



Ratti *for* Responsibility

THE RATTI GROUP 2017

Sustainability report

Consolidated declaration of a non-financial nature
pursuant to articles 3 and 4
of Legislative Decree 254 of 2016

RATTI

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RATTI



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Letter from the CEO

Ratti's philosophy has always been based on leveraging the craftsmanship of its skilled professionals, and on investing in technology and research, with the aim of meeting the needs of a market that is constantly evolving.

Synergy between heritage and innovation has allowed the Ratti Group to work across fashions and specialise both in the art of printing and in detailed knowledge of various fibres.

For the Ratti Group, being custodians of "Made in Italy" and the preferred choice of the most prestigious Italian and international fashion houses means aiming at a product that is excellent both in terms of raw materials and in terms of quality and style, always guaranteeing the most efficient service possible.

The **Ratti Group** manages and controls the entire production chain, from designing the fabric to ennobling and garment manufacturing, in a context which harmoniously marries respect for the environment with production of over four million metres of fabric per year.

The commitment to sustainability is demonstrated by a continuous search for synergy between the business and an ongoing improvement in performance in terms of safeguarding the environment, developing employees and protecting social heritage. From photovoltaic panels to rigorous checks on recycling, each phase of production is monitored and guaranteed by certifications obtained by the Group. SA 8000 for social responsibility, ISO 14001 for environmental management, OHSAS 18001 for

health and safety in the workplace, as well as Oeko-Tex Standard 100, attest to the significant effort made in all areas in which the Group operates and represent an important part of continuous improvement. The Ratti Group is also working towards obtaining the additional certifications Seri.co e ISO 9001.

For the Ratti Group, **sustainability** is represented by the series of actions and projects set out in this document; it is a value shared by every employee and contributes to the Group's growth through employees' behaviour, ideas and work. It is, in fact, clear that active engagement from everyone allows more incisive messages and objectives to be transmitted.

This **sustainability report** – the first produced by the Group – contains a "Consolidated declaration of a non-financial nature" in accordance with Legislative Decree 254 of 2016. It describes the policies, results and initiatives born out of teamwork in which every idea, print or project has not just given life to an excellent product that is an expression of Made in Italy, but is the result of all those values in which the company still believes in after more than 70 years in business, and which it hopes to transmit to future generations.



The Sustainability Report is the result of teamwork in which every idea, print or project has not just given life to an excellent product that is an expression of Made in Italy, but is the result of all those values in which the company still believes in after more than 70 years in business, and which it hopes to transmit to future generations.





CHAPTER 1

The culture of beauty, from its origins to a sustainable future

THE COMPANY: THE GROUP, ITS HISTORY, MISSION, VALUES AND ACTIVITIES

- 1.1** A love of beauty becomes a business enterprise
- 1.2** The world of elegance, the world of Ratti
- 1.3** Five faces of leadership
- 1.4** Ratti: a modern and competitive company



The culture of beauty, from its origins to a sustainable future

The Company: the Group, its history, mission, values and activities

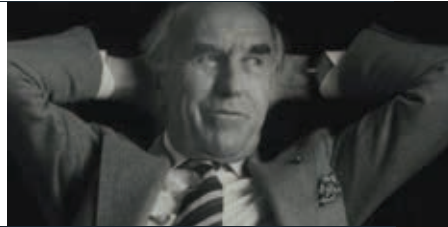
1.1 A love of beauty becomes a business enterprise

Ratti's history and the company today

In 1945 Antonio Ratti laid the foundations of his handcraft business specialising in the manufacture and marketing of fabrics for ties and scarves in Como, the **world capital of silk**. An area of expertise and professionalism rooted in the local region which, in the decades to follow, attracted entrepreneurs, designers and workers, becoming a point of reference in the

“Experiencing silk is an art, today as it was yesterday”

ANTONIO RATTI



fledgling “*Made in Italy*”. Starting from these foundations, Ratti has never stopped growing, and has maintained an unchanging link with the region and its traditional expertise in handcrafts. The main aim, as always, is to create a product that interweaves skilful dexterity and technological innovation, and is synonymous with quality, luxury and refinement.

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

Ratti fabrics, with their elegance and artistic refinement are, more than anything else, the perfect embodiment of the spirit of this journey: a tribute to the tradition as the starting

From Ludovico il Moro (the “Moor”) to the industrial revolution, to Made in Italy

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

In the Como area the development of artistry in silk dates back to the XV century, a golden age when Italian manufacturing became oriented toward luxury, something for which our country is still famous throughout the world, and the expression *ouvrage de Lombardie* became synonymous with an object of precious craftsmanship. The manufacture of silk had been brought to Europe from the Orient a short time before that, with anyone betraying the secret techniques used to

Chronology



1945

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



1954

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



1958

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



1961

The fabric line for women's clothing is launched



1968

The first major expansion of the Guanzate complex takes place



1973

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



1974

The fabric line for furnishings is launched



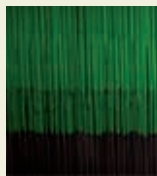
1975

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



1985

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



1989

Ratti S.p.A. is listed on the Milan stock exchange



1992

Ratti buys Creomoda S.a.r.l., 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 S.r.l., a company located in Romania that specialises in the printing of finished garments, knitwear and leatherwear



2010

The Marzotto Group takes control of Ratti



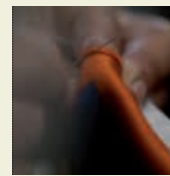
2011

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



2015

Ratti S.p.A. obtains the following certifications: SA 8000:2014 for the social responsibility of the company, ISO 14001:2015 for environmental sustainability, OEKO-TEX® Standard 100 for raw materials



2016

The Tunisia company (Creomoda) becomes a factory for the hemming of accessories and obtains the certification SA 8000:2014



2017

Collezione Responsabile (Responsible Collection) is launched; Ratti S.p.A. obtains certification ISO 14021:2016

manufacture the precious fabric risking the death penalty prescribed by the Chinese and Japanese emperors.

A decisive impulse to the world of silk was provided by Ludovico Sforza, Duke of Milan and Lord of Como. The duke forced farmers to plant mulberry trees in the fields, since silkworms eat only mulberry leaves. As a result, within just a few decades, the traditional production of wool had been replaced by silk. This was a forward-looking vision which, according

to many historians of economics, represented the first seeds of Lombardy's characteristic entrepreneurial spirit.

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

The industrial revolution, between the eighteenth century and the first half of the nineteenth century, spread twisting and spinning machines throughout the

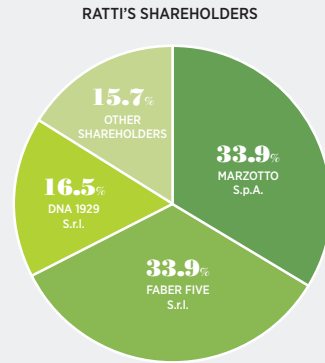
area. Growers of mulberry trees and producers of spinning machines became entrepreneurs in the most modern sense of the word - they were able to create a new culture as they were the unique custodians of a wealth of knowledge and inimitable craftsmanship.

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



Ratti's shareholders

Ratti S.p.A., the group's centre of excellence for silk, is owned 33.9% by Marzotto S.p.A. in a syndicate with Faber Five S.r.l., which also has a 33.9% stake. Donatella Ratti holds 16.5%, while the remaining 15.7% is held by other shareholders.



“Antonio Ratti was not a typical collector of contemporary art. He did not want to possess a work of art, but instead to absorb it and live it himself”
Lorenzo Benedetti

point in the creation of a new language imprinted on a sinuous and noble material such as silk. 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 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 S.r.l., which became shareholders of Ratti S.p.A., holding a controlling interest.

Donatella Ratti, daughter of the founder, is currently Chairman of the Ratti Group, one of the largest manufacturers in the world of fabrics with a high technological and creative content. Ratti S.p.A. is a member of organisations including **Confindustria** (*Unindustria Como and Sistema Moda Italia*) and **Centro Tessile Serico**. The other companies in the Ratti Group are not members of any national or international associations.

1.2 The world of elegance, the world of Ratti

Mission, vision and values

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

Antonio Ratti: a patron with a vision

Beauty provides an infinite source of creative stimuli that recount a freedom of expression that avoids banality and overcomes preconceptions. An archive of images, designs and colours that are values infused in the DNA of the company and its founder.

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

An art whose driving force is passion, starting from the meticulous attention to detail that derives from its strong Italian stamp, in a style that combines harmony and elegance. Creativity and technological innovation are the cornerstones that guide the company in establishing its brand throughout the world.

Researching, studying and experimenting with new production techniques, new printing processes that support and promote the mark of quality that is then tangible on each and every fabric, and that bears witness to the happy marriage between Ratti and the great designers of the world who represent the Group's principal external stakeholders.

Working for the client and with the client in a continuous dialogue that encourages one to raise one's gaze toward the infinite horizons of the art of printing to open one's mind to the most contemporary thinking. This is the *modus operandi* the Ratti Group uses to customise a product exclusively.

Finding inspiration in the classic to recreate a new language with evermore original tones that complement and permeate each other in a way that is totally natural. This is the Ratti Group's goal: the conjugation of an intuition that springs from the original: *"Experiencing silk is an art, today as it was yesterday"*.

Beauty as a vocation has become, for the Ratti Group, a daily commitment that involves everyone who works in the business, which seeks to balance innovation and practicality, while always respecting the craftsmanship of its professionals, the protection of the environment, and the values and principles on which it was founded.

1.3 Five faces of leadership

The Group's activities

The Ratti Group is a leader in the creation and manufacture of printed, plain and yarn-dyed fabrics for clothing, ties, shirts, beachwear, underwear and furnishings, and in the production and worldwide distribution of accessories, for men and women, for major international fashion labels.

With a heritage that is closely linked to the manufacturing of silk, over time Ratti has perfect-



The birth of silk

The empress Hsi Ling Shih was sipping tea in the shade of a mulberry tree swarming with silkworms. A silkworm's cocoon fell from the green leaves into the steaming cup. The empress watched, astounded, as the cocoon in the tea took on the appearance of a mass of threads. She took hold of the end of one, and the thread unravelled to an interminable length. So the legend recounts the origin of silk at the dawn of Chinese civilisation, three thousand years before Christ, along with the inseparable link between the silkworm and its only food – mulberry leaves. A link that makes one forget the fruit of the tree – sweet and aromatic.

Museum of Art in New York, **Palazzo Grassi** in Venice, **Palazzo Reale** and the **Padiglione d'Arte Contemporanea** (*pavilion of contemporary art*) in Milan. Blessed with a heightened proclivity for innovation and non-industrial research Antonio Ratti created, in Como, the foundation bearing his name. The foundation is fully dedicated to cultural and historical research in the world of textiles (*a collection of ancient fabrics, themed exhibitions and fora*), and to the promotion of the most talented visual artists. On the back of this initiative Antonio Ratti decided, in 1995, to finance, at the **Metropolitan Museum**

of Art in New York, a centre set up to conserve, restore and catalogue the textile collections owned by the museum. And so the **Antonio Ratti Textile Center** was established – it is, today, one of the most significant centres open to the public inside an art gallery. It is perfectly equipped for research and for the conservation of fabrics. November 1998 saw the opening of the **Museo Tessile della Fondazione Antonio Ratti** – subsequently renamed **Museo Studio del Tessuto**. This museum houses the collection of antique fabrics that he collected with passion and foresight throughout the

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

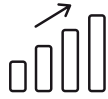
In 2017, Antonio Ratti's distinctive journey between art and industry was recognised and honoured in **Palazzo Te** in Mantua in the exhibition **"Fabric as art: Antonio Ratti: entrepreneur and patron"**, curated by **Lorenzo Benedetti, Annie Ratti** and **Maddalena Terrangi**, and the fruit of cooperation between the **Museo Civico of Palazzo Te** and the **Fondazione Antonio Ratti** (*Chapter 5, paragraph 5.5 "Bringing beauty to everyone"*).



600,000
DESIGNS AND FABRICS
IN THE ARCHIVE



14,000
BOOKS IN THE LIBRARY



13%
OF REVENUES
INVESTED
IN RESEARCH
AND DEVELOPMENT

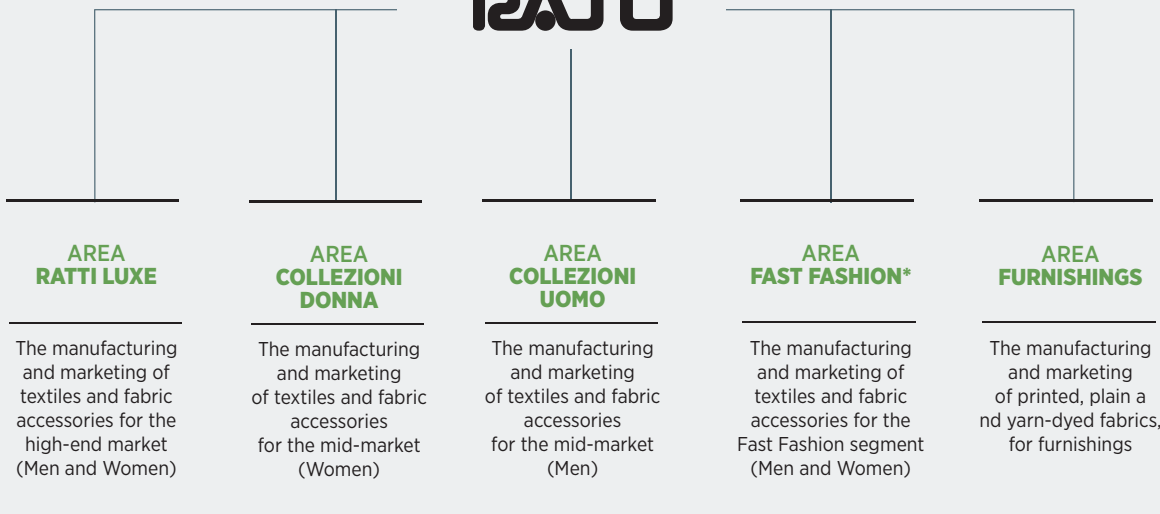


ed its manufacturing ability with different natural fibres, composite fibres and technical fibres. Ratti follows the **full manufacturing cycle**: from the creative phase, including the fabric design and production planning, to finishing processes (*weaving, dyeing, printing and finishing*) and hemming. The company works with leading global **luxury** and **prêt-à-porter brands**. Its annual production exceeds four million metres of fabric, while exports account for approximately **70%** of total turnover.

Ratti invests 13% of its revenues in research and development to plan new collections, the implementation of new processes, and the fine-tuning of increasingly innovative techniques.

The company has made its experience available in the creation of private label textile product lines, thanks to its archive of **over 600,000 designs and fabrics** that are a source of inspiration, from the choice of a product through to its creation.

THE RATTI GROUP'S ACTIVITIES



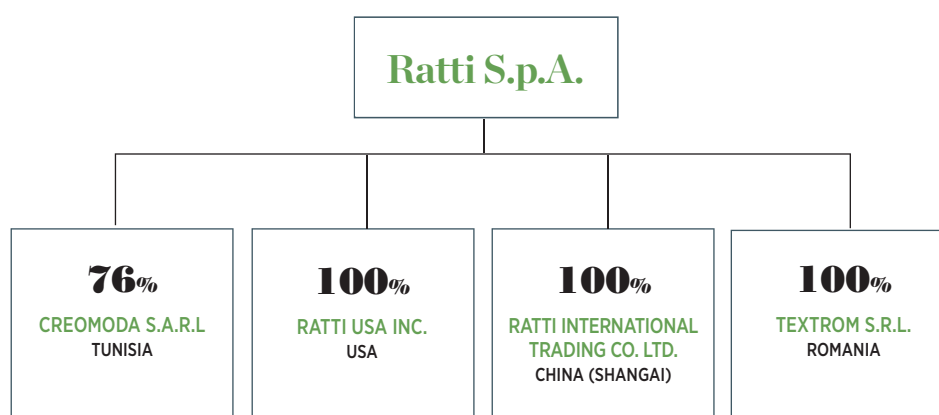
*Fast Fashion: the clothing industry sector which produces collections inspired by high fashion but sold at reasonable prices and renewed rapidly



1.4 Ratti: a modern and competitive company

The corporate structure

The Ratti Group consists of Ratti S.p.A., the parent company, and the subsidiaries **Textrom S.r.l.** (Romania), **Creomoda S.a.r.l.** (Tunisia), **Ratti International Trading Co. Ltd.** (China) e **Ratti USA Inc.** (United States)



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.

A factory belonging to **Creomoda S.a.r.l.** at Sousse, in Tunisia, is involved, in particular, in the hemming phase of women's accessories, while the **Textrom S.r.l.** 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 2017, the Group had **755 employees** in its various offices and subsidiaries.

RATTI S.p.A. Guanzate, Como (Italy) Via Madonna, 30	Manufacturing and marketing of printed and yarn-dyed fabrics in silk, wool, cotton, linen and other fibres for clothing, neckwear, furnishings and accessories. General management and sales management.
CREOMODA S.a.r.l. Sousse (Tunisia) Route de Kondar - Kalaa Kebira, 4060 Sousse	Factory. Hemming of fabric accessories.
RATTI USA Inc. New York (USA) 8 West, 38th Street	Sales office.
RATTI International Trading Co., Ltd. Shanghai (China) Room 303B, N. 118 Xinling Road, Waigaoqiao Free Trade Zone, Shanghai	Purchasing and marketing of fabrics and finished products.
S.C. TEXTROM S.r.l. Cluj-Napoca (Romania) Floresti, Luna de Sus, str. Hala nr. 10	Production specialised in the printing of finished garments, knitwear and leatherwear.



755

EMPLOYEES IN THE VARIOUS OFFICES AND SUBSIDIARIES



3

PRODUCTION PLANTS



99

MILLION EUR INVOICED IN 2017



4+

MILLION METRES OF FABRIC SOLD



1

MILLION FINISHED GARMENTS SOLD

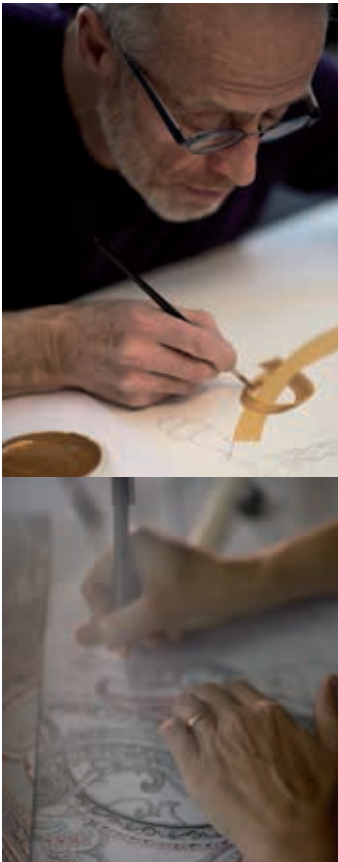




CHAPTER 2

The passion of *savoir-faire*

- 2.1** Ratti's employees
- 2.2** Talent and expertise at the forefront
- 2.3** Health and safety, a top priority
- 2.4** Living well inside the company, living well outside it
- 2.5** Rights are an asset for everyone
- 2.6** Growth through dialogue



The passion of *savoir-faire*

The value of people

Kahlil Gibran asserted that “*the value of a man is measured by the things he creates*”. This is the mantra of an organisation such as the Ratti Group, born out of the intuition of a visionary entrepreneur and developed through the power of creativity and a love of beauty.

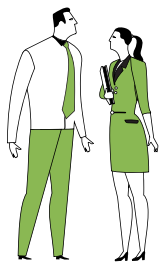
A group in which people, as custodians of an ancient wisdom and timeless craftsmanship, represent a value that must be safeguarded, and are undeniably protagonists in the art of *savoir-faire*. It is precisely this art of *savoir-faire* that is the distinctive feature of all the Group’s professionals, at any level.

This is an environment which requires particular dedication and is nourished at source by the search for and development of talented professionals, who come from national and international schools and universities of design and fashion.

As it sets out in its **Code of Ethics**, the Ratti Group is committed to developing its employees’ expertise, as well as enhancing their capabilities and potential, so that they can achieve complete fulfilment in the achievement of their objectives.

The Group also offers equal opportunities in terms of work and professional development to all its employees based on professional qualifications and performance, without any discrimination, given that the functions select, hire and manage employees exclusively on the basis of expertise and merit.

2.1 Ratti’s employees



755
TOTAL EMPLOYEES OF
THE RATTI GROUP AT
31 DECEMBER 2017

472
WOMEN

283
MEN

At 31 December 2017 the Ratti Group employed 755 people, the majority women (62.52%), with an age ranging from 30 to 50 years of age (40.00%). Compared with 2016 there was a 5.59% overall increase in the workforce. The significant majority of women is due to historical characteristics of the sector.

