrics, excluding samples	2,899,985	3,072,144	2,661,403	-5.60%
<i>of which recycled articles</i>	196,177	N/D	N/D	N/D
Percentage of recycled articles of total metres of printed fabric	6.76%	N/D	N/D	N/D

Total recycled fabrics printed at the Guanzate site in Italy. The percentage is calculated as the proportion of recyclable articles of total metres of printed fabric, excluding printing for samples. The indicator GRI 301-2 was applied for the first time for DNF 2022. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

MATERIALS – PACKAGING

GRI 301-1 AND 301-2 MATERIALS USED BY THE RATTI GROUP AND BY RATTI SPA BC, WITH DETAILS FOR RECYCLING

MATERIALS FOR PACKAGING (U.M. Kg)		RATTI GROUP			
		2022	2021	2020	Δ% 2022 on 2021
PAPER	Tot. paper packaging	11,756	N/D	N/D	N/D
	<i>of which recycled paper</i>	76	N/D	N/D	N/D
	<i>% recycled of total</i>	0.64%	N/D	N/D	N/D
CARDBOARD	Tot. paper packaging	75,442	N/D	N/D	N/D
	<i>of which recycled cardboard</i>	874	N/D	N/D	N/D
	<i>% recycled of total</i>	1.16%	N/D	N/D	N/D
PLASTIC	Tot. plastic packaging	18,075	13,011	14,711	38.91%
	<i>of which recycled plastic</i>	372	381	89	-2.34%
	<i>% recycled of total</i>	2.06%	2.93%	0.61%	-29.70%
PALLETS	Tot. pallet	26,178	27,664	26,966	-5.37%
	<i>of which pallets recycled</i>	17,700	18,935	21,250	-6.52%
	<i>% recycled of total</i>	67.61%	68.45%	78.80%	-1.22%
TOT. PACKAGING	Tot. packaging	131,451	N/D	N/D	N/D
	<i>of which recycled</i>	19,022	N/D	N/D	N/D
Tot. packaging over metres of fabric produced (Kg/m)		0.04025	N/D	N/D	N/D
The percentage of sustainable packaging of total packaging		14.47%	N/D	N/D	N/D

The figures in the table in relation to paper, cardboard and pallets should be understood as relating to renewable materials, while plastic is considered to be a non-renewable material. In particular, recycled plastic is only used at the Italian site at Guanzate and is a compostable plastic. In addition, the quantity of paper and cardboard used for packaging, as shown in the 2022 table, is consumed entirely at the Guanzate site.

The indicator for consumption of recycled paper and cardboard was applied for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

Of the total, in 2022 the amount of non-recycled paper was 11,680kg and, of this, 5,236kg is FSC-certified paper. This certification (Forest Stewardship Council) is specific to the forestry sector and derivative products. For products to which it is applied it guarantees that they are sourced from forests managed in an appropriate and responsible manner and in accordance with rigorous environmental, social and economic standards. With regard to total cardboard, the quantity of non-recycled cardboard is 74,568kg and, of this, 66,554.94 is FSC material.

MATERIALS FOR PACKAGING (U.M. Kg)		RATTI SPA BENEFIT COMPANY			
		2022	2021	2020	Δ% 2022 on 2021
PAPER	Tot. paper packaging	11,756	N/D	N/D	N/D
	<i>of which recycled paper</i>	76	N/D	N/D	N/D
	<i>% recycled of total</i>	0.64%	N/D	N/D	N/D
CARDBOARD	Tot. paper packaging	68,469	N/D	N/D	N/D
	<i>of which recycled cardboard</i>	874	N/D	N/D	N/D
	<i>% recycled of total</i>	1.28%	N/D	N/D	N/D
PLASTIC	Tot. plastic packaging	17,658	12,481	14,221	41.48%
	<i>of which recycled plastic</i>	372	381	89	-2.34%
	<i>% recycled of total</i>	2.11%	3.05%	0.63%	-30.98%
PALLETS	Tot. pallet	24,400	25,685	25,760	-5.00%
	<i>of which pallets recycled</i>	17,700	18,935	21,250	-6.52%
	<i>% recycled of total</i>	72.54%	73.72%	82.49%	-1.60%

TOT. PACKAGING	Tot. packaging	122,283	N/D	N/D	N/D
	<i>of which recycled</i>	19,022	N/D	N/D	N/D
Tot. packaging over metres of fabric produced (Kg/m)		0.04129	N/D	N/D	N/D
The percentage of sustainable packaging of total packaging		15.56%	N/D	N/D	N/D

The figures in the table in relation to paper, cardboard and pallets should be understood as relating to renewable materials, while plastic is considered to be a non-renewable material.

The indicator for recycled paper and cardboard was applied for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

Of the total, in 2022 the amount of non-recycled paper was 11,680kg and, of this, 5,236kg is FSC-certified paper. This certification (Forest Stewardship Council) is specific to the forestry sector and derivative products. For products to which it is applied it guarantees that they are sourced from forests managed in an appropriate and responsible manner and in accordance with rigorous environmental, social and economic standards. With regard to total cardboard, the quantity of non-recycled cardboard is 67,595 kg and, of this, 66,554.94 is FSC material.

GRI 301-1 AND 301-2 MATERIALS USED BY THE RATTI GROUP AND BY RATTI SPA BC, WITH DETAILS FOR RECYCLING

	RENEWABLE MATERIALS FOR OFFICES (U.M. Kg)	RATTI GROUP			
		2022	2021	2020	Δ% 2022 on 2021
PAPER	Tot. paper	14,077	N/D	N/D	N/D
	<i>of which recycled</i>	10,126	N/D	N/D	N/D
Percentage of recycled paper of total consumption of paper used in the offices		71.93%	N/D	N/D	N/D

The calculation of paper consumption includes kilograms of paper used at the sites in Italy, Tunisia and Romania, including paper used for printing in the Design office at the Guanzate site. All paper consumption should be understood as renewable material. The amount of non-recycled paper (3,951kg in 2022) is entirely FSC-certified paper. This certification (Forest Stewardship Council) is specific to the forestry sector and derivative products. For products to which it is applied it guarantees that they are sourced from forests managed in an appropriate and responsible manner and in accordance with rigorous environmental, social and economic standards.

The indicator for recycled paper consumption was applied for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

	RENEWABLE MATERIALS FOR OFFICES (U.M. Kg)	RATTI SPA BENEFIT COMPANY			
		2022	2021	2020	Δ% 2022 on 2021
PAPER	Tot. paper	13,756	N/D	N/D	N/D
	<i>of which recycled</i>	10,027	N/D	N/D	N/D
Percentage of recycled paper of total consumption of paper used in the offices		72.89%	N/D	N/D	N/D

The calculation of paper consumption includes kilograms of paper used at the offices of the Italian site at Guanzate, including paper used for printing in the Design office. All paper consumption should be understood as renewable material. The amount of non-recycled paper at the Guanzate site (3,729kg in 2022) is entirely FSC-certified paper. This certification (Forest Stewardship Council) is specific to the forestry sector and derivative products. For products to which it is applied it guarantees that they are sourced from forests managed in an appropriate and responsible manner and in accordance with rigorous environmental, social and economic standards.

The indicator for recycled paper consumption was applied for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

ANNEX - CHAPTER 5

CHEMICALS AND DYES

GRI 301-1 MATERIALS USED BY THE RATTI GROUP

ADDITIVES (U.M. Kg)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
Tot. additives	523,698	553,550	470,452	-5.11%
of which dyes	54,113	58,694	43,567	-5.39%
of which chemical products	469,585	494,856	426,885	-7.81%

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

The total for dyes and chemical products used by the Ratti Group coincides with the amount of products purchased by Ratti SpA BC that are used both by the Guanzate site (Ratti SpA BC) and by the Textrom site in Romania. From the 2023 DNF the Ratti Group will commit to publishing the figures for Ratti SpA BC, the idea being to show the value of additives actually used by just Ratti SpA BC over the three-year period, compared with the value for those used by the Textrom site.

ENERGY

GRI 302-1 AGGREGATE ENERGY CONSUMPTION, RELATIVE TO THE USE OF THE COMPANY'S EQUIPMENT, OFFICES AND CAR FLEET FOR THE RATTI GROUP AND FOR RATTI SPA BC

U.M. GJ	RATTI GROUP				
	2022	2021	2020	Δ% 2022 on 2021	
METHANE GAS	Consumption by offices and factories	111,213	117,858	101,361	-5.64%
	Consumption by offices and factories	30,439	30,614	26,678	-0.57%
	<i>of which electricity purchased</i>	26,225	26,356	23,584	-0.50%
ENERGY ELECTRICAL	<i>of which produced and self-consumed, from photovoltaic systems</i>	4,214	4,258	3,094	-1.03%
	Produced and released to the grid from photovoltaic systems	343	159	245	115.48%
COMPANY CAR FLEET	Consumption of diesel	2,444	2,579	2,203	-5.21%
	Consumption of petrol	382	177	86	116.66%
Tot. Energy consumption		144,478	151,228	130,328	-4.46%
Tot. consumption of methane over total metres of fabric produced (GJ/m)		0.03405	0.03497	0.03445	-2.63%
Tot. consumption of electricity over total metres of fabric produced (GJ/m)		0.00932	0.00908	0.00907	2.64%

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

To convert m³ into GJ of methane gas, kWh into GJ of electricity and litres of diesel and petrol into GJ, the values reported by DEFRA were used (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom.

Consumption of electricity by photovoltaic system included the plant at the Guanzate site and the plant at the Creomoda (Tunisia) site. Consumption related to the car fleet only applies to the Italy and Romania sites, given that there are no company cars at the Tunisian offices

U.M. GJ	RATTI SPA BENEFIT COMPANY				
	2022	2021	2020	Δ% 2022 on 2021	
METHANE GAS	Consumption by offices and factories	107,607	114,090	96,818	-5.68%
	Consumption by offices and factories	29,184	29,342	25,378	-0.54%
ENERGY ELECTRICAL	<i>of which electricity purchased</i>	25,159	25,305	22,359	-0.58%
	<i>of which produced and self-consumed, from photovoltaic systems</i>	4,025	4,037	3,018	-0.30%
	Produced and released to the grid from photovoltaic systems	268	159	245	68.20%
	Consumption of diesel	2,431	2,548	2,173	-4.59%
COMPANY CAR FLEET	Consumption of petrol	345	153	61	124.49%
Tot. Energy consumption		139,567	146,133	124,430	-4.49%
Tot. consumption of methane over total metres of fabric produced (GJ/m)		0.03323	0.03413	0.03328	-2.64%
Tot. consumption of electricity over total metres of fabric produced (GJ/m)		0.00901	0.00878	0.00872	2.62%

To convert m³ into GJ of methane gas, kWh into GJ of electricity and litres of diesel and petrol into GJ, the values reported by DEFRA were used (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom

WATER AND EFFLUENTS

GRI 303-3, 303-4 WATER WITHDRAWAL AND DISCHARGE BY THE GROUP AND BY RATTI SPA BC

U.M. M ³	RATTI GROUP				
	2022	2021	2020	Δ% 2022 on 2021	
Tot. water withdrawal		357,508	311,981	274,256	14.59%
from well counters		355,300	310,443	272,755	14.45%
<i>-of which freshwater (≤1000 mg/l of total dissolved solids)</i>		355,300	310,443	N/D	14.45%
<i>-of which other types of water (> 1,000 mg/l of total dissolved solids)</i>		0	0	N/D	-
WATER WITHDRAWAL	from aqueduct (bill)	2,208	1,538	1,501	43.56%
	<i>-of which freshwater (≤1000 mg/l of total dissolved solids)</i>	2,208	1,538	N/D	43.56%
	<i>- of which other types of water (> 1,000 mg/l of total dissolved solids)</i>	0	0	N/D	-
	Tot. water withdrawal over total metres of fabric produced	0.10946	0.09257	0.09322	-3.09%
Tot. water discharges into the sewerage system		309,860	266,616	227,273	16.22%
<i>- of which freshwater (≤1000 mg/l of total dissolved solids)</i>		5,485	5,056	N/D	8.48%
WATER DISCHARGES	<i>- of which other types of water (> 1,000 mg/l of total dissolved solids)</i>	304,375	261,560	N/D	16.37%
	Tot. water discharges over total metres of fabric produced (m ³ /m)	0.09487	0.07911	0.07725	19.92%

The calculation of water consumption, broken down by source and discharges, only includes the Italian and Romanian sites. This is because in Tunisia water consumption and discharges are associated with water drawn from a well, but that water is not used in the production cycle. The Guanzate and Textrom sites are situated in areas with a water stress < 50% (according to data provided by the Aqueduct Water Risk Atlas). As from 2021, the Ratti Group includes the distinction called for by GRI, whereby water consumption must be broken down into freshwater (≤1,000 mg/l of total dissolved solids) and other types of water (>1,000 mg/l of total dissolved solids). This information was not available before 2020.