TAB. 1 - Workforce of the Ratti Group by gender at 31 December 2017			
	2016	2017	CHANGE (%)
WOMEN	439	472	7.52
MEN	276	283	2.54
TOTAL	715	755	5.59

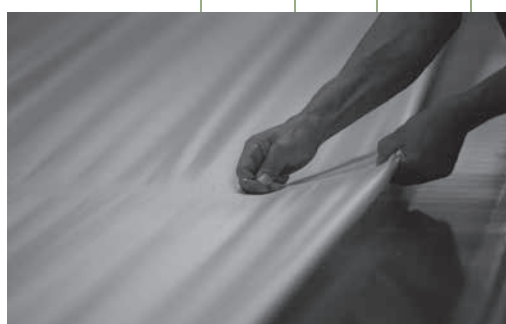
The great majority of employees are on **permanent contracts** (72.85%), while 23.44% are on fixed-term contracts, with the remaining 3.71% employed through other forms of contract. The figure for the last category fell in 2017 compared with the previous year (-15.15%), with the aim of offering better protection to employees.

92.98% of employees are **full time**, while 7.02% are **part time** – an option chosen mainly by women in order to enhance **work-life balance**.



TAB 2 - Employees by contractual category, gender and country at 31 December 2017

Employees by contractual category, gender and country	RATTI GROUP		ITALY		TUNISIA		ROMANIA		USA		CHINA	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
TOTAL	715	755	534	543	153	183	25	26	2	2	1	1
Total women	439	472	276	282	142	169	18	18	2	2	1	1
Total men	276	283	258	261	11	14	7	8	0	0	0	0
FULL TIME	543	550	495	503	23	21	25	26	0	0	0	0
<i>Women</i>	285	293	247	256	20	19	18	18	0	0	0	0
<i>Men</i>	258	257	248	247	3	2	7	8	0	0	0	0
FIXED TERM	139	177	6	12	130	162	0	0	2	2	1	1
<i>Women</i>	130	162	5	9	122	150	0	0	2	2	1	1
<i>Men</i>	9	15	1	3	8	12	0	0	0	0	0	0
OTHER EMPLOYEES	33	28	33	28	0	0	0	0	0	0	0	0
TEMPORARY	0	8	0	8	0	0	0	0	0	0	0	0
<i>Women</i>	0	6	0	6	0	0	0	0	0	0	0	0
<i>Men</i>	0	2	0	2	0	0	0	0	0	0	0	0
CONTRACT WORKERS	3	3	3	3	0	0	0	0	0	0	0	0
<i>Women</i>	2	1	2	1	0	0	0	0	0	0	0	0
<i>Men</i>	1	2	1	2	0	0	0	0	0	0	0	0
INTERNS	30	17	30	17	0	0	0	0	0	0	0	0
<i>Women</i>	22	10	22	10	0	0	0	0	0	0	0	0
<i>Men</i>	8	7	8	7	0	0	0	0	0	0	0	0



550

EMPLOYEES HIRED ON PERMANENT CONTRACTS BY THE RATTI GROUP

177

EMPLOYEES HIRED ON TEMPORARY CONTRACTS BY THE RATTI GROUP

92.98%

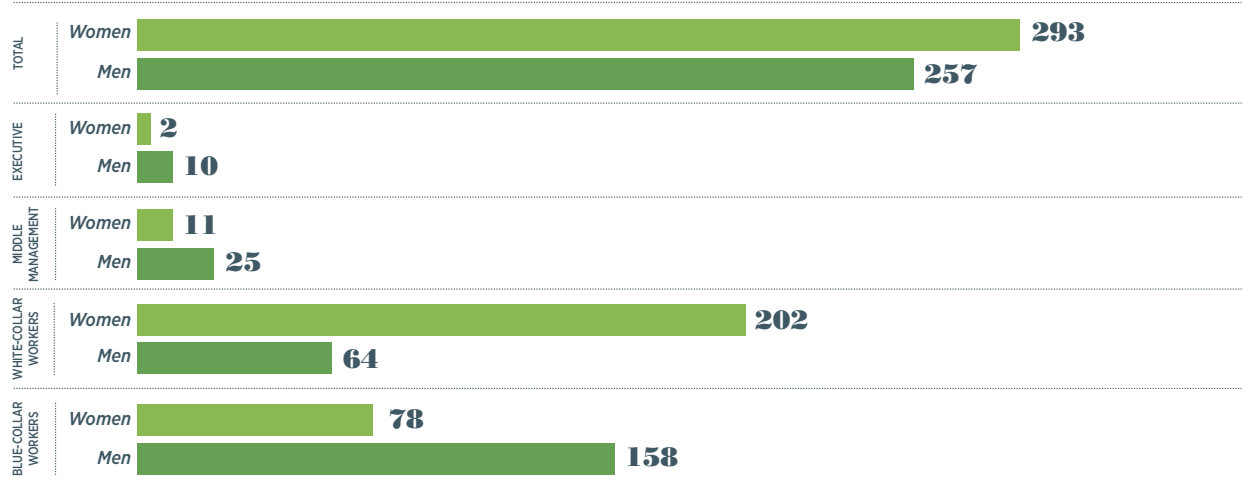
EMPLOYEES HIRED FULL TIME BY THE RATTI GROUP

7.02%

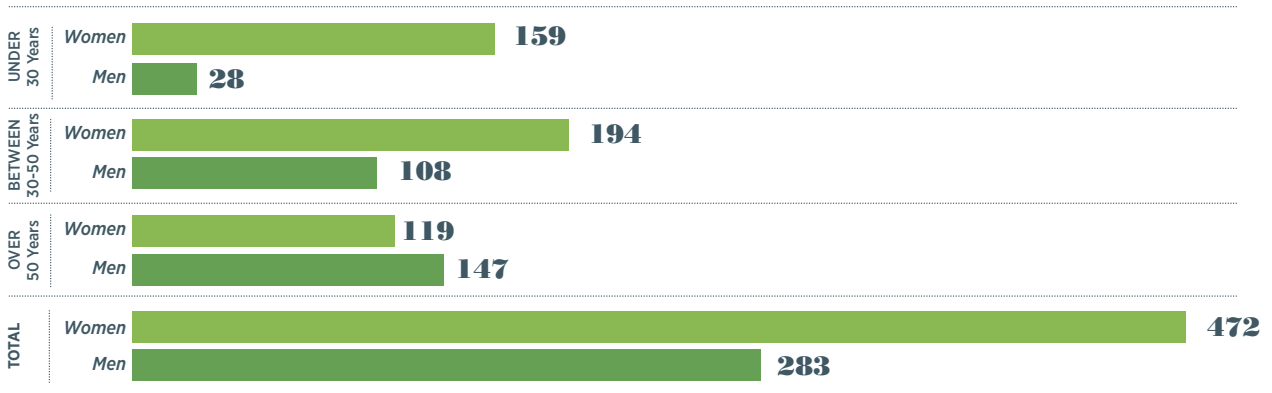
EMPLOYEES HIRED PART TIME BY THE RATTI GROUP



Workforce of the Ratti Group on permanent contracts by position and gender at 31 December 2017



Workforce of the Ratti Group by age range and gender at 31 December 2017



187

RATTI GROUP EMPLOYEES BELOW 30 YEARS OF AGE

302

RATTI GROUP EMPLOYEES BETWEEN 30 AND 50 YEARS OF AGE

266

RATTI GROUP EMPLOYEES OVER 50 YEARS OF AGE



TAB 3 - Composition of the B.o.D. by gender and age at 31 December 2017

	2016	2017
BELOW 30 YEARS	0	0
<i>Women</i>	0	0
<i>Men</i>	0	0
BETWEEN 30 AND 50 YEARS	3	3
<i>Women</i>	2	2
<i>Men</i>	1	1
OVER 50 YEARS	6	6
<i>Women</i>	1	1
<i>Men</i>	5	5
TOTAL	9	9
<i>Total women</i>	3	3
<i>Total men</i>	6	6

TAB 4 - Employees by contractual category (full-time/part-time) by gender and geographical area at 31 December 2017

Employees by contractual category	RATTI GROUP		ITALY		TUNISIA		ROMANIA		USA		CHINA	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
TOTAL	715	755	534	543	153	183	25	26	2	2	1	1
<i>Women</i>	439	472	276	282	142	169	18	18	2	2	1	1
<i>Men</i>	276	283	258	261	11	14	7	8	0	0	0	0
FULL TIME	667	702	487	492	153	183	25	25	1	1	1	1
<i>Women</i>	392	423	231	234	142	169	18	18	1	1	1	1
<i>Men</i>	275	279	256	258	11	14	7	7	0	0	0	0
PART TIME	48	53	47	51	0	0	0	1	1	1	0	0
<i>Women</i>	46	49	45	48	0	0	0	0	1	1	0	0
<i>Men</i>	2	4	2	3	0	0	0	1	0	0	0	0

Developing employees' capabilities

Recruitment and turnover in the company

Each company in the Ratti Group autonomously defines its method of administration of personnel, as well as recruitment and management policies that are in accordance with its own specific characteristics.

As indicated in the Ratti Group's **Code of Ethics**, the recruitment 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. In accordance with the principle of developing talent and expertise in response to a hiring request or a need to manage 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 recruitment channels are activated, including announcements on specialised websites, direct contact or by examining the database of CVs.

In 2017 a total of 92 people were hired, 72.83% of whom were under 30 years of age, resulting in this age group increasing to 59.52% during the year. In 2017, 45 people also left the company, a **significant reduction** (-34.78%) compared with the previous year.

In 2017 total staff turnover was 18.41%, a fall of 2.43% compared with the previous year (20.84%).

In detail, the figure for new arrivals was broadly flat (rising from 11.19% in 2016 to 12.19% in 2017), while the figure for leavers, at 6.23%, was lower than the 9.65% recorded the previous year.



92

EMPLOYEES HIRED DURING THE YEAR TO 31 DECEMBER 2017

72.83%

EMPLOYEES HIRED BELOW 30 YEARS OF AGE

Diversity is the basis of creativity, the very essence of Ratti's business.

An inclusive climate within the company allows all employees to grow, while learning from each other. The Group places the maximum importance on promoting respect for all types of people and does not tolerate behaviour that discriminates on the basis of age, gender, sexual orientation, race, language, nationality, or political, trade union or religious opinions. In particular, bearing in mind the company's policy regarding social responsibility, the greatest care is taken to avoid any discrimination during the recruitment phase.



TAB 5 - Newly hired employees by age, gender and country at 31 December 2017*

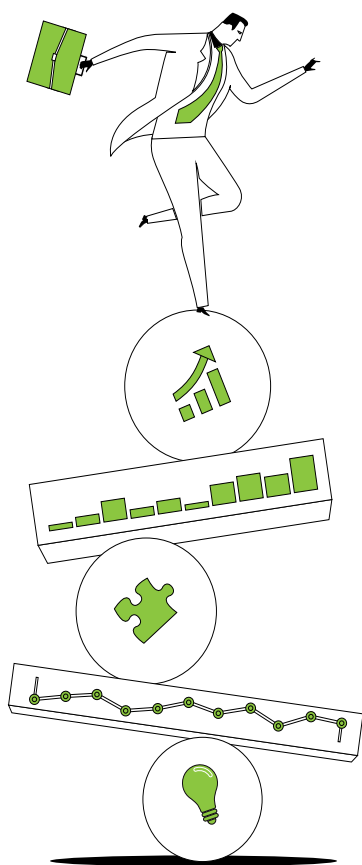
Newly hired employees	RATTI GROUP		ITALY		TUNISIA		ROMANIA	
	2016	2017	2016	2017	2016	2017	2016	2017
Below 30 years	42	67	14	22	28	45	0	0
<i>Women</i>	37	57	10	13	27	44	0	0
<i>Men</i>	5	10	4	9	1	1	0	0
Between 30 and 50 years	30	21	9	10	21	10	0	1
<i>Women</i>	22	12	6	6	16	6	0	0
<i>Men</i>	8	9	3	4	5	4	0	1
Over 50 years	8	4	7	4	1	0	0	0
<i>Women</i>	4	2	4	2	0	0	0	0
<i>Men</i>	4	2	3	2	1	0	0	0
Total employees	80	92	30	36	50	55	0	1
<i>Total women</i>	63	71	20	21	43	50	0	0
<i>Total men</i>	17	21	10	15	7	5	0	1

*In the China and USA offices there was no change in terms of incoming personnel in 2016 and 2017.

TAB 6 - Personnel who interrupted/terminated their employment, by age at 31 December 2017*

Personnel who interrupted/terminated their employment	RATTI GROUP		ITALY		TUNISIA		ROMANIA	
	2016	2017	2016	2017	2016	2017	2016	2017
Below 30 years	29	24	6	5	23	19	0	0
<i>Women</i>	27	22	4	4	23	18	0	0
<i>Men</i>	2	2	2	1	0	1	0	0
Between 30 and 50 years	24	11	8	5	16	6	0	0
<i>Women</i>	19	6	6	1	13	5	0	0
<i>Men</i>	5	5	2	4	3	1	0	0
Over 50 years	16	12	14	12	2	0	0	0
<i>Women</i>	4	3	4	3	0	0	0	0
<i>Men</i>	12	9	10	9	2	0	0	0
Total employees	69	47	28	22	41	25	0	0
<i>Total women</i>	50	31	14	8	36	23	0	0
<i>Total men</i>	19	16	14	14	5	2	0	0

* In the China and USA offices there was no change in terms of outgoing personnel in 2016 and 2017.



TAB 7 - Total employee turnover rate¹, by gender, age and country at 31 December 2017* (in %)

Employee turnover rate Value as %	RATTI GROUP		ITALY		TUNISIA		ROMANIA	
	2016	2017	2016	2017	2016	2017	2016	2017
Total employee turnover rate	20.84	18.41	10.86	10.68	59.48	43.72	0.00	3.85
Employee turnover rate (incoming)	11.19	12.19	5.62	6.63	32.68	30.05	0.00	3.85
<i>Women</i>	14.35	15.04	7.25	7.45	30.28	29.59	0.00	0.00
<i>Men</i>	6.16	7.42	3.88	5.75	63.64	35.71	0.00	12.50
<i>Below 30 years</i>	26.25	35.83	17.95	26.51	34.57	43.69	0.00	0.00
<i>Between 30 and 50 years</i>	10.17	6.95	4.21	4.63	31.82	14.29	0.00	6.67
<i>Over 50 years</i>	3.03	1.50	2.89	1.82	7.69	0.00	0.00	0.00
Employee turnover rate (outgoing)	9.65	6.23	5.24	4.05	26.80	13.66	0.00	0.00
<i>Women</i>	11.39	6.57	5.07	2.84	25.35	13.61	0.00	0.00
<i>Men</i>	6.88	5.65	5.43	5.36	45.45	14.29	0.00	0.00
<i>Below 30 years</i>	18.13	12.83	7.69	6.02	28.40	18.45	0.00	0.00
<i>Between 30 and 50 years</i>	8.14	3.64	3.74	2.31	24.24	8.57	0.00	0.00
<i>Over 50 years</i>	6.06	4.51	5.79	4.92	20.00	0.00	0.00	0.00

1) Total employee turnover rate is calculated as: $(\text{number incoming in the year} + \text{number outgoing in the year}) / \text{workforce at 31 December} * 100$.
 Employee turnover rate (outgoing) is calculated as: $(\text{number outgoing in the year} / \text{workforce at 31 December}) * 100$.
 Employee turnover rate (incoming) is calculated as: $(\text{number incoming in the year} / \text{workforce at 31 December}) * 100$.

* In the China and USA offices there was no change in terms of incoming or outgoing personnel in 2016 and 2017, so the turnover rates are zero.

Creomoda: space for women in an emerging economy

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

Until the early 2000s, the company had around 30 employees, a number which rapidly increased to 142 in 2015, and then to the figure of 180 professionals employed today.

According to the data recorded at 31 December 2017, Creomoda has 183 employees, the majority of whom are women (92.35%) and are below 30 years of age (56.28%).



183
 TOTAL CREOMODA
 EMPLOYEES AT
 31 DECEMBER 2017

92.35%
 WOMEN EMPLOYEES
 OF WHOM

56.28%
 BELOW 30 YEARS OF AGE

26
 TEXTROM EMPLOYEES
 AT 31 DECEMBER 2017

18
 WOMEN EMPLOYEES

A stronghold of special manufacturing

Textrom S.r.l., a company that is owned 100% by Ratti S.p.A., has a plant at Floresti in Cluj-Napoca in Romania, an area that has a developing fabric district. The Romanian subsidiary specialises in printing finished garments.

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

At 31 December 2017 its workforce consisted of 26 employees – 18 women and 8 men.



FONDIMPRESA

This is the cross-industry fund for continuous training promoted by Confindustria, Cgil, Cisl and Uil. It is the largest in Italy and is open to companies from every sector and of every size.

FONDIRIGENTI

The Fondirigenti "G. Taliercio" foundation is promoted by Confindustria and Federmanager to facilitate the development of managerial culture. It offers an integrated system of services supporting business competitiveness, as well as the employability and growth of the managerial class.

2.2 Talent and expertise at the forefront

Training and development policies

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

Every year Ratti S.p.A. sets a training budget using a specific instrument for gathering information compiled by each department head, who carries out a pre-assessment of the training needs of his or her unit.

A training plan is created from the data gathered and is subsequently used throughout the year to schedule and manage training. Action may be taken outside this plan by compiling the appropriate form. The approved training budget is financed, where possible, using corporate funds (Fondimpresa and Fondirigenti).

The **training plan** implements pathways that aim to provide continuous updating and support changes of role or organisation. With regard to replacing outgoing resources, as a general rule the plan identifies moments for hiring new resources who, through on-the-job experience and training, support and facilitate the handover.

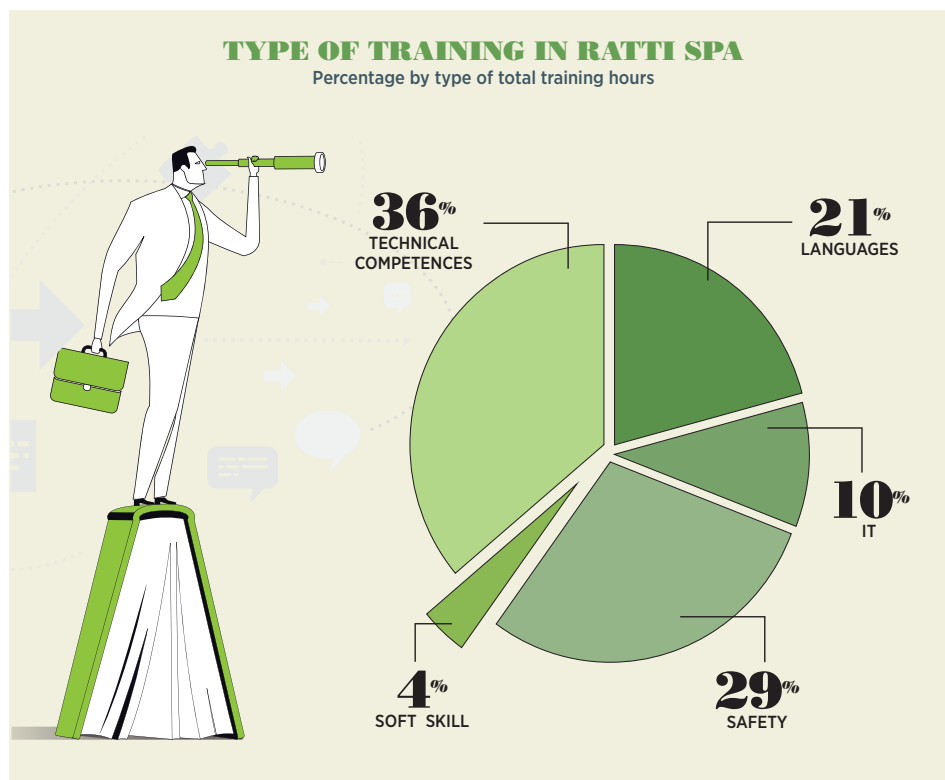
Overall, in 2017 the Ratti Group carried out 5,998 hours of training, an increase of 19.14% on 2016. In 2017, middle management and executives received 736 hours of training, while white-collar workers received 2,640 hours and blue-collar workers 2,622 hours of training.

TAB 8 - Annual average training hours per employee, by gender, position and geographical area at 31 December 2017*

Average training hours per employee	RATTI GROUP		ITALY		TUNISIA		ROMANIA	
	2016	2017	2016	2017	2016	2017	2016	2017
EXECUTIVES	4	10	5	11	0	0	-	-
<i>Men</i>	7	24	7	24	-	-	-	-
<i>Women</i>	4	7	4	8	0	0	-	-
MIDDLE MANAGEMENT	9	17	9	17	-	-	-	-
<i>Men</i>	11	18	11	18	-	-	-	-
<i>Women</i>	8	17	8	17	-	-	-	-
WHITE-COLLAR WORKERS	8	10	6	9	162	30	60	60
<i>Men</i>	8	10	6	9	114	28	60	60
<i>Women</i>	10	8	6	6	-	-	60	60
BLUE-COLLAR WORKERS OR EQUIVALENT	11	11	1	2	54	59	60	60
<i>Men</i>	25	26	1	2	54	60	60	60
<i>Women</i>	4	4	1	2	54	31	60	60
TOTAL	9	11	4	7	61	53	60	60
TOTAL MEN	14	17	5	9	399	542	154	135
TOTAL WOMEN	5	6	3	4	10	2	23	27

* For USA and China employees no training was scheduled in 2016 and 2017.