U.M. M ³	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
Tot. water withdrawal	352,023	306,925	266,578	14.69%
from well counters	349,815	305,387	265,077	14.55%
- of which freshwater (≤1000 mg/l of total dissolved solids)	349,815	305,387	N/D	14.55%
- of which other types of water (> 1,000 mg/l of total dissolved solids)	0	0	N/D	-
WATER WITHDRAWAL				
from aqueduct (bill)	2,208	1,538	1,501	43.56%
- of which freshwater (≤1000 mg/l of total dissolved solids)	2,208	1,538	N/D	43.56%
- of which other types of water (> 1,000 mg/l of total dissolved solids)	0	0	N/D	-
Tot. water withdrawal over total metres of fabric produced	0.10871	0.09181	0.09164	18.41%
Tot. water discharges into the sewerage system	304,375	261,560	219,595	16.37%
- of which freshwater (≤1000 mg/l of total dissolved solids)	0	0	N/D	-
- of which other types of water (> 1,000 mg/l of total dissolved solids)	304,375	261,560	N/D	16.37%
WATER DISCHARGES				
Tot. water discharges over total metres of fabric produced (m ³ /m)	0.09399	0.07824	0.07549	20.13%

The Guanzate site is situated in an area with a water stress < 10% (according to data provided by the Aqueduct Water Risk Atlas). As from 2021, Ratti SpA BC includes the distinction called for by GRI, whereby water consumption must be broken down into freshwater (≤1,000 mg/l of total dissolved solids) and other types of water (>1,000 mg/l of total dissolved solids). This information was not available before 2020.

GRI 303-5 TOTAL WATER CONSUMPTION AND STORAGE OF WATER IN THE RATTI GROUP AND IN RATTI SPA BC

U.M. M ³	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
Tot. water withdrawal	47,648	45,365	46,983	5.03%
WATER CONSUMPTION				
Tot. water consumption over total metres of fabric produced (m ³ /m)	0.01459	0.01346	0.01597	8.40%
Change in water storage	0	N/D	N/D	N/D
WATER STORAGE				
Water storage at the beginning of the reporting period	300	N/D	N/D	N/D
Water storage at the end of the reporting period	300	N/D	N/D	N/D

The calculation of water consumption, broken down by source and discharges, only includes the Italian and Romanian sites. This is because in Tunisia water consumption and discharges are associated with water drawn from a well, but that water is not used in the production cycle. The data for the Group coincides with that for Ratti SpA BC, given that water consumption is only associated with the Guanzate site. The figure for water consumption, seen as the difference between water drawn and water discharged, is > 0, given that some of the water is introduced into the production cycle and then "consumed" because of a number of factors: natural evaporation within the processes, evaporation in cooling towers, dispersion in the water environment (e.g. humidification during weaving, irrigation).

Data for water storage was gathered for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year. There is no water storage system for the Group's subsidiaries (Creomoda, La Maison des Accessoires and Textrom), while for Ratti SpA BC the data is estimated.

	U.M. M ³	RATTI SPA BENEFIT COMPANY			
		2022	2021	2020	Δ% 2022 on 2021
WATER CONSUMPTION	Tot. water withdrawal	47,648	45,365	46,983	5.03%
	Tot. water consumption over total metres of fabric produced (m ³ /m)	0.01471	0.01357	0.01615	8.40%
WATER STORAGE	Change in water storage	0	N/D	N/D	N/D
	Water storage at the beginning of the reporting period	300	N/D	N/D	N/D
	Water storage at the end of the reporting period	300	N/D	N/D	N/D

The Guanzate site is situated in areas with a water stress < 10% (according to data provided by the Aqueduct Water Risk Atlas).

The figure for water consumption, seen as the difference between water drawn and water discharged, is > 0, given that some of the water is introduced into the production cycle and then "consumed" because of a number of factors: natural evaporation within the processes, evaporation in cooling towers, dispersion in the water environment (e.g. humidification during weaving, irrigation). The data for Ratti SpA BC coincides with that for the Group, given that water consumption is only associated with the Guanzate site.

Data for water storage was gathered for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year. For Ratti SpA BC the data of water storage is estimated.

EMISSIONS

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

CO ₂ EMISSIONS (U.M. tCO ₂ e)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
SCOPE 1 - DIRECT ENERGY EMISSIONS	6,640	7,001	5,883	-5.16%
<i>from consumption of methane gas</i>	6,296	6,691	5,700	-5.90%
<i>from emission of refrigerant gas from air conditioning equipment</i>	134	105	19	27.27%
<i>from company car fleet - consumption of diesel cars</i>	183	193	160	-5.27%
<i>from company car fleet - consumption of petrol cars</i>	27	12	4	116.65%
SCOPE 2 - INDIRECT ENERGY EMISSIONS				
Location-based	2,314	2,321	2,212	-0.31%
<i>from electricity bought for offices and factories</i>				
SCOPE 2 - INDIRECT ENERGY EMISSIONS				
Market-based	113	104	129	8.00%
<i>from electricity bought for offices and factories</i>				
Tot. SCOPE 1 and SCOPE 2 Location-based emissions	8,954	9,322	8,095	-3.95%
Tot. SCOPE 1 and SCOPE 2 location-based emissions over metres of fabric produced (tCO ₂ e/m)	0.00274	0.00277	0.00275	-0.89%
Emissions avoided thanks to the photovoltaic system in Ratti SpA BC	376	367	305	2.30%
Emissions avoided thanks to the photovoltaic system in Creomoda	35	29	10	19.77%
Tot. emissions avoided thanks to the photovoltaic system	411	396	315	3.72%
Emissions avoided by purchasing energy with a Guarantee of Origin in Ratti SpA BC	2,201	2,214	2,087	-0.58%

To calculate SCOPE 1 equivalent tons of Co₂, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom. In particular, to calculate CO₂ emissions from the vehicle fleet, starting from the 2021 data the Ratti Group has decided to use the DEFRA figure, no longer starting from the total number of km driven by the Group's cars, but instead from litres of fuel - separately with the related coefficient for gasoline and diesel cars - consumed during the reporting year. This will make the reported data more accurate and reliable.

The calculation of electricity emissions using the location-based method is based on emission factors published by Terna SpA, while the market-based method calculates emissions based on emission factors published by the Association of Issuing Bodies (AIB).

CO ₂ EMISSIONS (U.M. tCO ₂ e)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
SCOPE 1 - DIRECT ENERGY EMISSIONS	6,432	6,784	5,625	-5.19%
<i>from consumption of methane gas</i>	6,092	6,477	5,445	-5.95%
<i>from emission of refrigerant gas from air conditioning equipment</i>	134	105	19	2727%
<i>from company car fleet – consumption of diesel cars</i>	182	191	158	-4.65%
<i>from company car fleet – consumption of petrol cars</i>	24	11	3	124.47%
SCOPE 2 - INDIRECT ENERGY EMISSIONS	2,201	2,214	2,087	-0.58%
Location-based				
<i>from electricity bought for offices and factories</i>				
SCOPE 2 - INDIRECT ENERGY EMISSIONS				
Market-based	0	0	0	-
<i>from electricity bought for offices and factories</i>				
Tot. SCOPE 1 and SCOPE 2 Location-based emissions	8,633	8,998	7,712	-4.05%
Tot. SCOPE 1 and SCOPE 2 location-based emissions over metres of fabric produced (tCO ₂ e/m)	0.00267	0.00269	0.00265	-0.95%
Emissions avoided thanks to the photovoltaic system in Ratti SpA BC	376	367	305	2.30%
Emissions avoided by purchasing energy with a Guarantee of Origin in Ratti SpA BC	2,201	2,214	2,087	-0.58%

To calculate SCOPE 1 equivalent tons of Co₂, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom. In particular, to calculate CO₂ emissions from the vehicle fleet, starting from the 2021 data the Ratti Group has decided to use the DEFRA figure, no longer starting from the total number of km driven by the Group's cars, but instead from litres of fuel – separately with the related coefficient for gasoline and diesel cars – consumed during the reporting year. This will make the reported data more accurate and reliable.

The calculation of electricity emissions using the location-based method is based on emission factors published by Terna SpA, while the market-based method calculates emissions based on emission factors published by the Association of Issuing Bodies.

WASTE

GRI 306-3 TOTAL WEIGHT OF WASTE PRODUCED, SUBDIVIDING TOTAL WEIGHT ON THE BASIS OF WASTE COMPOSITION (HAZARDOUS AND NON-HAZARDOUS) FOR THE RATTI GROUP AND RATTI SPA BC

WASTE PRODUCED (U.M. Kg)	RATTI GROUP			
	2022	2021	2020	Δ% 2022 on 2021
Tot. waste produced	564,375	631,098	565,929	-10.57%
Hazardous waste	24,012	24,831	26,714	-3.30%
Non-hazardous waste	540,363	606,268	539,214	-10.87%
Total waste over total metres of fabric produced (kg/m)	0.17279	0.18725	0.19235	-7.72%
Hazardous waste over total metres of fabric produced (kg/m)	0.00735	0.00737	0.00908	-0.27%
Non-hazardous waste over total metres of fabric produced (kg/m)	0.16544	0.17988	0.18327	-8.03%

Starting from the 2021 DNF, the reporting of waste produced by Ratti has been updated on the basis of the new GRI 306 of 2020. The Ratti Group, in line with the stipulations of previous DNFs, has maintained the subdivision of waste on the basis of whether it is hazardous or non-hazardous, considering the sites in Italy, Romania and Tunisia to be within the perimeter.

WASTE PRODUCED (U.M. Kg)	RATTI SPA BENEFIT COMPANY			
	2022	2021	2020	Δ% 2022 on 2021
Tot. waste produced	534,763	606,574	540,263	-11.84%
Hazardous waste	23,203	23,969	25,803	-3.20%
Non-hazardous waste	511,560	582,605	514,460	-12.19%
Total waste over total metres of fabric produced (kg/m)	0.16514	0.18145	0.18571	-8.99%
Hazardous waste over total metres of fabric produced (kg/m)	0.00717	0.00717	0.00887	0.00%
Non-hazardous waste over total metres of fabric produced (kg/m)	0.15797	0.17428	0.17684	-9.36%

Ratti SpA BC, in line with the stipulations of previous DNFs, has maintained the subdivision of waste on the basis of whether it is hazardous or non-hazardous, considering the sites in Italy, Romania and Tunisia to be within the perimeter

GRI 306-4 AND 306-5 WASTE DESTINED FOR DISPOSAL AND WASTE DIVERTED FROM DISPOSAL, I.E. TO RECYCLING, OF THE RATTI GROUP, SUBDIVIDED BY INDIVIDUAL COMPANIES: RATTI SPA BC, TEXTROM, CREOMODA AND LA MAISON DES ACCESSOIRES

GRI 306-5 requires disclosure on waste which must be subdivided by weight (kg) for:

- category of waste (hazardous/non-hazardous)
- waste destined for disposal/waste diverted from disposal (where for waste diverted from disposal the GRI is referring to waste destined for recycling). Waste may be disposed of, according to the GRI by means of: incineration with energy recycling, incineration without energy recycling, disposal in landfills and other operations). Waste may be recycled, according to the GRI, by means of: preparation for reuse, recycling and other recycling operations. Therefore, the GRI Universal Standards classify incineration of waste with energy recycling as waste destined for disposal. It should be noted, however, that according to European legislation (Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and subsequent amendments and additions; Article 3, paragraph 15 and Annex II), incineration with prevalent energy recycling is, on the other hand, a recycling operation.