In detail, in 2017 Ratti S.p.A. focused on training on technical and financial competences (36% of the total), on safety (29%) and foreign languages (21%).



5,998

HOURS OF TRAINING CARRIED OUT IN 2017

736

HOURS OF TRAINING FOR MIDDLE MANAGEMENT AND EXECUTIVES

2,640

HOURS OF TRAINING FOR WHITE-COLLAR WORKERS

2,622

HOURS OF TRAINING FOR BLUE-COLLAR WORKERS

19.14%

TOTAL INCREASE IN THE NUMBER OF HOURS OF TRAINING IN THE RATTI GROUP IN 2017

Safety training represented 45% of the training hours delivered at **Creomoda S.a.r.l.** and all the training delivered at **Textrom S.r.l.**

Young talent, an asset for Ratti

The policy of developing young people

The nurturing of young talent is a priority shared throughout Ratti Group, and in 2017 this was brought to fruition by various projects that began between February and March.

The projects were advertised through various channels (*the company's website, university portals and LinkedIn*).

In particular, February 2017 saw the start of the fifth edition of **Progetto Ingegneri**, which led to three talented young people being hired by Ratti S.p.A. February 2017 also saw the start of the third edition of **Project Sales**, which focused on the hiring of a young high-potential sales person by Ratti S.p.A.

Both projects foresaw an initial placement as an intern for six months, during which time the young men or women worked on a project in an area of strategic interest to the company.

The creators of the best projects were hired on an apprenticeship contract.

March 2017 saw the start of the second edition of the **Looking for Designers project**, whose aim was the hiring of two young high-potential designers by Ratti S.p.A.

In this case, after an initial internship of six months, each case was assessed separately, on the basis of creative ability shown, in order to decide which young person should be offered an apprenticeship contract.



2.3 Health and safety, a top priority

The protection and the health of employees

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



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

The Group is committed, whilst fully complying with the legislation in force with regard to health and safety in the workplace, to disseminate a culture of safety, develop risk awareness and promote responsible behaviour. In 2017, Ratti S.p.A. continued and consolidated the journey that led to it obtaining OHSAS 18001 certification.

At this point the document **Politica e Obiettivi di Sicurezza e Ambiente** (*safety and environmental policy and objectives*) was formalised, which included the procedures set out in the OHSAS 18001 management system, and which is currently applied at all company levels.

To ensure that the regulatory requirements were being adequately assessed, verified and implemented, in 2017 a regulatory compliance audit was conducted on **Ratti S.p.A., Creomoda S.a.r.l.** and **Textrom S.r.l.**, in accordance with Italian legislation.

The aim of this was to report on, in particular: compliance with Legislative Decree 81/08 ("*testo unico*" (*law*) on health and safety at work) and the documentation laid down by law, the application of legal requirements governing the management and planning of actions aimed at achieving regulatory compliance, both in terms of documentation and in terms of application in practice. In accordance with the requirements of Legislative Decree 81/08, Ratti S.p.A. has systems that identify and prevent risks.

The **Creomoda S.a.r.l.** site complies with Tunisian regulations and with the standard SA 8000:2014 and does not carry out any high-risk activities.

Table 9 below shows the rate of absenteeism by cause of absence, while **table 10** shows the total number of accidents, specifying the relative days absent, the accident frequency index (*AFI*) and the accident severity index (*ASI*).

In 2017 the Ratti Group recorded eight accidents, of which two were during travel and the remaining six were at work. This represented an increase of 33.33% on 2016. However, no accidents were recorded at the Tunisia, Romania, USA or China premises.



TAB 9 - Rate of absenteeism by cause of absence, gender and country at 31 December 2017*

Rate of absenteeism Value as %	RATTI GROUP		ITALY		TUNISIA		ROMANIA	
	2016	2017	2016	2017	2016	2017	2016	2017
TOTAL ABSENTEEISM**	3.66	3.29	3.10	3.13	5.16	3.88	4.07	1.18
<i>Women</i>	3.54	3.15	2.42	2.73	5.22	3.94	4.36	1.36
<i>Men</i>	3.87	3.49	3.89	3.55	3.77	2.88	3.28	0.70
STRIKES	0.12	0.08	0.17	0.12	0.00	0.00	0.00	0.00
<i>Women</i>	0.06	0.04	0.10	0.06	0.00	0.00	0.00	0.00
<i>Men</i>	0.24	0.16	0.25	0.17	0.00	0.00	0.00	0.00
UNION RELATED	0.02	0.01	0.03	0.02	0.00	0.00	0.00	0.00
<i>Women</i>	0.01	0.01	0.02	0.01	0.00	0.00	0.00	0.00
<i>Men</i>	0.04	0.03	0.04	0.03	0.00	0.00	0.00	0.00
ILLNESS	2.97	2.82	2.80	2.85	3.31	2.98	4.07	1.18
<i>Women</i>	2.71	2.66	2.20	2.54	3.34	3.01	4.36	1.36
<i>Men</i>	3.45	3.07	3.49	3.16	2.59	2.54	3.28	0.70
ACCIDENTS	0.06	0.15	0.08	0.21	0.00	0.00	0.00	0.00
<i>Women</i>	0.04	0.10	0.07	0.11	0.00	0.00	0.00	0.00
<i>Men</i>	0.10	0.21	0.10	0.17	0.00	0.00	0.00	0.00

* The USA and China offices are not contractually obliged to gather data on employee absenteeism.

** The rate of absenteeism is calculated as (number of working days lost due to absence/number of working days)*100.

TAB 10 - Total number of accidents, days absent due to accidents, AFI and ASI* at 31 December 2017

Total number of accidents, days absent due to accidents, AFI and ASI	RATTI GROUP		ITALY	
	2016	2017	2016	2017
Number of accidents	6	8	6	8
<i>Women</i>	3	3	3	3
<i>Men</i>	3	5	3	5
Number of days absent due to accidents	93	255	93	255
<i>Women</i>	42	108	42	108
<i>Men</i>	52	147	52	147
Accident frequency index (AFI) including travel	5.12	7.13	7.20	9.66
<i>AFI women</i>	4.17	4.38	7.43	7.23
<i>AFI men</i>	6.63	11.42	6.98	12.11
Accident severity index (ASI) including travel	0.75	1.88	1.06	2.60
<i>ASI women</i>	0.52	1.30	0.89	2.21
<i>ASI men</i>	1.21	2.80	1.28	2.99

* The following formula was used to calculate the accident frequency index: (total number of accidents/hours worked) * 1,000,000.

The following formula was used to calculate the accident severity index: (total days absent due to accidents/working hours) * 10,000.





2.4 Living well inside the company, living well outside it

Welfare in the Ratti Group

Work-life balance, as the example of our founder Antonio Ratti shows us, is as much a key factor in personal growth as it is for the success of the company overall.

From this point of view, the Ratti Group makes a huge effort to facilitate work-life balance. The Ratti Group's main initiatives include a shuttle bus service to bring Creomoda S.a.r.l. and Textrom S.r.l. employees to and from work, as well as economic incentives provided to Creomoda employees, such as support for their children's education.

The welfare initiatives undertaken by Ratti S.p.A. are highlighted alongside.

In the Ratti Group temporary or part-time employees are treated identically to permanent or full-time employees.

Some special agreements and services offered to Ratti S.p.A. employees.

- Internal restaurant, with seating also outside;
- Internal and external training courses;
- Flexitime;
- Organisation of trips and cultural activities;
- A postal and private delivery service within the company;
- Incentives for the use of public transport, bicycles and car pooling (See chapter 4, the paragraph "Travel green to help the environment");
- Parking reserved for pregnant women;
- Events for employees and their families;
- Christmas gifts for employees' children and communal events during the holiday period;
- Accessories and fabrics outlets, with special prices for employees;
- Options for employees to join supplementary pension and healthcare schemes, set up through agreements between companies and unions.

Special agreements and services offered to Ratti S.p.A. employees

Within the company, as part of its broad corporate welfare project, the Ratti Group has initiated a training pathway that offers all employees the chance to broaden their knowledge of cultural and artistic matters.

The course that began in April 2017, with four sessions a month, consisted of an in-depth study of the history of art in the 1950s and 1960s, and introduced participants to the main references to these two periods in the history of fabric and fashion, rediscovering the techniques, materials and styles of the era.

Organised in partnership with the Antonio Ratti Foundation, the two sessions on the history of art were run by Elena di Raddo and Francesco Tedeschi, both lecturers on the subject at Università Cattolica in Milan, while the sessions on the history of fabric and fashion were run by Margherita Rosina, a historian of fabric and for ten years the Director of the Antonio Ratti Foundation Museum.





A better environment for all

With the aim of reducing the environmental impact of journeys between the home and the workplace, and to encourage more sustainable transport, Ratti S.p.A, has concluded an agreement with **ASF** – the company that manages local public transport in Como province – to redirect some journeys of the Como-Mozzate route so that

they stop outside the company. The company has also concluded an agreement with **Trenord** for the purchase of annual railway season tickets through monthly deductions from salaries rather than payment in a single sum. It is also possible to buy, again through monthly deductions from salaries rather than payment in a single sum, a special

season ticket called *Io Viaggio Ovunque in Lombardia* (“I travel everywhere in Lombardy”), which is valid on all urban and suburban public transport in the region. The public transport option offered can therefore easily be used by employees who live along the above route, and by those who use the train, or intend to do so.

2.5 Rights are an asset for everyone

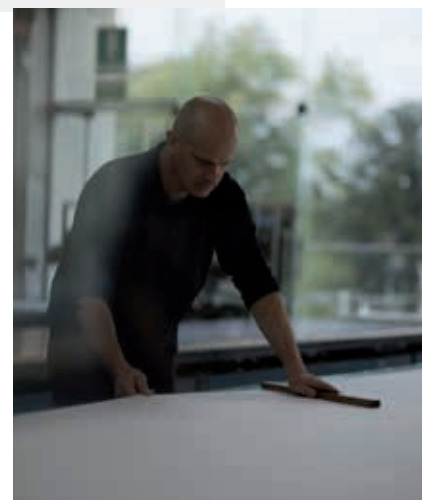
The prevention of child labour

As set out in the **Code of Ethics** and with reference to the **Policy for Social Responsibility**, the Ratti Group is committed to preventing and to opposing all situations involving exploitation in the workplace, and in particular child labour, along the whole of the supply chain (see *chapter 3, paragraph 3.3 “A process that creates value”*).

Ratti therefore requires its suppliers to comply with Legislative Decree 345/1999 (*in Italy*) as well as ILO Conventions 138 and 182, and ILO Recommendation 146, in addition to all locally applicable legislation.

The company also requires compliance with its **social responsibility policies**, and that a hiring policy be defined that clearly specifies age requirements.

With regard to the provision of goods and services from countries where there is a risk that child labour could be used, the Ratti Group has established specific criteria to verify the reliability of the supplier and the quality of the product, and to check that all necessary action has been taken to scrutinise aspects relating to social responsibility. These activities involve the supplier receiving a questionnaire and accepting the **Code of Ethics**. Should a supplier’s credentials not be deemed sufficient, the company will undergo an audit.



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

Spotlight on countries at risk

Ratti purchases yarn and fabrics mainly from China, but also from countries at risk as far as child labour is concerned. Detailed checks are carried out on the countries of origin of suppliers, especially in the case of suppliers from countries considered to be at high risk of deviating from the best practices of social responsibility, including:

- BANGLADESH
- GUATEMALA
- KENYA
- VENEZUELA
- BOLIVIA
- HONDURAS
- LAOS
- VIETNAM
- THE PHILIPPINES
- IRAN
- PAKISTAN

A supplier relationship is currently in place with a Pakistani supplier, based on the fact that the supplier has **SA 8000** certification.





2.6 Growth through dialogue

Internal communication

Internal communication is an instrument that is key to ensuring that all employees are aligned with the company's principles, values and business objectives.

Against this backdrop, a key role is played by the company's intranet: the Group's news management portal, the publication of shared documents and the management of certain internal processes.

The **intranet area** has a number of sections with a full range of informational and institutional content: Company information (*The Group, its history, its organisation and its premises*), Financial and operating results, **News area** with the latest news, Events calendar, and Useful information, which includes new opportunities and active special agreements.

The **Documents section** has been designed to facilitate access to everything that concerns daily working life in the company.

There are also areas relating to projects, specific shared documents (*manuals, headed paper, company logos*), specific company initiatives and working tools, depending on the author-



isation granted. Internal procedures and rules are published in the **Procedures section**; the most important of these are explained during the induction process, while new employees are asked to read all procedures and instructions in force as soon as possible.

The section **Training and Sustainability** is dedicated to training and to environmental sustainability. The Training area consists of different areas for different corporate communities (*managers, sales people, engineers*), aimed at updating managerial competences and technical knowledge.

The aim of the **HR portal** is to optimise management and communication processes and to permit the company's employees to interact, managing their presence or absence through technology that allows them to connect either through the public internet or the company's intranet.

Through the portal, it is possible to request, either a priori or a posteriori, evidence of holidays, periods of leave, failures to clock in/out, or overtime payments, which are processed by the attendance management system once they have been authorised by the relevant manager.

The intranet includes measures that guarantee security, and each employee is identified by a user name and an access password. The section Communication contains instructions.

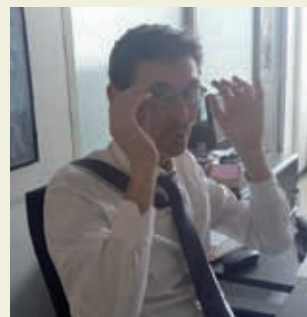
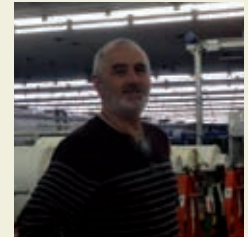
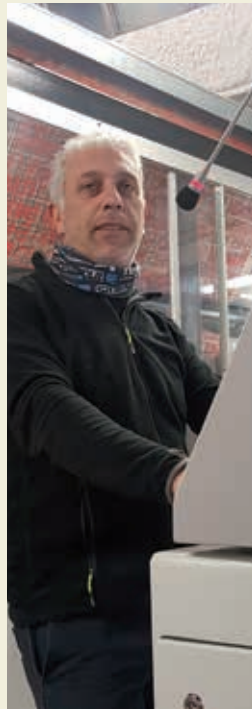
Internal communication is an instrument that is key to ensuring that all employees are aligned with the company's principles, values and business objectives



In the talent of the individual,

755, this is the power of the Ratti Group: unique identities which, day after day, set off a chain reaction that creates a compact team.

We always start with people, their value, their talent, but it's a group in its entirety that brings out and makes the difference. In Ratti there is a rule whereby it's better to count on 1% of 100 people than on 100% of an individual, simply because the force of







CHAPTER 3

Material becomes creation

- 3.1** Complete management to guarantee quality
- 3.2** Tradition that pays attention to the environment
- 3.3** A process that creates value
- 3.4** A commitment anchored in the most advanced standards



3.1 Complete management to guarantee quality

The production cycles

Strengthened by a tradition born out of the manufacture of silk, over time Ratti has transferred the specialist capabilities it has developed through working with this fine fabric to different natural fibres, composite fibres and technological fibres.

The weaving cycle begins with design, including technical data. This is a critical phase to which Ratti, as always, pays the greatest attention, emphasising, in particular, the creativity of the designers

The Group manages the entire production cycle, from the creative phase, including the fabric design and production planning, to the ennoblement processes (*weaving, dyeing, printing and finishing*) and hemming.

The overarching theme is **innovation**: Ratti studies, experiments with and adopts new production techniques, new technologies and new printing processes.

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

Weaving: from design, to yarn, to fabric

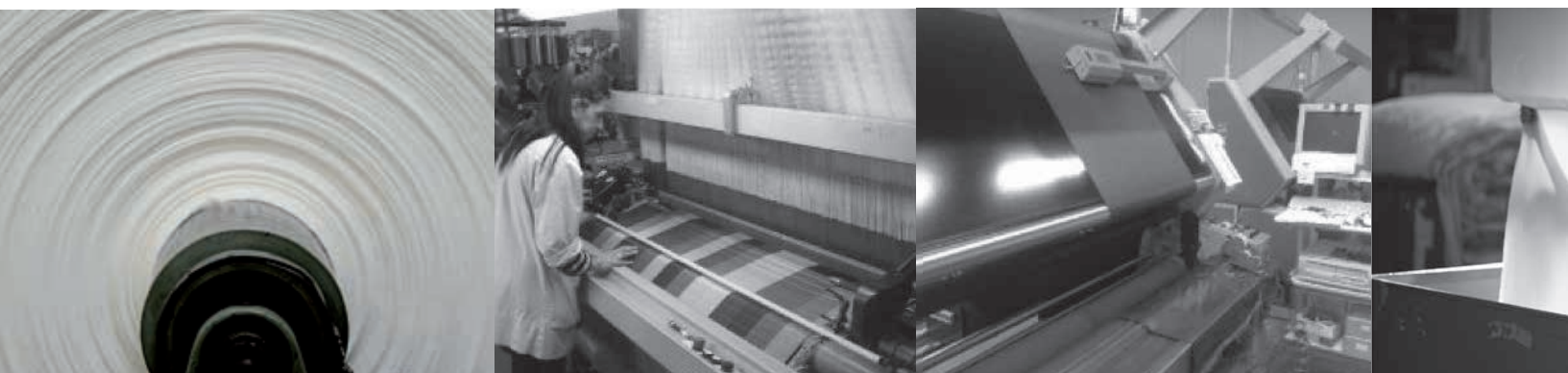
The **weaving cycle** begins with design, including technical data. This is a critical phase to which Ratti, as always, pays the greatest attention, emphasising, in particular, the creativity of the designers.

The yarn stipulated in the design is then selected from the warehouse and sent to the various phases of the actual weaving process. In a dedicated area, compliance with the sample is checked, residues from manufacturing are removed, and any imperfections in the resulting fabric are noted.

After this first check, the fabric is sent to the **Finishing department** for the necessary ennoblement processes. Following this process, a further check is performed before the product is sent to **Shipment**, to ensure that the product complies with the specifications of the customer or those of the hemming professional who will produce the final garment.

Dyeing and printing: Creativity becomes a pattern

The **Dyeing and Printing department** carries out a critical dual role: on the one hand it is the place where, through dyeing and printing on the raw fabric, the designer's artistic expression becomes a concrete design, on the other hand it is also one of the production phases that is particularly delicate from an **eco-sustainability** point of view, e.g. in terms of any use



From raw fabric to designer magic

How can one go from raw fabric to a motif that will become part of the collections of the top designers?

The fabric arrives already prepared for industrial printing or as raw fabric. In this case it first undergoes a preparation process, then it moves on to the actual printing phase which, according to the specifications for the fabric and the design, may be carried out using various technologies:

- **screen printing**, a high-precision technology suitable for products such as men's and women's accessories or for furnishings;

- **flatbed printing**, which allows the simultaneous printing of all the pictures that make up the design;

- **rotary screen printing**, the most industrial printing technology.

The most recently developed technology for fabric printing is **inkjet printing**.

This is used both for immediate sampling and for designs that are difficult to reproduce using traditional technologies, as well as for production batches that do not justify the incision of screens or cylinders. Textrom, the Romanian production facility, specialises in the printing of finished garments, knitwear and leatherwear. Finally, the fabric is treated with steam to set the colours (**steaming phase**).

of chemical products required. In detail, apart from dyeing and printing, chemical products may be involved in phases such as washing, where excess colour is removed, or finishing, where the fabric is treated to improve its properties.

A quality check is carried out in the finishing phase and, if necessary, specific retouching techniques may be applied.

Hemmed garments: an added value

The two processes described above may be followed by the garment hemming process: the entire series of activities designed to transform the finished fabric into ready-for-sale garments (*ties, scarves, foulard*).

After the **finished fabric** has been checked, the garments are hemmed (*this is exclusively carried out at the Creomoda factory in Tunisia or by selected subcontractors*), before returning for a further check and shipping. Depending on the customers and the product lines, the goods are prepared, checked, boxed and delivered internally.

All garments are stored in the **Finished Garments Warehouse** and may be traced using a management system with radio frequency terminals.

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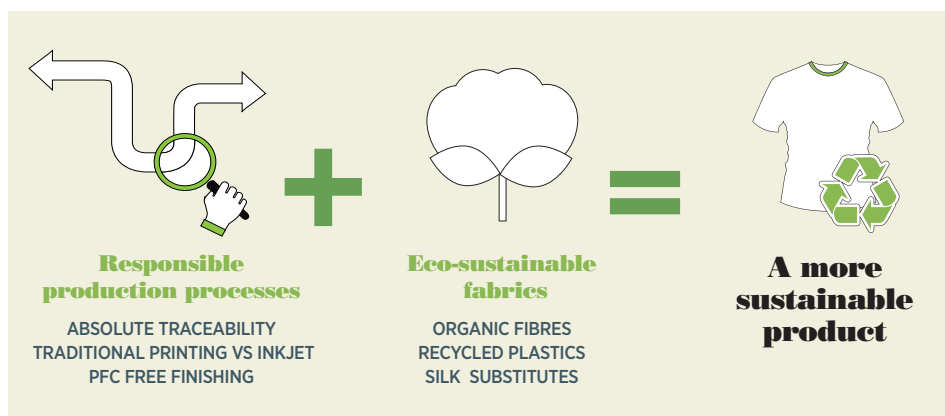




3.2 Tradition that pays attention to the environment

The Responsible Collection

At the *Première Vision* trade fair in Paris, Ratti presented the **Responsible Collection** (*Collezione Responsabile*), the result of a marriage between creativity, a constant commitment to the traceability of production and purchasing processes, and the careful selection of raw materials.



With its Spring/Summer 2019 presentation, the Responsible Collection has expanded to 23 articles for diverse use, consisting of eight sustainable fibres finished using responsible processes

In 2011 Ratti included the **Responsible Collection** in its value proposition, in line with a strategic logic which sees it growing and evolving over time, with the aim of allowing customers to choose the solution that best respects the environment, using production processes that are responsible and fabrics that are eco-sustainable.

Initially consisting of **16 articles** in six different eco-sustainable fibres and with traditional printing designs, for the Spring/Summer 2019 presentation the collection will grow to **23 articles** for diverse use, consisting of eight sustainable fibres ennobled using responsible processes.

Two new materials, **GOTS-certified organic linen and hemp**, have been added to the six from the first collection, i.e. **GOTS-certified organic silk**, **Lyocell** (*natural cellulose fibre*), **GOTS-certified organic cotton**, **New Life** (*polyester 100% recycled from plastic bottles*), **Greencel** (*an organic compound from wood pulp*) and **regenerated Nylon**.

Sustainable from thread to finished product

Two “new entries” in the Spring/Summer 2019 Responsible Collection, linen and hemp, are particularly important, given that they are two completely natural options

1 - Sources: Report by the European Commission to the Council and the Parliament, Brussels, 20 May 2008/ Analysis of the Life Cycle of a Linen Shirt, Bio Intelligence Service, 2008/CELC website www.masteroflinen.com

2 - Source: www.canapaindustriale.it

Linen

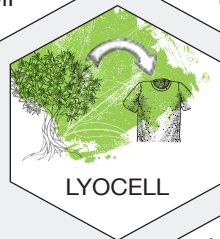
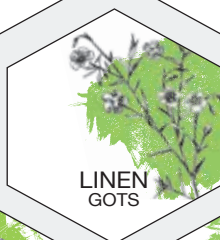
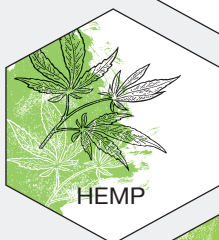
Always seen as a noble material thanks to its remarkable qualities, linen flax can be grown using only rainwater for irrigation, while crop rotation favours the regeneration of the soil.

Using the same cultivated area, compared with cotton, linen guarantees – at European level – a reduction of **650 billion m³ of water consumption**, **342,000 tons of carbon dioxide** and **300 tons of chemical fertilisers**¹.

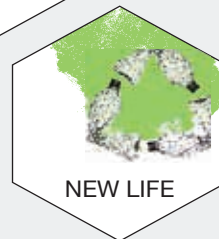
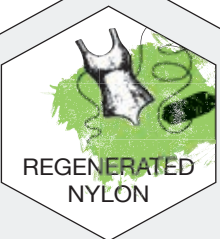


Responsible Collection

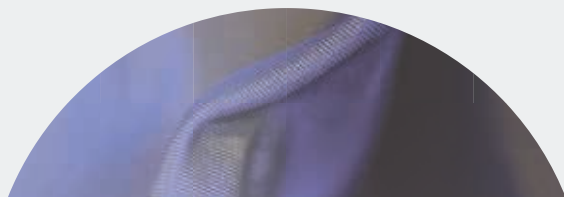
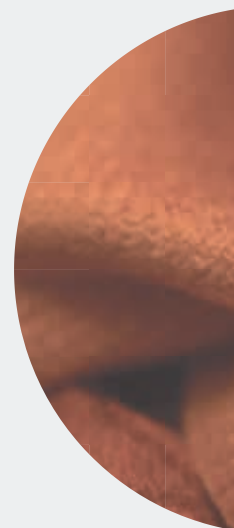
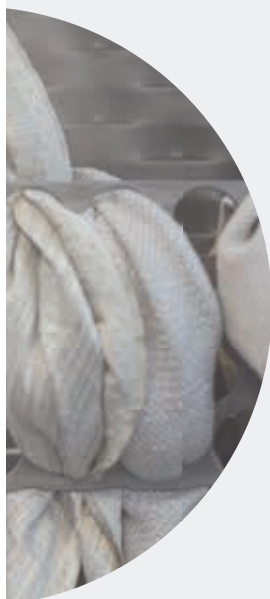
Natural fibres



Artificial fibres



Synthetic fibres



RATTI FOR RESPONSIBILITY

Hemp

Hemp is very resistant to attacks by parasites and is **100% usable**: from top quality fibre to discarded products. Its fibres are naturally antibacterial and antifungal and wear exceptionally well (*three times more resilient than cotton*).

They are also able to **absorb humidity**.

Hemp needs **50% less water than cotton** and does not require the use of any chemical products. It also **produces biomass** and reduces the greenhouse effect, given that it is an excellent **absorber of CO₂²**



342,000

TONS OF CO₂ LESS

-300

TONS OF CHEMICAL FERTILISERS COMPARED WITH COTTON



-50%

CONSUMPTION OF WATER FOR COTTON

100%

USE



ORGANIC COTTON

46%

POTENTIAL GLOBAL WARMING REDUCTION THANKS TO REDUCED AGRICULTURAL INPUT

26%

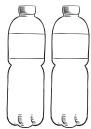
POTENTIAL REDUCTION OF EXCESSIVE FERTILISATION THANKS TO REDUCED NITROGEN AND PHOSPHORUS DEPOSITS IN WATER A

(Source: Textile Exchange)



Organic silk, GOTS standard

Mulberry trees are grown using organic fertilisers, without the use of harmful substances such as pesticides and insecticides. The cocoons are not treated with any form of drugs or antibiotics. During the spinning and twisting phase of the yarn, only certified oils are used, while during the warping and weaving phase oils generally, and cohesives specifically, are not permitted.



NEW LIFE

-94%

WATER CONSUMPTION

-60%

CONSUMPTION OF ENERGY RESOURCES

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

Organic cotton, GOTS standard

This contains 95% certified organic natural fibres in weight terms. Organic cotton is grown using methods and products that have a low environmental impact, and without using chemical pesticides and fertilisers. In addition, organic production systems are used to fertilise the soil.

Lyocell

Lyocell is a hypoallergenic and biodegradable cellulose fibre obtained from wood pulp. During the production phase the solvent used is 100% recovered, in contrast with that used for viscose.



NYLON REGENERATED

-7

BARRELS OF CRUDE

-5.7

TONS OF CO2 LESS

101.2

MJ OF ENERGY SAVINGS

Each ton of Nylon regenerated (Source: Acquafil)

Greencel

Greencel is an organic compound derived from wood pulp. It is a biodegradable and renewable fibre that is not transformed chemically.

New Life

New Life is a fibre derived 100% from recycled polyester which is, in turn, derived from used plastic bottles. These are collected and processed using an exclusively Italian production chain. The mechanical process that transforms bottles into textiles does not use chemical compounds that harm the environment and does not release toxic gasses.

New Life helps to reduce the amount of plastic that needs to be disposed of, requires few manufacturing stages and consumes only a moderate amount of energy resources.

Regenerated Nylon

Regenerated Nylon is derived from post-consumption nylon from fishing nets and bathing suits, collected globally. The advantage of this fibre is that it can be regenerated an infinite number of times without losing quality.

Ratti S.p.A. tasked a certification agency, **Bureau Veritas**, with validating the process of traditional printing against inkjet printing and showing that using traditional printing is a choice that better respects the environment.

The analysis focused on the **different environmental effects** of the two processes – inkjet technology versus screen printing – comparing their use of electrical energy, water and chemical products. The results demonstrated that traditional printing had a much lower environmental impact. The validity of the results of the internal study³ were confirmed by its compliance with the standard **ISO 14021:2016** on 15 December 2017.

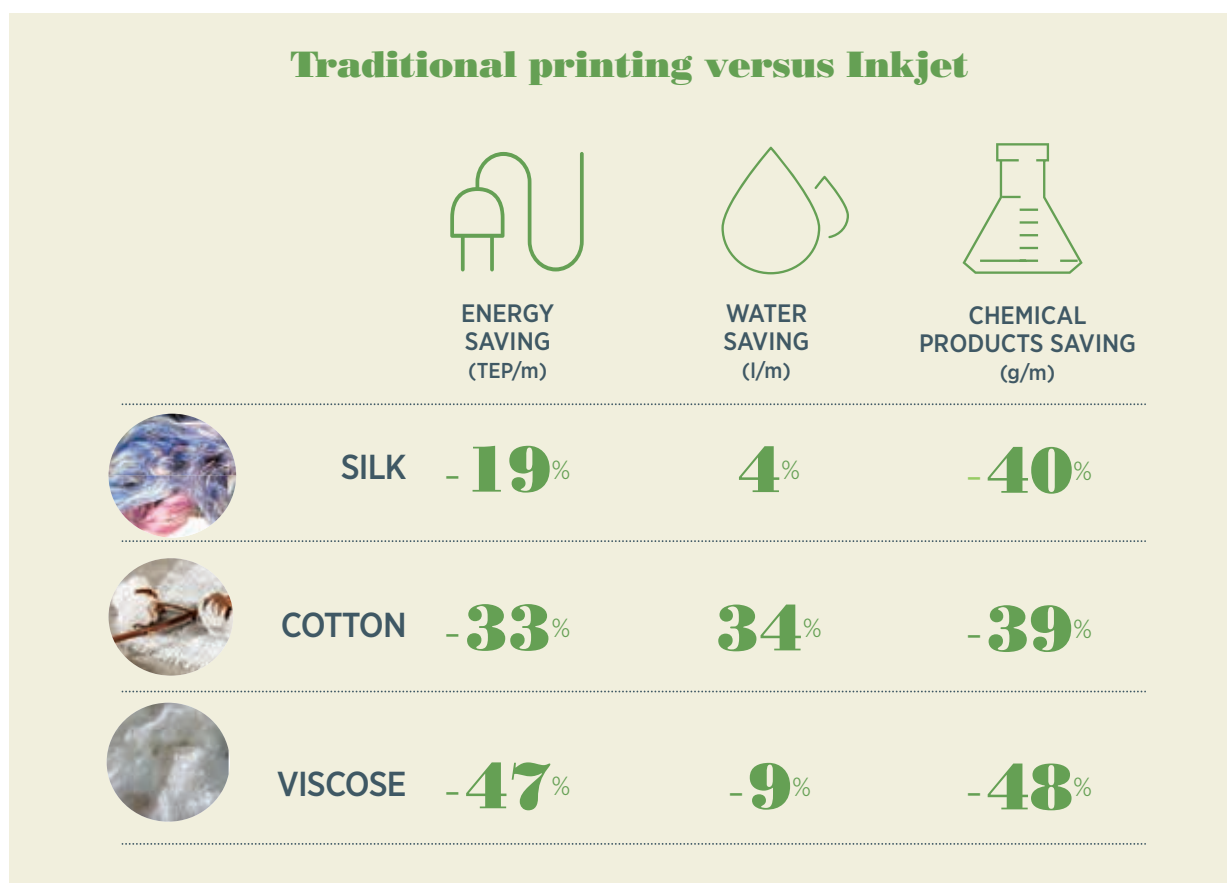
Heritage and modernity: a pair of words that, in Ratti, look back over 70 years of history and merge into a patrimony that is driven, always, by the search for manufacturing excellence. A capital deriving from an aggregated knowledge of culture and craftsmanship that has made the company an undeniable point of reference in the art of printing.

Looking to the future in a sustainable manner, for Ratti, means not abandoning the past but, instead, continuing to build on it and invest in it, and to be able to offer a high-quality product, with unmistakably unique features, to a multifaceted and demanding customer.

At Ratti, the classic and the modern are intertwined, giving life to a fabric born out of research, talent and, most of all, people, brought together in a common journey that has not yet reached the finishing line but has covered only a small part of the undertaking.

Never was Leo Longanesi's dictum more appropriate: *"The modern becomes old, the old comes back into fashion"*.

At Ratti, the classic and the modern are intertwined, giving life to a fabric born out of research, talent and, most of all, people, brought together in a shared journey that has not yet reached the finishing line but has covered only a small part of the undertaking



3 - Source: Internal study commissioned to an independent body, 2017



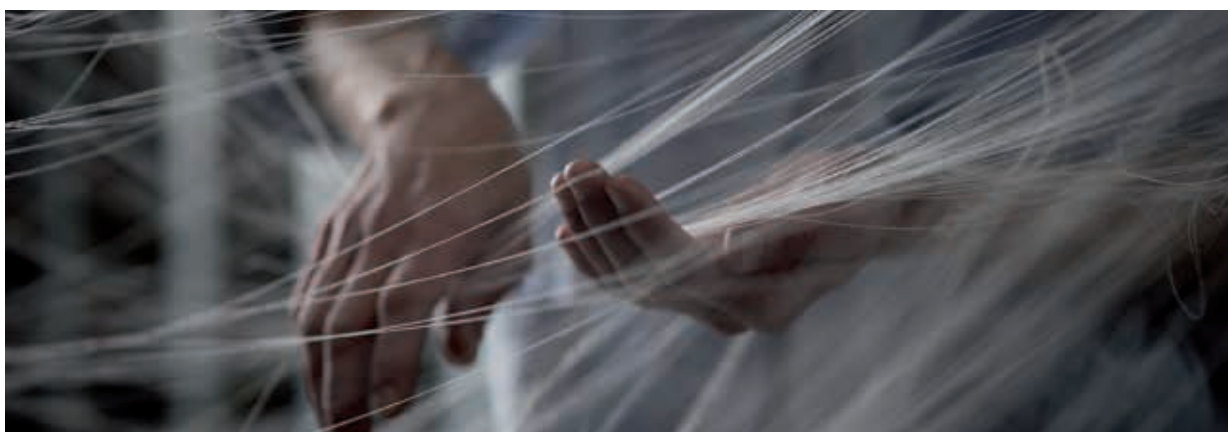
3.3 A process that creates value

Checking the supply chain

Suppliers and procurement

For Ratti, managing the extended chain represents an opportunity to generate new value in the complex textiles-fashion supply chain, guaranteeing an excellent level of service and total customer satisfaction, using an end-to-end supply chain model that is able, for example, to take the place of the customer in the management of logistics.

The Ratti Group requires its suppliers to adhere to its **Code of Ethics**: the probity and transparency of purchasing transactions is measured in terms of specifications covering quality, the flexibility required to meet delivery schedules, and an optimum price/quality relationship. The Code stipulates that when suppliers are chosen and purchasing conditions are set, criteria of, inter alia, probity, objectivity, impartiality, pricing fairness and quality of goods and/or services must be satisfied.



Ratti and its subsidiary Creomoda S.a.r.l. have implemented a system for managing social responsibility according to the standard SA 8000:2014, certified by Bureau Veritas

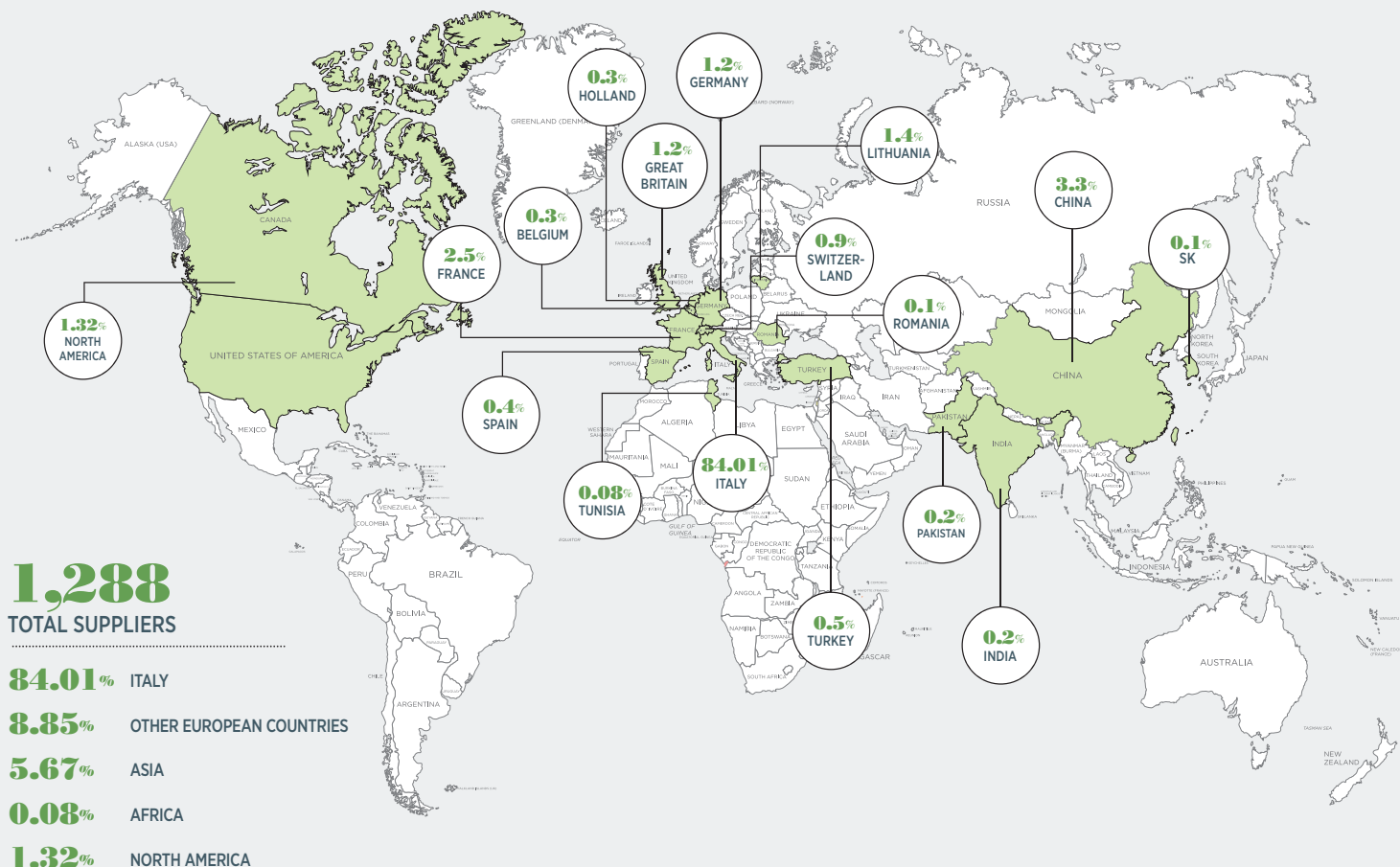
The goal is to choose suppliers who have the best characteristics in terms of quality, cost, service and ethics. The Group also requires suppliers, in turn, to ensure that the same principles are applied to their employees, subcontractors and any third parties they work with, in order to ensure that their activities are ethical and transparent.

To this end, Ratti S.p.A. and its subsidiary Creomoda S.a.r.l. (*Tunisia*) have implemented a system for managing social responsibility in accordance with the standard **SA 8000:2014**, certified by **Bureau Veritas**.

With regard to the provision of goods and services from critical countries, a procedure has been established to verify the reliability of the supplier and the quality of the product, and action has been taken to scrutinise aspects relating to **social responsibility**. If the characteristics of a supplier are not adequate to guarantee that best practices are followed in terms of social responsibility, then that supplier may be obliged to undergo an audit.

Currently, the only case of a supply relationship with a supplier in a country at risk is that of a Pakistani company, which has been selected because it has **SA 8000** certification. In the reporting period there were no changes to the organisation or to the supply chain.