That said, GRI 306-5 (as for GRI 306-4) is applied for the first time with the 2022 DNF. Disclosure is complete for Textrom, Cremoda and La Maison des Accessoires, while for Ratti SpA BC it is partly complete.

Considering the 534,763kg of total waste produced by Ratti SpA BC

in 2022, the company was able to produce full disclosure only for 301,983kg. For the remaining 232,780kg, however, disclosure is in partial form given the method used by the intermediary to manage waste. The waste included in the 301,983kg is treated individually, and receive a single destination for disposal/non disposal. The waste included in the 232,780kg is not treated individually, but is instead aggregated by the intermediary with other waste collected. It receives more than one destination of disposal/recycling. As things currently stand, the intermediary is not able to provide information on the weight breakdown of the aggregate for the various waste destinations.

Therefore, two tables now follow for Ratti SpA BC: one fully meets the requirements of GRI 306-5 (for a total of 301,983kg of waste), while the other only partly meets the requirements of GRI 306-5 (for a total of 232,780kg).

For this reason a GRI 306-5 summary table is not presented for the Group, in that 232,780kg of waste produced by Ratti SpA BC is for multiple non-weighed destinations and therefore cannot be added to waste reported which is in full compliance with GRI 306-5. To provide in any case an overview for the Group, the disclosure concludes with the tables for Textrom, Cremoda and La Maison des Accessoires in their complete form, in accordance with GRI 306-5.

	(U.M. Kg)	RATTI SPA BENEFIT COMPANY- 2022						
		AT COMPANY SITE	AT EXTERNAL SITE	TOTAL				
WASTE DIVERTED FROM DISPOSAL								
HAZARDOUS WASTE	Total hazardous waste diverted from disposal	0	689	689				
	Preparation for reuse	0	0	0				
	Recycling	0	246	246				
	Other recycling operations	0	443	443				
NON-HAZARDOUS WASTE	Total non-hazardous waste diverted from disposal	0	168,390	168,390				
	Preparation for reuse	0	0	0				
	Recycling	0	168,390	168,390				
	Other recycling operations	0	0	0				
WASTE DESTINED FOR DISPOSAL								
HAZARDOUS WASTE	Total hazardous waste destined for disposal	0	22,514	22,514				
	Incineration with energy recycling	0	19,215	19,215				
	Incineration without energy recycling	0	2,911	2,911				
	Taken to landfill	0	373	373				
	Other disposal operations	0	15	15				
NON-HAZARDOUS WASTE	Total non-hazardous waste destined for disposal	0	110,390	110,390				
	Incineration with energy recycling	0	1,631	1,631				
	Incineration without energy recycling	0	755	755				
	Taken to landfill	0	0	0				
	Other disposal operations	0	108,004	108,004				
NON-HAZARDOUS WASTE WITH MULTIPLE DESTINATIONS FOR RATTI SPA BENEFIT COMPANY - 2022								
Description with CER code	Incineration with energy recycling	R3 – Recycling	R5 – Recycling	R12 – Recycling	R13 – Other	D1 – Landfill	D5 – Landfill	TOT. kg
	X	X		X	X	X		44,680
Waste from textile fibre (CER:040222)	X	X		X	X			14,060
	X							2,000
Plastic waste (CER:070213)					X	X		1,260
Paper and cardboard packaging (CER:150101)	X	X		X	X			115,420
Packaging in mixed materials (CER:150106)	X	X	X	X	X	X	X	51,340
Paper and cardboard (CER:200101)	X	X						4,020
Total non-hazardous waste with multiple destinations								232,780

U.M. kg		TEXTROM (ROMANIA)- 2022		
		AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
WASTE DIVERTED FROM DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste diverted from disposal	0	83	83
	Preparation for reuse	0	0	0
	Recycling	0	83	83
	Other recycling operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste diverted from disposal	0	315	315
	Preparation for reuse	0	0	0
	Recycling	0	315	315
	Other recycling operations	0	0	0
WASTE DESTINED FOR DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste destined for disposal	0	670	670
	Incineration with energy recycling	0	670	670
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	0	0
	Other disposal operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste destined for disposal	0	20,000	20,000
	Incineration with energy recycling	0	0	0
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	0	0
	Other disposal operations	0	20,000	20,000

U.M. kg		CREOMODA (TUNISIA)- 2022		
		AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
WASTE DIVERTED FROM DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste diverted from disposal	0	49	49
	Preparation for reuse	0	0	0
	Recycling	0	49	49
	Other recycling operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste diverted from disposal	0	4,176	4,176
	Preparation for reuse	0	0	0
	Recycling	0	4,176	4,176
	Other recycling operations	0	0	0

WASTE DESTINED FOR DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste destined for disposal	0	0	0
	Incineration with energy recycling	0	0	0
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	0	0
	Other disposal operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste destined for disposal	0	3.313	3.313
	Incineration with energy recycling	0	0	0
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	3.313	3.313
	Other disposal operations	0	0	0

U.M. kg	LA MAISON DES ACCESSOIRES (TUNISIA)- 2022			
	AT COMPANY SITE	AT EXTERNAL SITE	TOTAL	
WASTE DIVERTED FROM DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste diverted from disposal	0	7	7
	Preparation for reuse	0	0	0
	Recycling	0	7	7
	Other recycling operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste diverted from disposal	0	423	423
	Preparation for reuse	0	0	0
	Recycling	0	423	423
	Other recycling operations	0	0	0

WASTE DESTINED FOR DISPOSAL				
HAZARDOUS WASTE	Total hazardous waste destined for disposal	0	0	0
	Incineration with energy recycling	0	0	0
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	0	0
	Other disposal operations	0	0	0
NON-HAZARDOUS WASTE	Total non-hazardous waste destined for disposal	0	576	576
	Incineration with energy recycling	0	0	0
	Incineration without energy recycling	0	0	0
	Taken to landfill	0	576	576
	Other disposal operations	0	0	0

PROCUREMENT

GRI 204-1 PERCENTAGE OF PROCUREMENT BUDGET SPENT ON LOCAL SUPPLIERS FOR SIGNIFICANT SITES OF OPERATIONS

	Percentage of procurement budget spent on local suppliers (% ITALY OF TOTAL)	Percentage of procurement budget spent on local suppliers (% LOMBARDY OF TOTAL)
2022	81.25%	66.58%
2021	85.25%	66.61%

Local suppliers means Italian suppliers. In order to provide more details, Ratti has decided to provide data for suppliers located in Lombardy. Generally speaking, the calculation considers only suppliers for the Guanzate site, the only really significant site for the Ratti Group.