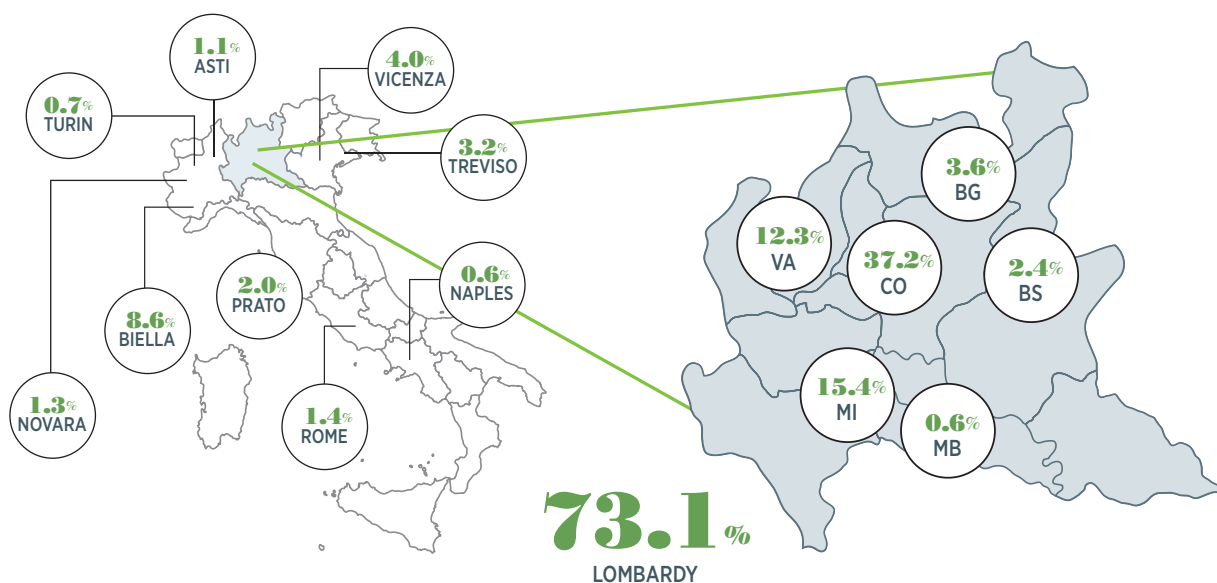
At 31 December 2017 the Ratti Group had 1,288 suppliers; of these 84.01% are in Italy, 8.85% in other European countries, 5.67% in Asia, 0.08% in Africa and 1.32% in North America.



By way of confirming the historical-cultural links that the Ratti Group has with the region in which it operates, it may be usefully emphasised that 74.5% of purchases are made with Italian suppliers, and of these 73.1% are made with suppliers based in Lombardy.

74.5%

OF PURCHASES
ARE MADE WITH ITALIAN
SUPPLIERS





The objective is to centralise and standardise the supply chain to ensure that operations are managed as efficiently as possible and to the full satisfaction of the customer

Controlling the supply chain and managing logistics

Product quality starts with the raw materials. For this reason, Ratti has made alliances with **strategic suppliers** which can be presented to the market at all stages of the supply chain: from checking and purchasing raw materials in the main producer countries such as China, Australia and New Zealand, to manufacturing the fabric and the finished product, ready for hemming.

The textile service: from warehouse to textile logistics operator

With its experience in the world of fashion, the Ratti Group is more than just a supplier of quality fabrics: it is a **complete textile operator** in the sense that is an authentic textile services company.

Logistics have been revamped to offer additional processing and shipping services that offer added value to the customer. Not just a warehouse for storing goods, but an actual centre for international processing and shipping.

The objective is to centralise and standardise the supply chain to ensure that operations are managed as efficiently as possible and to the **full satisfaction** of the customer.

“Ratti Tessuteca”

In order to improve its relations with its customers every day, Ratti has opened a “tessuteca” (fabric boutique), with fabric bases always available in the warehouse.

This is an efficient and effective area – and also a service – which offers more than **400 tested bases** that offer the irrefutable guarantee of immediate evidence of 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 aiming

towards process innovation, improved logistics and quality service. The investment in the Tessuteca, together with the company’s ability to forecast purchasing criteria with the customer, represent a new business model in which delivery times are significantly reduced.

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

3.4 A commitment anchored in the most advanced standards

Standards and certifications

The Ratti Group aims at maintaining a high level of performance and competitiveness, encouraging value sharing and sustainable development. The company has made a strategic decision to develop an **integrated management system** that ensures total control of all aspects of its business processes and contributes to their consolidation.

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

- Social responsibility in accordance with standard **SA 8000:2014**;
- Environmental protection in accordance with **ISO 14001:2015**;
- Environmental labelling and declarations in accordance with the standard **ISO 14021:2016**;



- Health and safety in the workplace in accordance with the standard **OHSAS 18001**;
- **Oeko-tex standard 100 Class II** for certain types of product.

Ratti has also requested the following certifications:

- Quality in accordance with **ISO 9001:2015**;
- **Brand: Seri.co.**

Certifications

SA 8000, respect for people has been certified

In October 2015 Ratti S.p.A. obtained certification in accordance with the standard SA 8000:2014 Social Accountability, with the aim of attesting that the corporate system conforms with the principles of social responsibility (*freedom of association, the rejection of forced labour, health and safety in the workplace, improved attention to the needs of all interested parties, etc.*) In December 2016 the same certification **SA 8000:2014 Social Accountability** was also obtained by the Group's Tunisian subsidiary, Creomoda S.a.r.l. The above was a significant result in terms of social responsibility, considering the fact that **SA 8000** certification is one of the international reference standards for managing social responsibility and rights in the workplace, based on ILO (*International Labour Organization*) conventions, the Universal Declaration of Human Rights, and the United Nations Convention of the Rights of the Child. It is the main international standard suitable for companies of any size or sector, and sets out the relevant requirements, for all parties involved, that guarantee the appropriate management of social responsibility in the company.

The main benefits for Ratti deriving from **SA 8000** certification include:

- Improved confidence of compliance with regulations in force with regard to labour contracts;
- Better involvement and motivation of employees;
- An improved corporate image;
- International recognition of the commitment made by a **socially responsible business**.

SA 8000 is the main international standard suitable for companies of any size or sector, and sets out the relevant requirements, for all parties involved, that guarantee the appropriate management of social responsibility in the company



What is required by the standard SA 8000:2014

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

Compliance with the requirements relating to suppliers is ensured by obliging suppliers to sign a three-year commitment to comply with the standard, by sending out a questionnaire and subsequently evaluating the responses, and by the supplier accepting the principles of the Code of Ethics approved by the B.o.D. of Ratti S.p.A.

With the exception of individual cases investigated in a timely manner, Ratti has also decided not to operate in countries in which the workers are not protected by legislation.

With regard to **SA 8000 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 trace the performance of suppliers, contractors or employment agencies and sub-suppliers, with the aim of ensuring that their significant risks are effectively dealt with.

To ensure the above, the Company follows specific procedures, which govern the initial choice of suppliers and periodically assess whether said suppliers are complying with the **standard SA 8000**.

The international standard **ISO 14001:2015** is a management system recognised throughout the world. It provides a structure for managing and improving environmental performance

ISO 14001, the environment is safer

On 27 November 2015 Ratti S.p.A. obtained certification in **Effective Environmental Management**. ISO 14001:2015 is a certifiable standard which confirms that corporate operations comply with the requirements laid down in terms of principles, systems and techniques that support appropriate **environmental management**.

One of the main challenges the business faces in terms of **sustainability** is, indeed, to limit the impact of its activities on the environment and to achieve sustainable organisational growth. The international standard **ISO 14001:2015** is a management system recognised throughout the world. It provides a structure for managing and improving **environmental performance**.

The main benefits for Ratti S.p.A. deriving from **ISO 14001** certification include:

- Improved energy efficiency;
- Financial savings;
- Improved confidence that all environmental requirements have been satisfied;
- Better relations with the public administration;
- Improved competences for those involved.

From an external perspective, compliance with the standard **ISO 14001** is underlined, which:

- Satisfies the increasing expectations of customers and other parties involved with regard to respect for the environment;
- Involves the reduction of both waste and the consumption of environmental resources;

- Improves competitiveness, demonstrating sustainable management;
- Demonstrates compliance with legislative requirements covering the environment;
- Boosts customer and stakeholder confidence.

ISO 14021, declared assumption of responsibility

On 15 December 2017 Ratti S.p.A. obtained, for three types of product, compliance with the standard **ISO 14021:2016**, which involves companies making self-declared environmental claims about their products, in particular with type II environmental labelling in the claim: *“Reduced use of resources, energy and water, and chemical products in the two types of printing (screen and inkjet), within Ratti S.p.A.”*.

The standard is a key tool for companies to communicate – in the best way possible – the sustainability of their products. It provides a list of general requirements, describes terms commonly used and supplies the conditions for their use.

It also describes a general methodology for evaluating and verifying the self-declared environmental claims.

The most significant advantages of **ISO 14021:2016** include:

- More accurate, verifiable and non-misleading environmental claims;
- Better opportunities to make more informed decisions when acquiring and purchasing products.



User safety is always at the forefront

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 from its suppliers – raw materials, processing and chemical products – as well as investments in analytical tests carried out in external laboratories.

In this regard, during the reporting year there were no recorded cases of non-compliance with regulations or voluntary codes governing the impact on health and safety of products during their life cycles.

All products comply with the most important regulations governing the environment and chemical compliance

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

On 3 October 2013 Ratti S.p.A. obtained the certification **Oeko-Tex® Confidence in Textiles Standard 100** for fabrics and tulle in polyamide and polyamide/elastane, printed using inkjet printing with ink, in various colours.

On 14 November 2017 the certification was also extended to jerseys in cotton/elastane, printed using inkjet printing with reactive 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 processing levels, 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.

Certifiable articles may include, for example: raw, dyed and finished yarn, fabrics and knitwear, accessories such as buttons, zips, yarn for sewing or labelling, various types of hemmed articles (*clothing of all types, fabrics for the house and for furnishings, bedlinen, towels*).

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

The main advantages of adopting **Standard 100 by Oeko-Tex®** include:

- Guaranteeing a high level of product safety and effectiveness from the consumer's point of view;
- Achieving better safety thanks to testing criteria and limit values which are significantly more demanding than national and international requirements;
- Raising awareness of the supply chain to the responsible use of chemical substances, in the long term and on a global scale;
- Encouraging the application and improvement of management procedures and safeguarding quality;
- Improving the company's reputation by transmitting a message of sustainability.







CHAPTER 4

Towards “Planet Ratti”

- 4.1** Knowledge for continuous improvement
- 4.2** Less consumption, more creativity
- 4.3** Less resources consumed, a better future
- 4.4** Objective: to reduce waste



Towards Planet Ratti

Everything we consume on Planet Ratti remains on planet earth. Less energy, less water, less emissions, less natural resources on Planet Ratti. More energy, more water, more air, more natural resources for planet earth.

A commitment to reducing environmental impact

Since its foundation, Ratti has encapsulated a world of ethical and aesthetic values in which elegance is a natural dimension that moves in unison with a **respect for the environment**, telling a story of craftsmanship and beauty that is rooted in people, in their talent and, last but not least, in the region.

This **humanistic approach**, united with Ratti's dedication to **sustainability**, underpins the raison d'être of the Group's people, as custodians of unrivalled expertise and sensibility. From this point of view, the management of environmental impact, which for Ratti means paying particular attention to the matter of waste, is inherent in the DNA of the business and is integrated into its business model.

Specifically, since 2011 the Group has undertaken a journey of sustainable development, with a particular focus on **safeguarding the environment**. This is a project where **environmental responsibility** translates not only into action aimed at monitoring and reducing impact, but also into initiatives whose goal is to promote awareness of sustainability among employees, customers and suppliers. Specifically, these actions find expression in significant investments (*the acquisition of new machinery and the optimisation of processes*) which, in the last five years, have reached EUR 20 million. All the investments in technology, the optimisation of production



The idea of partners at the forefront

In order to achieve more effective results in economic, environmental and social terms, the company's stakeholders – in particular its partners – must receive information and training.

The Ratti Group has started the process of raising its employees' awareness, starting with the Parent company Ratti S.p.A.

The employees of Ratti S.p.A. have been made aware, through numerous communication activities and actions, of the adoption of increasingly sustainable behaviour.

This has strengthened, day by day, the culture of sustainability. In particular, in order to involve people still further, an internal competition was organised with the aim of giving a name and a logo to the virtuous journey undertaken towards the company's sustainable development in economic, environmental and social terms. Employees were invited to suggest ideas

to improve the company's sustainability, including from a financial perspective. Stand-out ideas suggested by Ratti S.p.A.'s employees include **replacing bottled water** in the canteen with water dispensers from the local area.

This cut out the related use of plastic as well as the consequent emissions of CO₂ from transport. In addition, reusable, foldable and **stackable plastic boxes** were introduced for internal transport within the Group. This eliminated the purchase and disposal of cardboard cartons and, thanks to the optimisation of space inside the trucks, reduced the number of trips and their related environmental impact.



New logo Ratti For Responsibility result of internal competition

processes and the saving of resources come together in the **project Ratti for Responsibility**, which is real testimony to the commitment of the whole company through the ethical behaviour of each member (see paragraph 4.3 “Less resources consumed, a better future”).

In terms of daily praxis, the **management of environmental impact** is focused, in particular, on the optimisation of the use of resources and the reduction of waste in a context of continuous improvement.

For this reason, the Ratti Group is implementing a partnership network (see chapter 5, Box “Partnerships that do good”) aimed at reusing discarded textile material as **secondary raw material**, and is launching energy efficiency initiatives in the production processes.

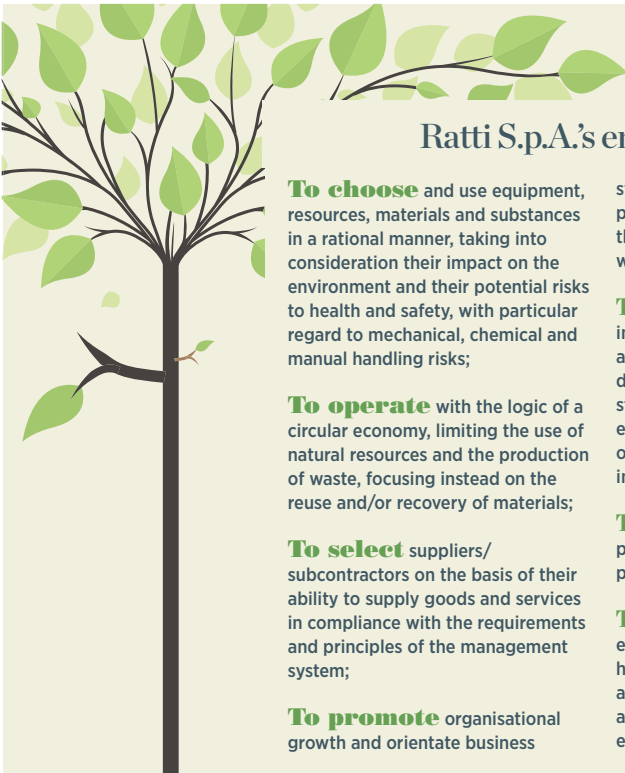
4.1 Knowledge for continuous improvement

The analysis of environmental impact

In carrying out its activities, the Ratti Group is committed to promoting, among the principles set out in its Code of Ethics, environmental protection, with the aim of guaranteeing the environmental sustainability of its activities.

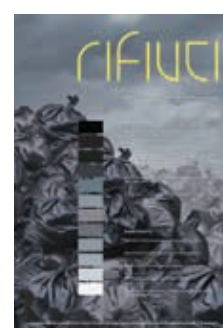
The Ratti Group considers environmental protection and energy efficiency to be part of its business values and, with this in mind, seeks to raise the awareness of those parties that come into contact with the Group.

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



Ratti S.p.A.'s environmental policy.

- 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 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 and reduce the consumption of energy and water;
- To develop** and extend information, communication, training and coaching processes and promote dialogue with internal and external stakeholders to guarantee the effective and efficient application of the company's management information system;
- To prevent** any form of pollution, in particular air and water pollution;
- To develop** and update evaluation criteria for risks to health and safety in the workplace and to the environment, as well as management procedures for emergency situations.



Information panels displayed inside the company



environmental protection. Ratti S.p.A. and Creomoda S.a.r.l. have equipped themselves with environmental policies which aim to orientate business processes towards solutions that ensure the maximum protection of the environment and reduction of consumption.

In 2017 the Ratti Group, starting with the factory premises at Guanzate, initiated the process of evaluating the environmental impact of its own activities.

This decision was taken in view of the fact that the Group's production capacity is concentrated predominantly in Ratti S.p.A. and assuming, therefore, a lower impact from the other production sites in Tunisia and Romania.

The environmental aspects of interest are: industrial water discharges and runoff water, hazardous substances or materials (*chemical products*) and production waste (whether hazardous or not).

Emergencies

Emergencies were subjected to a separate evaluation, although this was similar to that carried out for environmental aspects, hypothesising the most severe environmental effects. The list is not intended to be exhaustive with regard to other possible scenarios that could lead to a potential environmental emergency.

The principal **internal emergencies** for which an environmental evaluation was carried out are, in order of seriousness: fire, spillages of chemical substances, emissions of refrigerant gases with a greenhouse effect, and leaks, escapes or explosions of methane gas.

Those **external emergencies**, albeit externally generated, with a possible onsite environmental impact are: flooding, exceptional meteorological events, external fire emergencies, earthquakes, and road traffic accidents resulting in spillages of auxiliary chemical substances. From an analysis of risks and opportunities it is possible to draw some conclusions as to the assets mostly involved.

With regard to **risks**, the most significant effects on tangible assets are those on environmental and economic performance, while for intangible assets the main risks include loss of market or competitiveness, damage to image or to reputation, economic damage or penalties, internal impact on confidence, allegiance or loyalty.

The tangible assets that offer the best opportunities are represented by the **development of new eco-compatible products and services** and by better environmental performance, while intangible assets include improving competitiveness, promoting the company's image and better relationships with stakeholders.

On this basis Ratti S.p.A. has developed its **System of Environmental Management** in accordance with the standard **ISO 14001:2015** (see chapter 3, paragraph "A commitment anchored in the most advanced standards") which, through a series of actions that have already been implemented, governs most of the risks that have arisen.

On the basis of the provisions of **ISO 14001:2015**, the management annually approves the **Improvement Plan**, which consists of the main objectives and actions selected on the basis of feasibility and their priority for Ratti S.p.A. The actions are listed in detail and by topic in the following paragraphs.

The main risks and opportunities for Ratti S.p.A.

An analysis of the activities and products across their life cycles produced the following risk factors and opportunity factors.

Risk factors

- Regulations on product safety;
- Dangerous substances/materials;
- Fire emergencies;
- Availability of natural resources;
- Trade regulations;
- Stability of the supply chain;
- binding regulations and possible regulatory changes.

Opportunity factors

- Product innovation: the percentage of profits reinvested in research and development;
- Standards, guidelines and models voluntarily adopted by the organisation;
- Standards for product safety;
- Strategies and market positioning;
- Reference market trends;
- Trade regulations;
- Stability of the supply chain;
- Ethical values of the community;
- Binding regulations and possible regulatory changes;
- Products and by-products;
- Reduction of energy consumption;
- Reduction of water consumption.

4.2 Less consumption, more creativity

Over the last four years the investments made have led to the **optimisation** of production processes, concentrating on the objectives of energy saving and the reduction of consumption at the Guanzate premises, which account for **95.27%** of the Ratti Group's energy consumption.

Action to improve energy efficiency

A number of steps have been taken to meet the objective of improving energy saving at the Guanzate plant. In order to reduce the unnecessary consumption of electricity in the factories, starting from 2017 lighting sensors have been installed which switch on only in the presence of workers. **Lighting systems** have also been installed that automatically regulate their light intensity on the basis of the intensity of the natural light coming in from outside. A **relamping plan** (*the replacement of light fixtures with high-efficiency LED light bulbs*) has also been implemented, in order to reduce the internal and external consumption of light throughout the company.

The **reduction of energy consumption** in the production processes has been pursued through a range of initiatives across the board, starting with the installation of metering systems for energy and water consumption, with a series of initiatives that began in 2014 and are still under way to improve the efficiency of the main plants and machinery.

In 2017, **high-efficiency** long-life batteries were introduced for forklift trucks and sewing machines, in order to reduce electricity consumption.

With regard to **thermal consumption**, from 2014 steps were taken, by replacing the old ma-



-1,059

TONS OF CO₂ NOT EMITTED INTO THE ENVIRONMENT THANKS TO METHANE GAS AND ELECTRICITY SAVING THE LIFE CYCLE OF 720 TREES IS REQUIRED TO ABSORB THIS QUANTITY OF CO₂



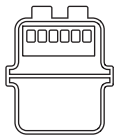
chinery, to insulate the high-temperatures lines. A system was installed to recover heat from vapour released during the steaming process.

The **heat recovery system** also includes the washing area and the power plant, since it allows the consumption of electricity and methane to fall, making the production areas increasingly efficient. The replacement of the old washing lines and the installation of a **system recovering heat** from waste water has led to a reduction in both water and energy consumption: the energy is used to heat the in-flowing water that replenishes the tanks forming part of the washing line. Initiatives currently under way include the replacement of the burners in the power plant with new, more efficient systems.



-11.85%

CONSUMPTION OF ELECTRICITY OVER METRES OF FABRIC PRODUCED



-8.79%

CONSUMPTION OF GAS OVER METRES OF FABRIC PRODUCED

Energy consumption

Energy consumption in 2017 recorded a slight increase (+4.96% for methane gas and +1.44% for electricity) in response to a fairly significant increase in production (+15.08% of total metres of fabric produced). The consumption of gas per metre of fabric produced actually fell by 8.79%, while that for electricity fell by 11.85%.

Table 1 summarises the Ratti Group's energy consumption, aggregating data for Italy, Romania and Tunisia.

Tab 1 - Aggregated energy consumption* for factories and offices in Italy, Tunisia and Romania

Energy consumption of the Ratti Group for offices and factories		u,m,	2016	2017	Change (%)
METHANE GAS	Total consumption	GJ	121,563	127,597	4.96
	Total consumption	GJ	30,915	31,362	1.44
	<i>of which purchased</i>	GJ	28,125	28,598	1.67
ELECTRICITY**	<i>of which produced and self-consumed from the photovoltaic plant (Guanzate premises)</i>	GJ	2,790	2,764	-0.95
	TOTAL ENERGY CONSUMPTION	GJ/m	152,478.19	158,958.75	4.25
Consumption of methane gas over metres of fabric produced		GJ/m	0,04	0,03	-8.79
Consumption of electrical energy over metres of fabric produced		GJ/m	0,009	0,008	-11.85

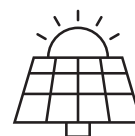
*Conversion into GJ was performed for all companies in the Group, using the PCI factor published in the "Table of parameters for national standards" published by the Ministry of the Environment and for the Protection of Land and Sea, for the respective years.

** The percentage of electricity produced from renewable sources and consumed by the Group depends on individual national electricity mixes, in Italy there is also self-consumption of renewable energy produced from photovoltaic systems.





In 2012 a **photovoltaic plant** was installed at the Guanzate premises. In 2017 this was able to produce around **825,923 kWh of electricity**, an increase of 7,477 kWh compared with 2016.



+7,477

KWh INCREASE
IN ELECTRICITY FROM
PHOTOVOLTAIC PLANT
IN 2017

58,230

KWh ELECTRICITY
PROVIDED
TO THE NATIONAL GRID

CO₂ emissions

CO₂ emissions basically depend on energy consumption and therefore show a parallel trend to the latter. Also, in this case, the energy efficiency actions implemented allowed the increase in CO₂ emissions to be contained (+4.43%), despite the significant increase in production (+15.08%). In fact, if we relate total emissions to metres of fabric produced, a **fall of emissions of 9.26%** is recorded, compared with 2016.

Specifically, thanks to self-produced energy from sustainable technologies such as the photovoltaic plant at Guanzate, in 2017 Ratti avoided emitting **310 tons of CO₂** and input 58,230 kWh of electricity produced from renewable sources into the national grid.



-9.26%

EMISSIONS OF CO₂
COMPARED WITH 2016

310

TONS OF CO₂
AVOIDED IN 2017

Tab 2 - Scope 1, Scope 2 CO ₂ emissions and emissions avoided for the Italy, Tunisia and Romania premises				
CO ₂ emissions Ratti Group	u.m.	2016	2017	Change (%)
Total SCOPE 1 and SCOPE 2 emissions	tCO ₂	9,687	10,116	4.43
SCOPE 1 - DIRECT EMISSIONS* from methane gas consumption	tCO ₂	6,752	7,133	5.64
SCOPE 2 - INDIRECT ENERGY EMISSIONS** from electricity bought for offices and factories	tCO ₂	2,935	2,983	1.70
Total SCOPE 1 and SCOPE 2 emissions over metres of fabric produced	tCO ₂ /mt	0,0029	0,0026	-9.26
Emissions of CO ₂ avoided thanks to the photovoltaic plant (Guanzate premises)	u.m.	2016	2017	Change (%)
	tCO ₂	314	310	-1.31

*Data calculated on the basis of emission factors published in the "Table of parameters for national standards" published by the Ministry of the Environment and for the Protection of Land and Sea, for the respective years.

** Data calculated on the basis of emissions factors published by Terna S.p.A. "International comparisons".



Travel green to help the environment

Sustainable travel

Not only what one does in the company but also how one gets there can contribute to a better environment. To encourage more **sustainable travel**, the company has gradually replaced a number of company cars with electric vehicles, with five charging points. The cars are available to employees who wish to acquire **electric or hybrid cars**.

Employees have also been encouraged to make journeys using public transport, and the pre-existing shuttle bus to and from Lomazzo station has been combined with further incentives. **Car pooling** has also been promoted. A **shuttle bus** has been made available for the Creomoda site in Tunisia.

Sustainable mobility



Car Pooling

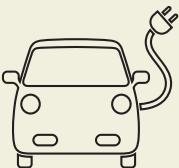
- PARKING PLACES RESERVED FOR WORK TEAMS
- COMPANY CARS AVAILABLE WHEN OVERTIME IS REQUIRED
- SPECIAL END-OF-YEAR BONUSES FOR WORK TEAMS WHO HAVE PERFORMED WELL IN TERMS OF AVERAGE NUMBER OF PASSENGERS PER JOURNEY AND REDUCTION OF CO₂ EMISSIONS

53

PEOPLE INVOLVED OVERALL IN 19 TEAMS

15

TONS OF CO₂ AVOIDED IN THE PERIOD FEBRUARY-DECEMBER (-55% compared with theoretical emissions from participants' vehicles)



Electric cars

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



Reserved parking spaces

PINK > pregnant women
GREEN > car pooling
CYCLES > bicycles and motorbikes



Bicycles

- NUMBERED AND PERSONALISED RACKS WITH LOCKS

34

 PEOPLE INVOLVED OVERALL IN THE PERIOD JUNE - SEPTEMBER

Lpt (local public transport)

From October, 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 INSTALLMENTS

- COMPANY CARS AVAILABLE WHEN OVERTIME IS REQUIRED

7

 PEOPLE WERE INVOLVED IN THE QUARTER OCTOBER-DECEMBER

Shuttle bus

In Tunisia, Creomoda has organised an efficient and safe transport service that may be used by all workers.

185

 PEOPLE INVOLVED



Water consumption

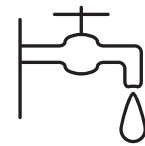
With regard to water consumption, the Ratti Group is launching a process which reduces water consumption during the phases of the production process.

The process was initially launched at the Guanzate plant, which consumes 98.13% of the Group's water resources. The machinery used in the production process was replaced by equipment that **optimised the quantity of water used** and **increased process efficiency**.

In total, 99.38% of the water consumed by the Ratti Group is drawn from a **dedicated well** (with only 0.62% of water consumption deriving from the aqueduct) exclusively for the use of the Guanzate plant.

As was the case for electrical and thermal consumption, the increase in water consumption recorded in 2017 is, proportionally, significantly lower than the increase in the quantity of fabric produced. The increase was, in fact, 8.22% overall (compared with +15.08% for metres of fabric produced) and was fully covered by using the Company's well (+8.58%), while water consumption deriving from the aqueduct fell significantly (-29.14%).

As an overall result, **water consumption** per metre of fabric produced **fell by 5.96%**.



99.38%

WATER FROM DEDICATED WELL

-29.14%

CONSUMPTION OF WATER FROM AQUEDUCT

-5.96%

CONSUMPTION OF WATER OVER METRES OF FABRIC PRODUCED

Tab 3 - Water consumption by source and water discharges, premises of Italy and Romania*

Water consumption of the Ratti Group		u.m.	2016	2017	Change (%)
WATER CONSUMPTION BY SOURCE	Total water consumption	Mc	329,988	357,126	8.22
	from well	Mc	326,865	354,913	8.58
	from aqueduct	Mc	3,123	2,213	-29.14
	Total water consumption over metres of fabric produced	Mc	0,098	0,092	-5.96
WATER DISCHARGES	Total water discharges into the sewerage system	Mc	302,831	324,508	7.16
	Total water discharges over metres of fabric produced	Mc	0,090	0,083	-6.88

* For the Tunisia premises water consumption and discharges are not accounted for. Water is drawn from a well.



4.3 Less resources consumed, a better future

The consumption of raw materials

The project *Ratti for Responsibility* was launched in 2015 with the intention of offering Ratti's customers the option of choosing an ecological solution with fabrics made from organic fibres, recycled plastics and silk substitutes, used in responsible manufacturing processes as described in detail in *chapter 3, paragraph 3.2 "Tradition that pays attention to the environment"*. The **Responsible Collection** broadens the Company's offer in terms of materials, providing a clear and decisive response to a market which is making more and more requests for **sustainability** and **transparency**.

As may be seen in **Table 4**, in 2017 Ratti significantly increased its use of eco-sustainable fabrics, including organic silk and cotton certified by GOTS (*Global Organic Textile Standard*), Lyocell and New Life material. In addition, Ratti is committed to reducing the quantity of chemical products used for all the fabrics it produces.

In particular, in 2017 Ratti **reduced its consumption of chemical products** compared with 2016, by 3% per metre of fabric produced and by 23% per metre of fabric purged.



+21%
TOTAL METRES
OF FABRIC PRINTED

+744.73%
METRES OF
ECO-SUSTAINABLE
PRINTED FABRICS

-23%
REDUCTION OF
CHEMICALS CONSUMED
PER METRE OF
FABRIC PURGED

-3%
REDUCTION OF
CHEMICALS CONSUMED
PER METRE OF
FABRIC PRODUCED

Tab 4 - Raw materials used in production at the Italy and Romania factories (including fabrics from third parties)

		u.m.	2016	2017	Change (%)
PRINTED FABRICS	Total printed fabrics	m	3,549.633	4,329.266	21.96
	of which: fabrics printed eco-sustainably	m	7,626	64,318	744.73

Packaging

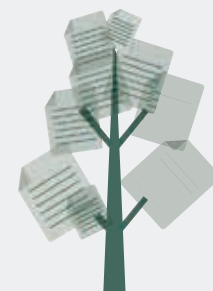
75% of the packaging used by the Ratti Group is **certified as renewable**, in that it comes from recycled material (*for plastic packaging*) or from FSC-certified paper or cardboard. Further action has also been taken at the Guanzate plant, aimed at reducing packaging and the waste of raw materials. This includes using folding and **stackable plastic boxes** for internal deliveries within the Group (*Tunisia*), which allows transport optimisation, and reusing cardboard tubes used as containers for fabrics.

Table 5 shows aggregate figures for packaging used in the Italy and Romania premises for 2016 and 2017.

Paper management awareness

In 2016 Ratti S.p.A. began to take action to raise paper management awareness in the Company, introducing the use of recycled paper for all document printing activities.

Action was taken on three fronts to implement this policy. Training/informative action was taken to draw up guidelines for **reducing the use of paper** at work, while technological action saw the adoption of new duplex technology for printing on both sides of paper. On the operational/logistical front, recycled or FSC-approved paper was used wherever possible. Thanks to the initiatives undertaken and the raising of employee awareness, the consumption of paper at the Guanzate offices **fell** from 14,788 kg in 2016 to **13,950** kg in 2017, a **reduction of 5.67%**.



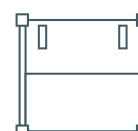
-5.67%
CONSUMPTION OF
CERTIFIED PAPER

Tab 5 - Packaging used (*renewable and non-renewable*) subdivided by material, premises of Italy, Tunisia and Romania

RATTI GROUP		u.m.	2016	2017	Change (%)
PAPER	<i>Certified</i>	kg	3,625	7,276	100.72
	<i>Other</i>	kg	0	0	-
	Total	kg	3,625	7,276	100.72
CARDBOARD	<i>Certified</i>	kg	70,451	72,314	2.64
	<i>Other</i>	kg	158	220	39.24
	Total	kg	70,609	72,534	2.73
PLASTIC	<i>Bioplastic</i>	kg	13,300	13,175	-0.94
	<i>Other</i>	kg	156	140	-10.26
	Total	kg	13,456	13,315	-1.05
PALLETS	<i>Certified</i>	kg	0	0	-
	<i>Other</i>	kg	30,795	30,754	-0.13
	Total	kg	30,795	30,754	-0.13
TOTAL PACKAGING	<i>Certified</i>	kg	87,376	92,765	6.17
	<i>Other</i>	kg	31,109	31,114	0.02
	TOTAL PACKAGING	kg	118,485	123,879	4.55
	Total packaging over metres of fabric produced	kg/m	0,04	0,03	-9.41


75%

TOTAL PACKAGING USED AND CERTIFIED AS RENEWABLE



USE OF STACKABLE PLASTIC BOXES WHICH ALLOW TRANSPORT OPTIMISATION

4.4 Objective: to reduce waste

Waste management

Ratti considers the production of waste to be one of the main indicators of corporate sustainability and has set itself the objective of becoming, as far as possible, a zero-waste company, whose material discarded during the production process could become secondary raw material for other companies.

The Ratti Group currently monitors the production of waste using methodologies which allow it not only to reduce waste, but also to obtain by-products in the context of a **circular economy**. Contact is under way with possible users in this industrial symbiosis project, in particular for empty drums and leftover textile fibres.

The employees have been involved and made aware of recycling waste and the reduction of waste through a number of initiatives: a presentation by the CEO to the entire workforce; the





circulation of a brochure on the ways of separating waste in communal areas; training given to production operatives in the management of waste and chemical substances.

Optimising waste management in the Company

In 2016, with the introduction of separated waste collection also in communal areas (it was already compulsory in production areas), Ratti S.p.A. introduced a quarterly KPI indicator which expresses the relationship between waste produced and metres of fabric manufactured.

This allows even more specific corrective action to be taken. This made it possible to start separated waste collection for the portion that was still mixed, with responsibility for the collection of plastic, paper, glass and organic waste being entrusted to the environmental hygiene service appointed by Guanzate Municipality.

The above KPI was included in the **MBO mechanism** which links variable remuneration with results achieved.



Ratti considers the production of waste to be one of the main indicators of corporate sustainability and has set itself the objective of becoming, as far as possible, a zero-waste company, whose material discarded during the production process could become secondary raw material for other companies

The objective for 2017 was to reduce the total amount of waste produced by 5% compared with 2016. Following the introduction of **separated waste collection** in 2016, it will only be possible from 2018 to make a first comparison for the quantities of **non-hazardous waste** produced. For this reason, it has been decided to publish only information regarding the production of **hazardous waste** in the following tables.

Relating the production of hazardous waste to increased production (*in metres of fabric*) reveals a **reduction of 13.77%**.



-13.77%

KG OF DANGEROUS WASTE OVER METRES OF FABRIC PRODUCED

Tab 6 - Quantity of hazardous waste related to production, premises of Italy and Romania*

RATTI GROUP		u.m.	2016	2017	Change (%)
HAZARDOUS WASTE	Total hazardous waste	kg	27,025	26,867	-0.58
	<i>Kg waste by metres of fabric produced</i>	kg/ metres	0,0080	0,0069	-13.77

* No hazardous waste is produced at the Tunisia factory.





CHAPTER 5

Ratti, the regions and the communities

- 5.1** Shared values for shared growth
- 5.2** Believing in young people, investing in talent
- 5.3** An open and cooperative vision
- 5.4** A passion to convey and to share
- 5.5** Bringing beauty to everyone



Ratti, the regions and the communities

The overarching lesson from our founder Antonio Ratti is that the love of beauty and a passion for creativity are a common denominator that can unite, with shared meaning, the personal and the professional life.

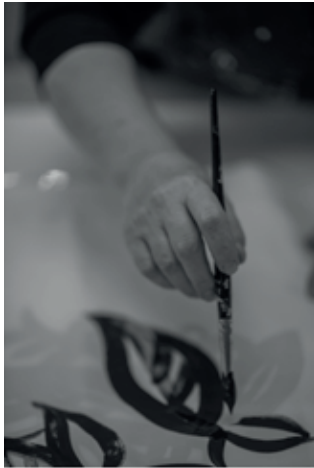
The Ratti Group favours a sustainable approach which respects people, the environment and resources. This is a fundamental pre-requisite which can give rise to a series of responsible events and activities that involve the community and the region.

5.1 Shared values for shared growth

Ratti and the local community

Enhancing the region in which the company operates is a commitment across the board. Not just through partnerships and timely initiatives, but also through working constantly on the organisation, the logistics, and the daily operations that seek to grow the local organisation and optimise its use of resources.

Local connections but strong internationalisation, however, of competences, because it is only through encountering, relating to and exchanging cultures and expertise that a product can be obtained which can satisfy the tastes of the principal fashion houses of the world. During 2017, in fact, the organisation hired people from Cameroon, Turkey and Iran.



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

5.2 Believing in young people, investing in talent

Schools, universities and training

Ratti invests in young people, seeking new talent and enhancing these employees' growth through continuous internal and external training courses.

Ratti works with the best schools, universities and institutes of fashion and design, both in the local area and internationally, including the **Costume Academy, IED** (*European Institute of Design*), **IUAV University of Venice**, the **Silk Factory of Como**, through training courses, internships, bursaries, and competitions for the best projects.

Ratti receives an award for social responsibility

This is a recognition of companies in the region that are committed to respecting people and resources

This is the meaning behind the 2017 **Lombardy Good Practice Award for Social Responsibility**, organised by the **Lombardy Regional Administration** and **Unioncamere Lombardy**, the regional association of the Chamber of Commerce. The award ceremony for the companies which had passed the preliminary phase was held at the offices of the Regional Administration in Milan on 29 November 2017. There were 105 "Responsible Businesses" – small and medium-sized –

For young people, Ratti organises designer workshops, company visits, ad hoc training projects and internships.

Ratti is also a sponsor of **MAFED**, the Master's programme in Fashion, Experience & Design Management at **Bocconi University**, an international course aimed at those seeking a managerial career in the fashion, luxury and design sectors, as well as the project **Career Card** of the **Accademia di Belle Arti (Academy of Fine Arts) Aldo Galli - IED Como**, an initiative aimed at introducing students to the reality of business and sponsored by **Unindustria** and the **Como Chamber of Commerce**.

In addition to university programmes, Ratti is also involved with students from high schools and vocational schools. Young people from all over the world participate in the workshops, which offer a unique training experience thanks to their mix of applied creativity, inspiration from the past and the latest technology.

Designers learn on-the-job to deal with the issues of the sector, from choosing fabrics and materials for the future to developing operative autonomy and dealing professionally with the customer. **Company visits** offer a chance to observe, close up, the archives, the creative journey and the production cycle.

Internships and other opportunities for growth in the company are explained in the relevant section **Young Talent** in the website, where aspiring candidates can fill in a contact form.

The attention Ratti pays to young people begins in high school: for its **work-school programme**, Ratti hosts – for a period ranging from one to three months – 12 students from various schools in the region, focusing on various areas such as fabric, accountancy, IT and languages. Supported by a tutor, the students are placed in the various areas so they can develop a practical overview of what they are studying. This is an initiative which allows them to develop their skills and enter into 360-degree contact with the world of work.

Ratti also organises numerous activities and events with artistic and cultural themes. These include the **Art Days**, which are aimed, in particular, at creative people and designers, and which, for a day, draw inspiration from techniques used by major artists on the world stage. The day organised in January 2017 included a visit to two major exhibitions at **Palazzo Reale** in Milan: **Escher and Hokusai, Hiroshige, Utamaro**.

Guided by a detailed explanation of the works exhibited, the designers were able to witness the peculiarities of style of the Dutch engraver and the three Japanese artists, identifying creative sparks and techniques that they could develop in their own work.



Young people from all over the world participate in the workshops, which offer a unique training experience thanks to their mix of applied creativity, inspiration from the past and the technology of today

that had distinguished themselves by their virtuous behaviour towards society through **concrete CSR projects** and initiatives in the categories of Environment, Work and work-life balance, Society, Market, Government and company management. Ratti received an **award** for good practices in social responsibility in the **areas of Sustainability projects, Quality of work and Relationships with personnel, and Initiatives in civil society and the local community**. In addition to

receiving a certificate of merit, the companies which received an award were added to the online list on the website **www.csr.unioncamerelombardia.it**, a highly prestigious and visible display window for the region which is linked to the **Lombardy Chamber of Commerce** and the **Lombardy Regional Administration websites**. It is a tool that is unique of its type, based on communication, transparency and the sharing of good business practices with all stakeholders.