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 308-1 PERCENTAGE OF NEW SUPPLIERS OF RATTI SPA BC EVALUATED ON THE BASIS OF ENVIRONMENTAL CRITERIA

2022	Of the total of 253 new suppliers of Ratti SpA BC, the 6 suppliers assessed in accordance with environmental criteria (2.4% of the total) represented 4.4% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SpA, the 11 suppliers assessed in accordance with environmental criteria (4.7% of the total) represented 19.2% of the value of purchases generated by new suppliers during the year.
2020	Of the total of 221 new suppliers of Ratti SpA, the 5 suppliers assessed in accordance with environmental criteria (2.3% of the total) represented 27.2% of the value of purchases generated by new suppliers during the year.

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).

GRI 308-2 NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

	2022
Number of suppliers evaluated in relation to environmental impacts	158
Number of suppliers that have significant current environmental impacts and potential negative environmental impacts	158
Percentage of suppliers that have significant current environmental impacts and potential negative environmental impacts with which improvements have been agreed following the evaluation	0%
Percentage of suppliers that have significant current environmental impacts and potential negative environmental impacts with which relations have been terminated following the evaluation	0%

Of the total of 1.239 suppliers of Ratti SpA BC active in 2022, 158 were considered sufficiently strategic to warrant an environmental valuation. Of these, Ratti SpA BC has not reported any critical concerns on the part of the suppliers. For further details of the environmental impacts evaluated for Ratti suppliers see *Chapter 5, paragraph 5.4 "A virtuous circle of good practices"*

SUPPLIER SOCIAL ASSESSMENT

GRI 414-1 PERCENTAGE OF NEW SUPPLIERS EVALUATED ON THE BASIS OF SOCIAL CRITERIA

2022	Of the total of 253 new suppliers of Ratti SpA BC, the 17 that were assessed in accordance with social criteria as per the Manual of Social Accountability (6.7% of the total) represented 27.0% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SpA, the 13 that were assessed in accordance with social criteria as per the Manual of Social Accountability (5.5% of the total) represented 56.9% of the value of purchases generated by new suppliers during the year.
2020	Of the total of 221 new suppliers of Ratti SpA, the 9 that were assessed in accordance with social criteria as per the Manual of Social Accountability (4.1% of the total) represented 44.4% of the value of purchases generated by new suppliers during the year.

It has now become standard practice for Ratti SpA BC 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 BC 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.

GRI 414-2 NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN

2022

Number of suppliers evaluated in relation to social impacts	236
Number of suppliers that have significant current social impacts and potential negative social impacts	236
Percentage of suppliers that have significant current social impacts and potential negative social impacts with which improvements have been agreed following the evaluation	0%
Percentage of suppliers that have significant current social impacts and potential negative social impacts with which relations have been terminated following the evaluation	0%

Of the total of 1,239 suppliers of Ratti SpA BC active in 2022, 236 were considered sufficiently strategic to warrant a social evaluation.

Of these, Ratti SpA BC has not reported any critical concerns on the part of the suppliers. For further details of the social impacts evaluated for Ratti suppliers see *Chapter 5, paragraph 5.4 "A virtuous circle of good practices"*

ANNEX - CHAPTER 7

ANTI-CORRUPTION

GRI 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

NUMBER OF EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES AT 31.12.22 HAVE BEEN COMMUNICATED SUBDIVIDED BY CATEGORY AND REGION	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0	0	0	0	0
Middle management	7	0	0	0	7
White-collar workers	46	1	0	0	47
Intermediate/blue-collar workers	29	19	0	3	51
Total	82	20	0	3	105

The Ratti Group sent out a specific notification relating to anti-corruption policies and procedures to a total of 44 people, including interns at Ratti SpA BC.

PERCENTAGE OF EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES AT 31.12.22 HAVE BEEN COMMUNICATED, SUBDIVIDED BY CATEGORY AND REGION, OF TOTAL EMPLOYEES	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0%	0%	0%	0%	0%
Middle management	16%	0%	0%	0%	15%
White-collar workers	18%	13%	0%	0%	18%
Intermediate/blue-collar workers	15%	14%	0%	17%	13%
Total	16%	13%	0%	13%	15%

TOTAL NUMBER OF EMPLOYEES WHO RECEIVED TRAINING IN ANTI-CORRUPTION ISSUES SUBDIVIDED BY CATEGORY AND REGION	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0	0	0	0	0
Middle management	6	0	0	0	6
White-collar workers	32	0	0	0	32
Intermediate/blue-collar workers	27	0	0	0	27
Total	65	0	0	0	65

The Ratti Group carried out specific training relating to anti-corruption policies and procedures for a total of 44 people, including interns at Ratti SpA BC.

PERCENTAGE OF EMPLOYEES WHO RECEIVED TRAINING IN ANTI-CORRUPTION ISSUES, SUBDIVIDED BY CATEGORY AND REGION, OF TOTAL EMPLOYEES	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0%	0%	0%	0%	0%
Middle management	13%	0%	0%	0%	13%
White-collar workers	13%	0%	0%	0%	12%
Intermediate/blue-collar workers	14%	0%	0%	0%	7%
Total	13%	0%	0%	0%	9%

According to Ratti's procedures, all newly hired personnel should be kept informed about anti-corruption issues and, in Ratti SpA BC, training is carried out on these topics. This ensures that, over time, all the company's staff are covered. The 2022 training plan relating to the topics featured in the Organisation, Management and Control Model 231/01 and the Code of Ethics (with particular reference to the protocols for fighting corruption) involved all newly hired personnel. The training was carried out by Internal Audit on behalf of the Supervisory Body and the Ethics Committee. In 2023 training will also be carried out for senior management, executives and middle managers. It will focus in particular on the update to the Organisation, Management and Control Model 231/01, the Code of Ethics and the approval of the anti-corruption policy.