5.3 An open and cooperative vision

Partnerships, sponsorships and donations

Ratti aspires to and establishes cooperative relations with parties in the surrounding area, both in Italy and abroad, with shared values and objectives in terms of **social responsibility**. In addition to the **Antonio Ratti Foundation**, since 2016 Ratti has been a partner of **TEDxLakeComo**, the ethical fashion brand **Quid** and **Banco Alimentare Siticibo**.

Now on its ninth edition, TEDxLakeComo is a series of events involving personalities who, in various fields of science, technology and social life, have developed ideas or acquired experience that are worth sharing.

The theme of the 2017 edition was *“What if...?”*, a creative way of thinking which consists of asking oneself *“What would happen if...?”*, starting with possibly extreme hypotheses in order to reach a better understanding of opportunities, results or solutions that had previously been unthinkable. The success of the format (there were **over 900 participants** in previous editions) confirms the significant interest that TEDxLakeComo generates in the local organisations and institutions that are most open to innovation.

Other sponsorships in 2016 and 2017 included the **Silk Museum** in Como (2016-2017) and the **Miniartextil** (2016) and **Festival della luce** (*Festival of light*, 2017) exhibitions.

Ratti sponsors **Texprint**, a British organisation consisting of experts in the sector and supported by international players in the textile industry, which sets itself the objective of choosing the best newly qualified textile designers in the United Kingdom.

5.4 A passion to convey and to share

The Antonio Ratti Foundation

Set up in 1985 and chaired by **Annie Ratti**, the **Antonio Ratti Foundation (ARF)** focuses on the history and trends in costumery and the arts. In particular, it promotes initiatives, research

Partnerships that do good

With the aim of dedicating special attention to those less fortunate, Ratti works with **Quid**, an ethical and sustainable fashion brand which produces handmade garments and accessories in a limited edition, created with end-of-line fabrics made available by textiles companies. Hemming is carried out through tailoring provided by 20 women from disadvantaged groups. Ratti also works with **Made in Carcere** (*Made in Prison*), a not-for-profit social cooperative which helps women on the margins of society: 20 women prisoners who make accessories, giving a

second life to fabric scraps from textile companies. The company donates fabric scraps to the Italian fashion schools so they can carry out internal work and projects. In addition, the company supplies fabric every year and follows some students as they make their collections for their final dissertations.

Finally, Ratti is in partnership with **Siticibo**, a programme of the **Banco Alimentare Onlus Foundation**, that was set up in Milan in 2003 to collect excess food from canteens.

and studies that allow scholars and artists, whether emerging or established, to produce new works and to reach a much wider audience.

The Museum of Fabric

The museum houses more than **400,000 fabrics** covering more than **100 years of history**, a “tessuteca” and a library with over **14,000 books and magazines**, with online images, as well as a major collection of antique fabrics.

In 1995 ARF also contributed to the creation of the **Antonio Ratti Textile Center** at the **Metropolitan Museum of Art in New York**, with a space of 2.300 m³ housing the fabric collections. .

The promotion of visual arts

Since 1988 ARF has been investigating the languages of visual arts. Major international artists attend the annual **CSAV- Artists Research Laboratory** as invited lecturers.

Ratti cooperates with the Foundation at the **ARF Artist Limited Edition Series** workshop for emerging artists.

For the 2016 workshop *Tacita Dean* created eight silk bags printed with Giotto frescoes. Recent workshops, seminars and events include the **Yona Friedman Museum** and the **Dream of Insomnia** workshop, curated by *Éric Alliez* with *Annie Ratti*, *Andrea Lissoni* and *Cesare Pietroiusti*. Exhibitions are also very important and are often born out of cooperation with the company (see paragraph 5.2 “Believing in young people, investing in talent”).

The various initiatives include: “**Fabric as art; Antonio Ratti: entrepreneur and patron**”, an exhibition dedicated to the founder’s vision and held at **Palazzo Te** in Mantua from 1 October 2017 to 7 January 2018.

An anthology was also curated and published during the exhibition. This gathered texts and materials relating to the history of the company and to the Foundation.

At the same time, on 15 December 2017 **Villa Sucota** housed the exhibition “**Antonio Ratti, making things with silk**”. The main goal of this was to recount the more personal side of Antonio Ratti’s life through designs, artefacts from the textile collection, photographs, films and documents.

This is a story told by images enriched from editions of the Company’s two-monthly magazine from 1959 to 1963, which chronicle an era in the boom years.



14,000

BOOKS AND MAGAZINES
IN THE LIBRARY



5.5 Bringing beauty to everyone

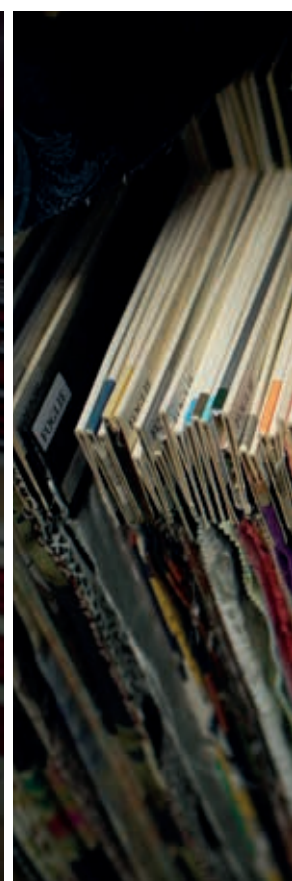
Ratti and the Foundation supporting culture

With the objective of spreading the culture of beauty to the public at large as the primary source of Italian creativity, Ratti makes available, in cooperation with the Foundation, fabrics from its own production and archive to the increasingly numerous exhibitions organised in Italy and abroad.

From 12 April to 3 September 2017 at **Reggia di Venaria (Turin)**, the exhibition **“Jungle” of imaginary animals in fashion told the story of the “animalier”**, the different ways in which the coats and shapes of animals have been used by fashion over the years: from the perfect imitation of a pattern to the invention of shapes and colours, up to an actual metamorphosis of human and non-human creatures reflected in the clothes.

Ratti contributed a number of unique pieces to the exhibition, some of which are stored in the Ratti archive and were created for the top fashion houses: iconic and timeless *foulard* inspired by animals.

Ratti also provided its fabrics for the performance of **“Choreographed action” (Azioni coreografici)** at **Palazzo Te** in Mantua on 17 and 18 July 2017. During the project **“The citizenship of the body” (La cittadinanza del corpo)** – an investigation of body language involving citizens in choreographed actions and in places of art – the performance, created and interpreted by the *Virgilio Sieni Company*, included the participation of residents in the area in 16 paintings in the exhibition rooms and in the gardens, with live music. The actions aimed at including





others through relationships with place and with nature, and where together the participants and the audience constitute a “**community of gesture**”, thus reinventing public space as a gymnasium of convenience, humanity and poetry. In July 2017 “*Tracing*” also opened, a personal exhibition of the artist *Renée Green*, curated by *Lorenzo Benedetti*, at the **Antonio Ratti Cultural Space** in the former church of San Francesco in Como.

The exhibition showed the unreleased work *Spacing Poem #6 (Tracing)* created specifically for Como and made using fabrics produced by Ratti. Visiting Professor of the XXII edition of **CSAV**, *Renée Green* is an artist, writer and film-maker noted for her complex and layered multimedia installations. These examine ideas, perceptions and experiences from multiple perspectives to investigate systems of relation and exchange over time, and changes in public and private memory.

Silk, always synonymous with elegance and naturalness, was the star of *Silk Now*, an exhibition held at the **German Textile Museum of Krefeld** from 17 July to 11 September 2017 in partnership with the **Fashion and Design Academy of Düsseldorf**.

The exhibition was an expansion of the previous exhibition “*Silk, 2000 years of splendour*”, which traced the origins of this noble fibre up to its most current vision. Thanks to sophisticated technological know-how, many European companies are continuing to innovate in the manufacturing of silk to transmit, still today, its antique image of **refined luxury**. Ratti stands out among these companies, since it has contributed to the exhibition by providing, from its archive, some fabrics characterised by modern printing and innovative manufacturing.

Renée Green

Renée Green is an artist, writer and film-maker noted for her complex and layered multimedia installations. These examine ideas, perceptions and experiences from multiple perspectives to investigate systems of relation and exchange over time, and changes in public and private memory.







CHAPTER 6

Governance and procedures

- 6.1** R for Ratti, R for Responsibility
- 6.2** Monitoring corporate ethics
- 6.3** Responsibility and sustainability
- 6.4** Clear rules in line with legislation
- 6.5** Prevention is the key: Business Risk Management



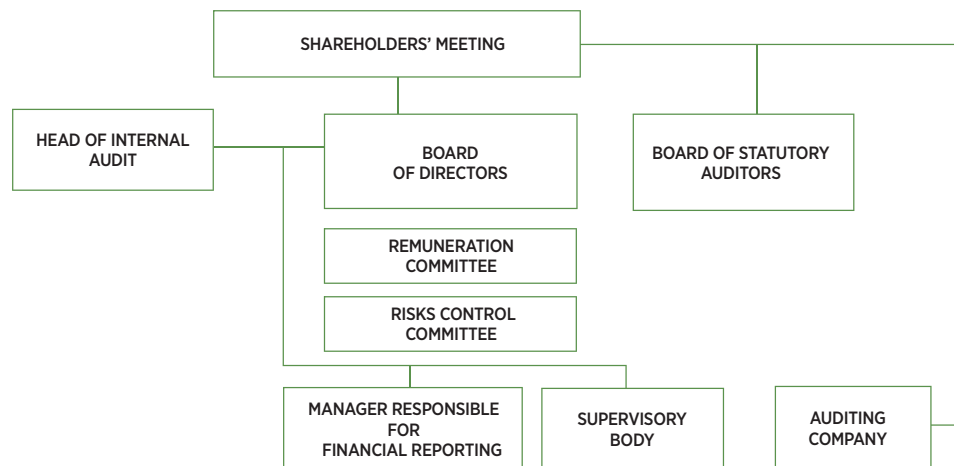
Governance, procedures and certification

The ethical principles and general rules which characterise the organisation and activities of the Group are set out in its Code of Ethics, which has been approved and adopted by the B.o.D. of the Parent company and implemented through an appropriate resolution from the management and control bodies, in accordance with the applicable legislation for each subsidiary.

6.1 R for Ratti, R for Responsibility

The governance structure

Each company in the Ratti Group has its own governance structure. The governance structure of Ratti S.p.A. consists of all the bodies whose purpose is to guarantee management which is transparent, clear and legally compliant. In particular, Ratti S.p.A. is organised according to the traditional model of administration and control, in compliance with Article 2380-bis et seq. of the Italian Civil Code: **Shareholders' Meeting, Board of Directors and Board of Statutory Auditors**. The company also has a **Supervisory Body**. The reporting activities are audited by an independent third-party company, currently **EY S.p.A.**



Ratti S.p.A. is a limited company that has been listed since 1989 on the screen-based market system (*Mercato Telematico Azionario, MTA*) organised and managed by the **Italian stock exchange** (*Borsa Italiana*). It adheres voluntarily to the **Code of Conduct of Borsa Italiana**, which consists of the sum total of all the rules and procedures aimed at guaranteeing a governance system which is consistent with that of the most financially evolved countries in the world. With regard to the other Group companies:

- **Ratti International Trading (Shanghai) Co.** has **Donatella Ratti** as sole director, who exercises all management powers. The sole director's mandate does not have a pre-defined expiry date;
- **Textrom S.r.l.** has **Donatella Ratti** as sole director, who exercises all management powers. The sole director's mandate does not have a pre-defined expiry date;
- **Creomoda S.a.r.l.** has the following directors: **Thierry Cusinato** and **Ali Ghedamsi**, who exercise all management powers. The directors' mandate does not have a pre-defined expiry date;
- The governance structure of **Ratti USA Inc.** consists of: **Sergio Tamborini** (*Director*), **Mi-**

chael Marchese (*Director and Vice President*), Paul Gugg (*Director and President*) Liberio Romano (*Secretary*) and Claudio D'Ambrosio (*Treasurer*), who exercise management powers. The mandate expires on an annual basis.

The Board of Directors

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

General duties relating to management powers are attributed to the B.o.D., 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 in compliance with the law, and may be re-appointed.

COMPOSITION OF THE BOARD OF DIRECTORS

At 31 December 2017 the B.o.D. was composed of:

DONATELLA RATTI	CHAIRMAN
ANTONIO FAVRIN	DEPUTY CHAIRMAN
SERGIO TAMBORINI	CEO
ANDREA PAOLO DONÀ DELLE ROSE	DIRECTOR
FEDERICA FAVRIN	DIRECTOR
SERGIO MEACCI	INDEPENDENT DIRECTOR
CARLO CESARE LAZZATI	INDEPENDENT DIRECTOR
DAVIDE FAVRIN	DIRECTOR
GIOVANNA LAZZAROTTO	DIRECTOR

The Board of Directors, in addition to exercising its powers and fulfilling its duties in accordance with the provisions of the **Italian Civil Code**, carries out, exclusively and in compliance with the law and the regulations in force and/or in the interests of corporate best practice, the role of:

- **Examining** and approving the strategic, industrial and financial plans of the Company and the Group, periodically monitoring their implementation;
- **Defining** the Company's system of corporate governance and the organisational structure of the Group; defining the nature and level of risk compatible with the strategic objectives of the Company, including its evaluation of all risks that could be significant in relation to the sustainability of the company's medium-to-long-term activities;
- **Evaluating** the suitability of Ratti S.p.A.'s organisational, administrative and accounting structure as well as that of the subsidiaries, also with reference to the Internal Control and Risk Management System.

The **B.o.D.** has assigned the ordinary running of the company to the management. According to the delegation model adopted by the Company, the Chairman and the Deputy Chairman have a coordinating role, while the CEO is responsible for the executive management of the Company and the Group.

This is in line with the principle of separating the management of the business from the role



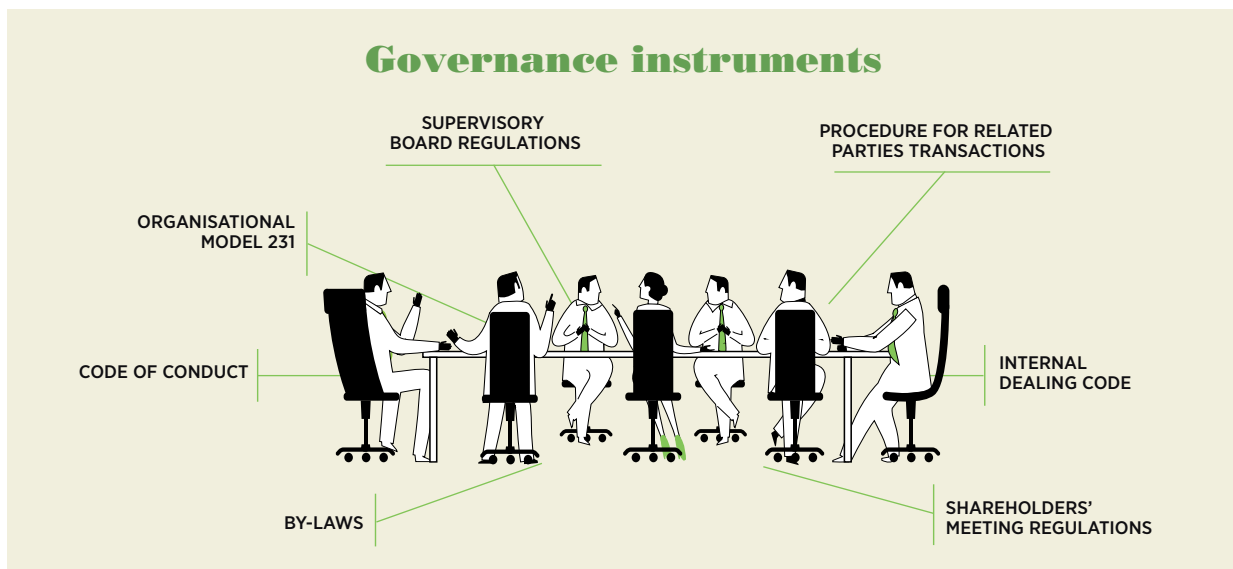


of Chairman. In light of the above model it has not been considered necessary to appoint a **Lead Independent Director**.

Specifically, the **Board of Directors** has assigned to the Chairman **Donatella Ratti** the duties of:

- **Convening** meetings of the Board of Directors and the Executive Committee;
- **Coordinating** the activities of the Board of Directors and the Executive Committee;
- **Ensuring** that resolutions passed by the Board of Directors and the Executive Committee are implemented;
- **Coordinating**, together with the Deputy Chairman, communication activities of an institutional and financial nature for both the Company and the Group.

The CEO **Sergio Tamborini** has been assigned all executive functions. In particular, in addition to the legislative provisions and those of the by-laws, he has been awarded other powers (*subject to certain limitations by value*), relating to the monitoring and development of various areas of the Company including, by way of example, the legal and representative, financial and operational areas.



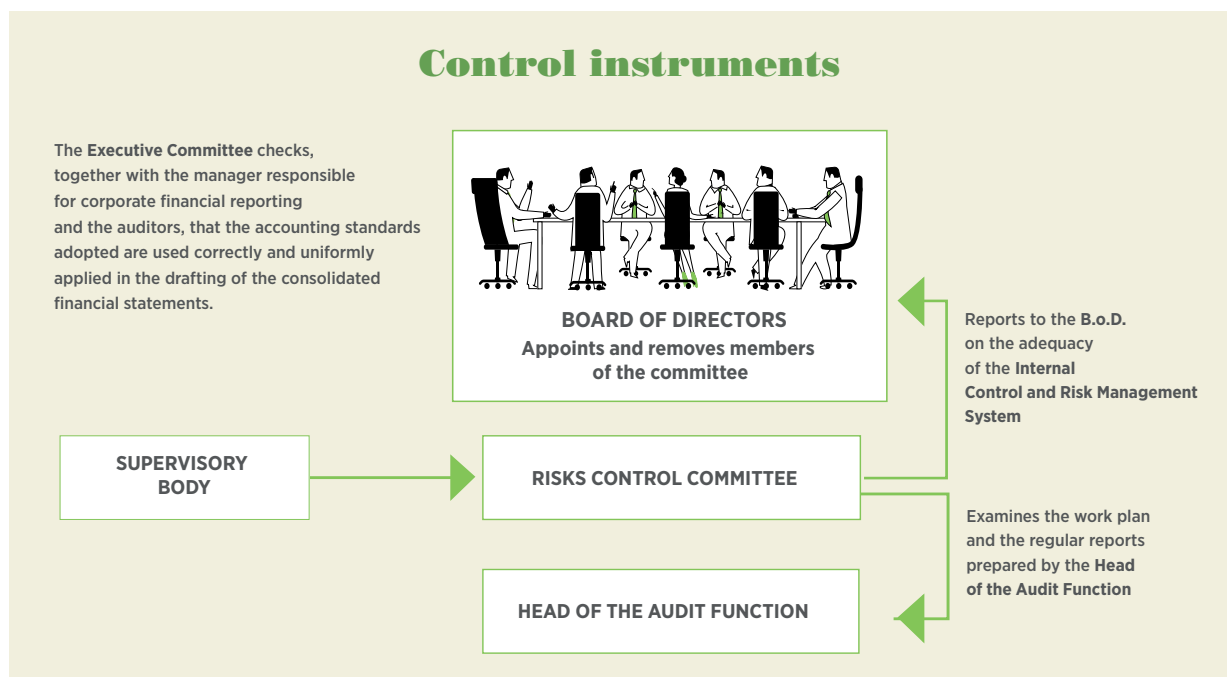
The Board of Directors has formed a **Risks Control Committee** and a **Directors' Remuneration Committee** from among its members and has also appointed an **Executive Committee**.

The Executive Committee

The **Executive Committee** consists of three members elected by the Board of Directors, including the Chairman of the Board of Directors, the CEO of the Company and a third member appointed by the Board.

Meetings of the Executive Committee may be convened by the Chairman of the Board of Directors, a member of the B.o.D. or the Board of Statutory Auditors.

The Executive Committee is assigned all the powers conferred on the Board of Directors, with the exception of those set out in the fourth paragraph of article 2381 of the Italian Civil Code. It is the Committee's duty to supervise management performance and to decide on all matters and/or business of significant importance to the Company or the Group, according to the criteria laid down by corporate governance



The Risks Control Committee and risk management

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

More specifically, the **Risks Control Committee**:

- **Checks**, together with the manager responsible for corporate financial and governance reporting, that the accounting standards adopted are used correctly and are uniformly applied in drafting the consolidated financial statements;
- **Supports** the Board of Directors, along with the Director Responsible and Internal Audit, in pursuing the objective of steadily and continuously improving the **Internal Control and Risk Management System** instituted by the Ratti Group;
- **Monitors** the autonomy, adequacy, efficiency and effectiveness of the Internal Audit department;
- **Supports**, through its preliminary activities, the assessments and decisions of the Board of Directors relating to managing risks resulting from detrimental facts that come to the Board of Directors' attention;
- **Expresses** reasoned non-binding opinions on the interests of the Company when it executes transactions with related parties, on the expediency and substantive probity of the related conditions, and, periodically, on the effectiveness of the Procedure governing related party transactions adopted by the Company;
- **May perform** further duties assigned to it by the Board of Directors.