TOTAL NUMBER AND PERCENTAGE OF COMMERCIAL PARTNERS TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN COMMUNICATED, SUBDIVIDED BY TYPE OF COMMERCIAL PARTNER AND REGION.	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Total suppliers	1.239	119	43	85	1.486
Total suppliers informed (number)	727	8	5	0	740
Total suppliers informed (%)	59%	7%	12%	0%	50%

In Ratti SpA BC the procedure for evaluating new suppliers involves accepting the principles of the Suppliers' Code and the Code of Ethics of the Group, thus ensuring that over time there is a high level of coverage of total suppliers informed. In addition, all purchasing orders for goods and services refer to the general conditions and policy of conduct on the website.

GRI Content Index

Declaration of use	The Ratti Group has presented a report which complies with GRI Standards for the period 1 January – 31 December 2022
GRI USED	GRI 1 - Fundamental Principles - version 2021
Relevant GRI Standards for the sector	Not present at the moment this report was approved

DISCLOSURE	LOCATION	OMISSION (requirements omitted, reason and explanation)
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GRI 2 – GENERAL DISCLOSURES – VERSION 2021

Informative general		
2-1 Organisational details	Chapter 1, paragraph 1.1 A story with deep roots, paragraph 1.2 The Ratti Group today	
2-2 Entities included in the organisation's sustainability reporting	Methodological Note, Perimeter paragraph, purpose and contents of the 2022 Sustainability Report and DNF	
2-3 Reporting period, frequency and point of contact	Methodological Note, Perimeter paragraph, purpose and contents of the 2022 Sustainability Report and DNF	
2-4 Restatements of information	Methodological Note, Perimeter paragraph, purpose and contents of the 2022 Sustainability Report and DNF	
2-5 External assurance	Chapter 7 paragraph 7.1 The governance structure of the Group Declaration of external assurance	
Activities and workers		
2-6 Activities, value chain and other business relationships	Chap. 1 paragraph 1.2 The Ratti Group today Chap. 5, paragraph 5.4 A virtuous circle of good practices	
2-7 Employees	Chap. 3 paragraph 3.1 The Ratti Group's employees Annex Chap. 3	
2-8 Non-employed workers	Chap. 3 paragraph 3.1 The Ratti Group's employees Annex Chap. 3	
Governance		
2-9 Governance structure and composition	Chap. 7 paragraph 7.1 The governance structure of the Group	
2-10 Nomination and selection of the highest governance body	The process of nominating and selecting the BoD of Ratti SpA BC is described in Articles 16 and 17 of the Company's by-laws Chap. 7 paragraph 7.1 The governance structure of the Group	
2-11 Chair of the highest governance body	The Chair of Ratti SpA BC is not an executive	
2-12 Role of the highest governance body in overseeing the management of impacts	Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-13 Delegation of responsibility for managing impacts	Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-14 Role of the highest governance body In sustainability reporting	Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-15 Conflicts of interest	Chap. 7, paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-16 Communication of critical concerns	No significant critical concerns emerged in 2022 Chap. 7, paragraph 7.3 Managing risks to include sustainability	

2-17 Collective knowledge of the highest governance body	Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-18 Evaluation of the performance of the highest governance body	As things currently stand no indications of amendments to the composition of the highest governance body have been reported. Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-19 Remuneration policies	Chap. 7 paragraph 7.1 The governance structure of the Group	
2-20 process to determine remuneration	Chap. 7 paragraph 7.1 The governance structure of the Group	
2-21 Annual total compensation ratio	The ratio between the total annual compensation of the person who receives the maximum amount and the total annual average remuneration of Ratti Group employees is 21.38. This figure is affected by the very high number of employees who belong to the contractual category "blue-collar workers". The ratio between the percentage increase of the average annual compensation of the person who receives the maximum amount and the total annual (average) amount for all employees of the Ratti Group is 1.15. Total annual compensation takes into consideration: Annual gross salary, theoretical MBO, bonuses, benefits and performance-based bonuses	

Strategy, policies and practices

2-22 Statement on sustainable development strategy	Letter from the Chairman Letter from the CEO Chap. 2 paragraph 2.3 Objectives and results 2022, Objectives 2023	
2-23 Policy commitments	Documents containing commitments in terms of policy are approved by the Shareholders' Meeting. Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-24 Embedding policy commitments	Chap. 7, paragraph 7.1 The governance structure of the Group; paragraph 7.2 The bodies and the instruments that monitor corporate ethics	
2-25 Processes to remediate negative impacts	Chapter 7, paragraph 7.3 Managing risks to include sustainability	
2-26 Mechanisms for seeking advice and raising concerns	Chap. 7, paragraph 7.3 Managing risks to include sustainability	
2-27 Compliance with laws and regulations	During 2022 no cases were reported of significant non-compliance with laws and regulations, or of any significant monetary sanctions paid by the Group.	
2-28 Membership of associations	Chap. 1 paragraph 1.1 A story with deep roots	

Involvement of the stakeholders

2-29 Approach to stakeholder engagement	Methodological Note, paragraph on the analysis of materiality, paragraph on stakeholders and the process of involvement	
2-30 Collective bargaining agreements	In Ratti SpA BC, Textrom, Maison des Accessories and Creomoda 100% of employees are covered by collective bargaining agreements In Ratti USA and in Ratti International Trading (Shanghai) there are individual contracts and agreements for the 6 employees overall.	

GRI 3 – MATERIALS – 2021 VERSION

Material themes

3-1 process to determine material topics	Methodological Note, paragraph on materiality analysis	
3-2 List of material topics	Methodological Note, paragraph on materiality analysis	

201: Economic performance – 2016

3-3 Management of material topics	Chap. 8	
201-1 Directly generated and distributed economic value	Chap. 8	

204: Procurement practices

3-3 Management of material topics	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
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204-1 Proportion of spending on local suppliers	Chap. 5, paragraph 5.4 A virtuous circle of good practices Annex Chap. 5	
205: Anti-corruption – 2016		
3-3 Management of material topics	Chap. 7, paragraph 7.3 Managing risks to include sustainability	
205-2 Communication and training about anti-corruption policies and procedures	a. In 2022 there was no specific communication, nor were there any training activities for members of the BoD in relation to anti-corruption policies and procedures. In 2023 training will involve – in addition to new hires – senior management, executives and middle managers. It will focus in particular on the update to the Organisation, Management and Control Model 231/01, the Code of Ethics and the approval of the anti-corruption policy. For other points covered by the indicator see the section in Annex Chap. 7	
205-3 Verified episodes of corruption and action taken	In 2022 no incidents of any type were reported for the Ratti Group in relation to corruption	
301: Materials – 2016		
3-3 Management of material topics	Chap. 4, paragraph 4.3 A commitment anchored in the most advanced standards, paragraph 4.4 Ratti's sustainable offer, paragraph 4.5 Ratti's circular textiles: the PHORIA brand Chap. 5, paragraph 5.1 Sustainability in textiles: challenge accepted	
301-1 Materials used by weight or volume	Annex Chap. 4 Annex Chap. 5	
301-2 Recycled input materials used	Annex Chap. 4 Annex Chap. 5	
302: Energy – 2016		
3-3 Management of material topics	Chapter 5, paragraph 5.2 Less resources consumed, a better future	
302-1 Energy consumption within the organisation	Annex Chap. 5	
303: Water and wastewater – 2018		
3-3 Management of material topics	Chap. 5, paragraph 5.1 Sustainability in textiles: challenge accepted; paragraph 5.2 Less resources consumed, a better future	
303-1 Interaction with water as a shared resource	Chapter 5, paragraph 5.1 Sustainability in textiles: challenge accepted; paragraph 5.2 Less resources consumed, a better future	
303-2 Management of water-discharge related impacts	Chapter 5, paragraph 5.1 Sustainability in textiles: challenge accepted; paragraph 5.2 Less resources consumed, a better future	
303-3 Water withdrawal	Annex Chap. 5	
303-4 Water discharge	Annex Chap. 5	
303-5 Water consumption	Annex Chap. 5	
305: Emissions – 2016		
3-3 Management of material topics	Chapter 5, paragraph 5.2 Less resources consumed, a better future	
Direct emissions of greenhouse gasses (SCOPE 1)	Annex Chap. 5	
305-2 Energy indirect (SCOPE 2) GHG emissions	Annex Chap. 5	
306: Waste – 2020		
3-3 Management of material topics	Chap. 5 paragraph 5.3 The circular economy and waste management	
306-1 Waste generation and significant waste-related impacts	Chap. 5 paragraph 5.3 The circular economy and waste management	
306-3 Waste produced	Chap. 5 paragraph 5.3 The circular economy and waste management	
306-4 Waste diverted from disposal	Annex Chap. 5	
306-5 Waste directed to disposal	Annex Chap. 5	

308: Supplier environmental assessment – 2016		
3-3 Management of material topics	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
308-1 New suppliers that were screened using environmental criteria	Annex Chap. 5	
308-2 Negative environmental impacts in the supply chain and actions taken	Chap. 5, paragraph 5.4 A virtuous circle of good practices, Annex Chap. 5	
401: Employment – 2016		
3-3 Management of material topics	Chap 3 paragraph 3.1 The workforce of the Ratti Group ; paragraph 3.4 The welfare of our employees	
401-1 New employee hires and employee turnover	Chap. 3, paragraph 3.1 The workforce of the Ratti Group Annex Chap. 3	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 3 paragraph 3.4 The welfare of our employees	
403: Occupational health and safety – 2018		
3-3 Management of material topics	Chap. 3, paragraph 3.2 Health and safety	
403-1 Occupational health and safety management system	Chap. 3, paragraph 3.2 Health and safety	
403-2 Hazard identification, risk assessment, and incident investigation	Chap. 3, paragraph 3.2 Health and safety Chap. 7, paragraph 7.3 Managing risks to include sustainability	
403-3 Occupational health services	Chap. 3, paragraph 3.2 Health and safety	
403-4 Worker participation, consultation, and communication on occupational health and safety	Chap. 3, paragraph 3.2 Health and safety	
403-5 Worker training on occupational health and safety	Chap. 3, paragraph 3.2 Health and safety 3.3 Training and developing talent	
403-6 Promotion of worker health	Chap. 3, paragraph 3.2 Health and safety 3.4 The welfare of our employees	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chap. 3, paragraph 3.2 Health and safety	
403-8 Workers covered by an occupational health and safety management system	Chap. 3, paragraph 3.2 Health and safety	
403-9 Work-related injuries	Chap. 3, paragraph 3.2 Health and safety Annex Chap. 3	
404: Training and education – 2016		
3-3 Management of material topics	Chap. 3, paragraph 3.3 Training and developing talent	
404-1 Average hours of training per year per employee	Chap. 3, paragraph 3.3 Training and developing talent Annex Chap. 3	
404-2 Programs for upgrading employee skills and transition assistance programs	Chap. 3, paragraph 3.3 Training and developing talent	
405: Diversity and equal opportunity – 2016		
3-3 Management of material topics	Chap. 3 paragraph 3.1 The workforce of the Ratti Group, Paragraph 3.4 The welfare of our employees	
405-1 Diversity of governance bodies and employees	Chap. 3, paragraph 3.1 The workforce of the Ratti Group Annex Chap. 3	
405-2 Ratio of basic salary and remuneration of women to men	Annex Chap. 3	

408: Child labor – 2016		
3-3 Management of material topics	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
408-1 Operations and suppliers at significant risk for incidents of child labour	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
409: Forced or compulsory labor		
3-3 Management of material topics	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
409-1 Activities and suppliers at significant risk for incidents of forced or compulsory labour	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
414: Supplier social assessment – 2016		
3-3 Management of material topics	Chap. 5, paragraph 5.4 A virtuous circle of good practices	
414-1 New suppliers which were screened using social criteria	Annex Chap. 5	
414-2 Negative social impacts in the supply chain and actions taken	Chapter 5, paragraph 5.4 A virtuous circle of good practices Annex Chap. 5	

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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, 2022 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 22, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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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, 2022;
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;

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Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Ratti S.p.A., as well as carrying out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Ratti S.p.A., which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out remote calls, during which we have met its management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Ratti Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Marnati
Partner

Milan, Italy
April 5, 2023

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

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