COMPOSITION OF THE RISKS CONTROL COMMITTEE

At 31 December 2017 the R.C.C. was composed of:

SERGIO MEACCI (INDEPENDENT DIRECTOR)	CHAIRMAN
FEDERICA FAVRIN	MEMBER
CARLO LAZZATI (INDEPENDENT DIRECTOR)	MEMBER



The Remuneration Committee

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

Directors do not take part in Remuneration Committee meetings in which proposals are put forward relating to their own remuneration.

The **Remuneration Committee** has been assigned the duty of:

- Periodically **assessing the suitability**, overall consistency and actual application of the **policy on the remuneration** of directors and managers with strategic responsibilities, making use, for the latter purpose, of information provided by the appointed directors;
- **Formulating** recommendations for the Board of Directors on the matter;
- **Presenting** proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors who cover any special roles, as well as setting performance objectives relating to the variable component of that remuneration, monitoring the application of the decisions taken by the Board, and verifying, in particular, that performance objectives have been reached.

COMPOSITION OF THE REMUNERATION COMMITTEE

At 31 December 2017 the Remuneration Committee was composed of:

CARLO LAZZATI (INDEPENDENT DIRECTOR)	CHAIRMAN
SERGIO MEACCI (INDEPENDENT DIRECTOR)	MEMBER
ANDREA DONÀ DALLE ROSE	MEMBER

6.2 Monitoring corporate ethics

The Board of Statutory Auditors

The **Board of Statutory Auditors** is the internal body that monitors the application of all corporate governance principles and ensures compliance with regulation and legislation.

It also ensures compliance with the principles of the by-laws and guarantees that the principles of proper administration are adhered to, with a specific focus on the functioning of the organisational, administrative and accounting structure.

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

At 31 December 2017 the Board of Statutory Auditors was composed of:

GIOVANNI RIZZI	CHAIRMAN
MARCO DELLA PUTTA	STANDING AUDITOR
ANTONELLA ALFONSI	STANDING AUDITOR
STEFANO RUDELLI	ALTERNATE AUDITOR
ALESSANDRA ANTONIA BIAGI	ALTERNATE AUDITOR

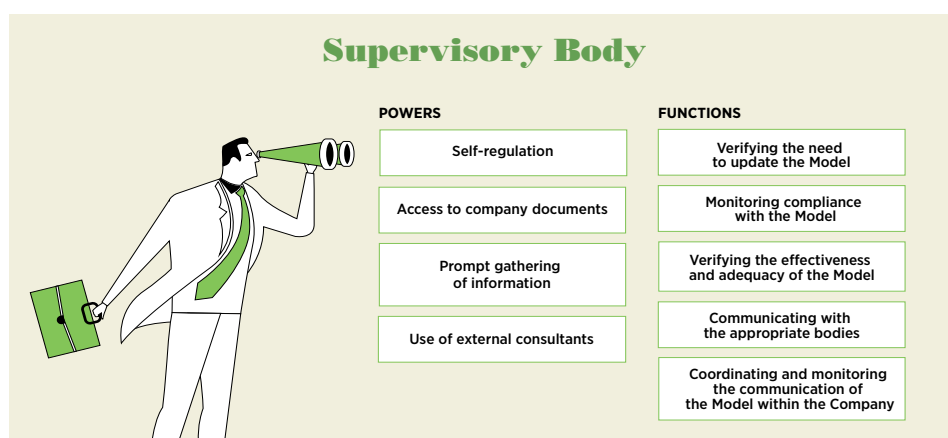
Supervisory Body

Ratti S.p.A. has also established a **Supervisory Body**, in accordance with the provisions of Legislative Decree 231/2001. This legislation has introduced into Italian law, as is expected

at European level, a new **regime of responsibility** which aims to prevent organisations from committing a certain type of offence in their own interests or to their own advantage. The activities of the **Supervisory Body** are based on criteria of autonomy and independence, as well as on professionalism and continuity of action.

With regard to the **Organisational Model** implemented by the legal entity, the Supervisory Body is responsible for constantly monitoring:

- its observance by all recipients;
- its actual effectiveness in preventing offences from being committed;
- the implementation of its requirements;
- its amendment, should it become necessary to update the model due to changes to the Company's structure and organisation or to the legislative framework.



In carrying out its duties, the **Supervisory Body** has full access, without limits and conditions, to all persons and relevant corporate documentation. It is kept constantly updated by the management with regard to the aspects of any business activities that could put the Company at risk following the commission of one of the offences stipulated in the Decree.

The **Body** reports on the implementation of the Model by highlighting critical points, using two reporting lines:

- the **first**, on an ongoing basis, directly to the Board of Directors and the Risks Control Committee;
- the **second**, on a six-monthly basis, in the form of a written report to the Board of Directors and the Board of Statutory Auditors.

The **Supervisory Body** is obliged to promptly inform the **Board of Directors**, the **Board of Statutory Auditors** and the **Risks Control Committee**, with regard to the 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.

SUPERVISORY BODY

At 31 December 2017 the Supervisory Body was composed of:

SERGIO MEACCI

ANTONELLA ALFONSI

VITTORIO STEFANO ZUCCOTTI

CHAIRMAN

MEMBER

MEMBER

REPORTING VIOLATIONS TO THE SUPERVISORY BOARD

All stakeholders may report, in writing, any violation or suspected violation of the Code of Ethics to the Supervisory Body, which will analyse the report, if necessary discussing it with the sender and with the person responsible for the presumed violation.



Organisational Model 231

The regulations require the adoption of an organisational model, commonly known as **Organisational Model 231**, which aims to prevent the company from being administratively liable for particular offences that could be committed by senior management or by persons managed or supervised by senior management, when carrying out their duties in the interests of or to the advantage of the Company.

From 2006, the Ratti Group has therefore adopted an **organisational, management and control Model** which complies with **Legislative Decree 231/2001 (MOG231/01)** and has appointed a **Supervisory Body**.



The current Model 231 was approved by the Board of Directors on 7 October 2014.

The Model identifies the **processes** and business areas at **risk of crime** and the organisational control and monitoring mechanisms that prevent offences from being committed. It consists of nine parts: a general introductory part and 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 the duties of the **Supervisory Body**. Finally, there is the **Code of Ethics** and the list and description of offences stipulated in Legislative Decree 231/2001, which is an integral part of the Model.

The **Code of Ethics** responds to the need to clearly define the ethical principles which underpin the Ratti Group and is the reference document that regulates relations with a range of stakeholders including employees, customers and suppliers.

All recipients must be familiar with the document and must comply with its contents. MOG 231/01 may be consulted by accessing the **Procedures area** of the Company's intranet and is also published (*only the general part*) on the page www.ratti.it/it/societa/investitori/tipologia/procedure-e-codici/2014. A project to update MOG 231/01 was launched in 2018.

6.3 Responsibility and sustainability

The Code of Ethics

An updated version of the **Ratti Group's Code of Ethics** was approved through a resolution of the B.o.D. of Ratti S.p.A. on 9 October 2013 and with successive resolutions, by all subsidiaries. It contains the main ethical principles and general rules that characterise activities, and commits all parties who, in their different ways, carry out activities for the Group, referring expressly to the directors and the corporate bodies, the employees and external contractors, agents, consultants, suppliers and trade partners.

The **Code of Ethics** is based on six fundamental principles:

1. Complying with the regulations in force in Italy and in other countries in which it applies;
2. Legitimacy, loyalty, probity and transparency;
3. Confidentiality of information;
4. Fair competition;
5. Respect for the physical, moral and cultural well-being of people;
6. Protection for the environment.

Apart from managing general business affairs in accordance with principles based on the free market, responsibility, transparency and partnership, the Code governs numerous aspects of management such as policies on gifts, gratuities and other benefits, as well as the protection of trademarks and patents.

The Code operates according to criteria that are oriented towards continuous **dialogue** and the **creation of value** in relations with shareholders, customers and suppliers, who are asked specifically to guarantee a working environment that is healthy and safe, salaries and working hours that comply with local legislation, opposition to child labour, freedom of association and the absence of discrimination.

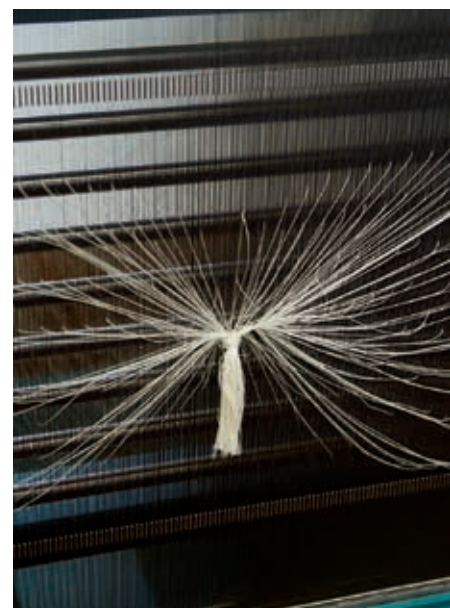
The Code also governs **relationships** with authorities and institutions, such as supervisory authorities and regulatory bodies, public administration, political parties and trade unions. The Ratti Group does not make any contributions, whether direct or indirect, to political or trade union movements, committees and organisations, or to their representatives.

Finally, the Code provides rules for the probity and **transparency** of financial reporting, the internal control system and the management of extraordinary operations, as well as guidelines for the management of information, IT resources and communication. A chapter is dedicated to the most sensitive aspects of environmental and social sustainability, such as the management of human resources and the protection of people and the environment.

With regard to **human resources** in particular, the Group wanted to emphasise a number of fundamental rights that already informed the way it does business: prohibition of the exploitation of workers, in particular children, prohibition of harassment and abuse, the absence of discrimination and freedom of association.

The **protection of people and the environment** is reflected in the promotion of a culture of safety, guaranteeing a working environment that is both comfortable and safe, while the environment is safeguarded through the dual values of **environmental protection** and **energy efficiency**.

The Code of Ethics may be consulted by accessing the **Procedures area** of the Company's intranet or the Sustainability area of the website www.ratti.it.



The Code of Ethics responds to the need to clearly define the ethical principles which underpin the Ratti Group and is the reference document that regulates relations with a range of stakeholders including employees, customers and suppliers



In addition, establishing a Code of Ethics also incorporates **customers' expectations**, with many customers adopting their own Codes, and has also encouraged suppliers to adopt the Codes (*passage inserted during the revision of the procurement process*).

6.4 Clear rules in line with legislation

The procedures

Procedures for risk management

The analysis of risks and the internal control system are developed and managed at Group level. Ratti S.p.A. has an **Internal Control and Risk Management System (ICRMS)** which complies with the **Code of Conduct of Borsa Italiana (Italian stock exchange)**, to which it adheres voluntarily. The **ICRMS** focuses on the Ratti Group, although its activities also relate to the subsidiaries.

The **B.o.D.** 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

The Code of Ethics in everyday life

The Code of Ethics is not just a theoretical document. It also contains numerous suggestions and requirements which help managers, employees and partners to adopt more respectful, responsible and sustainable behaviour in their daily working life.



TO USE NON-SEXIST LANGUAGE THAT INCLUDES BOTH GENDERS WHEN COMMUNICATING INFORMATION TO COLLEAGUES



TO BE ABLE TO APPLY FOR VACANT POSITIONS WITHOUT FEAR OF DISCRIMINATION

B.o.D. 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 ICRMS of Ratti S.p.A. 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 all the risks which could assume importance in terms of **sustainability** in the medium-to-long term, and which contribute to ensuring that the business is run in alignment with the corporate objectives set by the **Board of Directors**, while also favouring informed decision making.

The ICRMS contributes to **guaranteeing protection** of the social assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to corporate bodies, compliance with the law and the regulations, as well as with the by-laws and internal procedures (*both operational and administrative*).

The **Director Responsible** – in the shape of the CEO – has the task of implementing the guidelines of the B.o.D. through the planning, management and monitoring of the ICRMS. Ratti S.p.A. has also established an **Internal Audit department**, which supports the B.o.D., the Director Responsible, the Risks Control Committee and the management in carrying out their respective



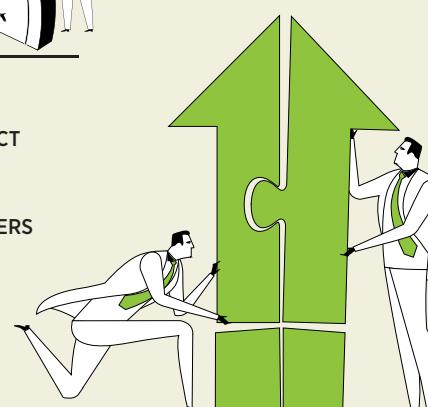
The protection of people and the environment is reflected in the promotion of a culture of safety, guaranteeing a working environment that is both comfortable and safe



IN THE CASE OF INTERNAL RECRUITMENT TO FILL A VACANT POSITION, TO GUARANTEE AND COMMUNICATE THE RIGHT TO REQUEST ACCESS TO ANY POSITION FOR WHICH THE CANDIDATE FEELS THEMSELVES TO BE ADEQUATELY QUALIFIED



TO GUARANTEE THAT REMUNERATION IS NOT SUBJECT TO DISCRIMINATION AND RESPECTS LEGAL AND CONTRACTUAL PARAMETERS



TO FACILITATE THE REPORTING OF ALL ANOMALIES RELATING TO EPISODES OF DISCRIMINATION OF ANY ORIGIN



tasks in relation to the ICRMS. Other control bodies include the **Supervisory Body**, the **Board of Statutory Auditors** and the **Director Responsible**.

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

The prevention of corruption and respect for privacy

The **Group's Code of Ethics** sets out rules for conduct while doing business, with the aim of preventing instances of corruption. In terms of privacy and the fight against corruption, all companies in the Ratti Group comply with the prescriptions of the national regulations in force. In particular, in terms of the fight against **corruption**, Ratti S.p.A. has adopted its own management and control model in accordance with Legislative Decree 231/2001. It is available on the Company's website.

When carrying out its activities, Ratti S.p.A. complies with the legislation in force on **privacy**, identifying the relevant parties on the basis of the regulations and providing them with appropriate instructions in this regard.

Ratti S.p.A. provides individuals who have the right to privacy – and who may interact with the Company in various ways (e.g. as employees, customers etc.) – with the information set out in **article 7** of Legislative Decree 196/2003 and – where required by the law relating to the way data is processed – seeks the individuals' consent.

The Company has therefore launched a **revision and compliance process**, with the aim of aligning its conduct with the European regulations governing privacy that will enter into force during the first half of 2018.

In 2017 no non-compliant behaviour was identified in respect of compliance with the principles/regulations relating to corruption and privacy.

6.5 Prevention is the key: the Business Risk Model

The Ratti Group has carried out a detailed evaluation of all areas of risk relating to the strategic objectives of sustainability. This analysis did not reveal any risks which were very likely to materialise.

Principal risks relating to the environment

Within the environmental matrices the analysis identified those risks with the greatest potential **environmental impact**, such as the risk of **water pollution** and the risks associated with the process of managing significant **environmental risks** such as the management of hazardous materials (*chemical products*) and the production of waste (*whether hazardous or not*).

Organisational model and monitoring policies

The Group enacts the policies set out in the paragraphs dedicated to the environment. In addition, it should be noted that Ratti S.p.A. has implemented a system to **manage environ-**



Ratti has undertaken a journey that has led it to obtain important certifications, recognised internationally, relating to environmental management and social responsibility

mental protection which complies with the standard **ISO 14001:2015** in terms of policies, manuals, procedures and instructions.

Principal risks relating to people

Within the matrix, the risk with the greatest impact in relation to people is the risk of the absence of safeguards and the protection of the health and safety of workers in the workplace.

Organisational model and monitoring policies

The Group enacts the policies described in *Chapter 2, paragraph 2.3* “Health and safety, a top priority”.

It should be noted that with the aim of preventing potential situations in which safeguards are absent, Ratti S.p.A. has implemented a system to manage health and safety in the workplace which complies with the standard **OHSAS 18001** in terms of policies, manuals, procedures and instructions..

Principal risks relating to the fight against corruption

Within the matrix, the risk with the greatest impact in relation to the fight against corruption is the possibility of company representatives committing an illegal act which, in particular, is significant from a legal and/or criminal point of view.

Organisational model and monitoring policies

The Group enacts the policies described in *paragraph 6.4* “Clear rules in line with legislation”. It should also be noted that the Ratti Group has implemented a series of organisational and procedural measures aimed at averting the risks of crimes being committed and, in particular, the **risk of corruption**.

As just one example, the **Code of Ethics** has been introduced, while in Ratti S.p.A. the organisational model complying with **Legislative Decree 231** regarding corporate responsibility (*MOG 231/01*) has been introduced.

Principal risks relating to the process and the product

The analysis of social aspects identified two types of risks with the greatest impact: those relating to the process and those relating to the product.

The **first type** includes risks relating to the behaviour of actors along the supply chain, including an increase in fraudulent behaviour, suppliers paying insufficient attention to best sustainable procurement practices, along with the related reputational risks.

The **second type** includes environmental risks linked to products or production processes along the supply chain. In this case the analysis identified and defined those risks with a high environmental impact relating to the composition of the products, the consumption of non-renewable resources, and the presence of harmful substances.

Organisational model and monitoring policies

The Group implements the policies described in *Chapter 3, paragraph 3.4* “A commitment anchored in the most advanced standards”.

In addition, it should be noted that Ratti has implemented various initiatives aimed at averting the risks associated with the behaviour of actors along the supply chain.

The most important of these is the requirement for **suppliers to subscribe** to the Code of





Ethics, to which has been added a request for suppliers to complete the self-evaluation questionnaire in accordance with the standard **SA 8000**, as well as the carrying out of a number of audits, once again in compliance with the above standard.

The model for managing the supply chain also considers the medium-to-long-term impact across the supply chain of the value, which is as much economic as it is environmental and social.

With regard, however, to the reduction in the environmental impacts of products and processes, in the last few years the Company has developed research and development activities dedicated to this topic. This has resulted in the creation of the first **Responsible Collection** (see chapter 4, paragraph 4.3 “Less resources consumed, a better future”) and an ongoing partnership with suppliers to develop solutions that comply with the high standards of safety and environmental impact required by the Group.

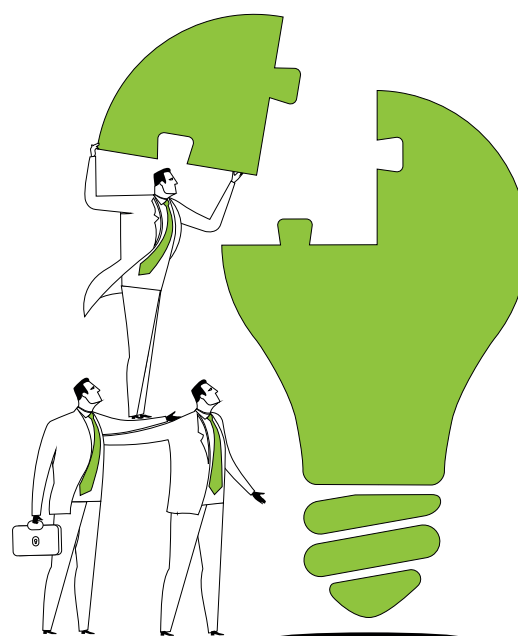
Principal risks relating to human rights

The principal risks relating to this aspect of Ratti’s business are risks associated with **child labour** and **forced labour**.

Organisational model and monitoring policies

The Group enacts the policies described in *Chapter 3, paragraph 3.3 “A process that creates value”*. In addition, it should be noted that Ratti S.p.A. and Creomoda are **SA 8000** certified.

Finally, as set out in the Code of Ethics and with reference to the **Policy for Social Responsibility**, the Ratti Group is committed to preventing and to opposing all situations involving exploitation in the workplace, and in particular child labour, by conducting specific audits on its own structure and through careful selection of its suppliers (see chapter 2, paragraph 2.6 “Rights are an asset for everyone”).







CHAPTER 7

Economic performance

- 7.1** The results of the Group for the 2017 financial year
- 7.2** Directly generated and distributed economic value



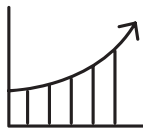


7.1 The results of the Group for the 2017 financial year

The principal economic indicators relating to the 2017 financial year, compared with the corresponding values for the previous year, are reported below:

	<i>(amounts in EUR thousands)</i>	
SUMMARY OF ECONOMIC DATA	31.12.2017	31.12.2016
Revenues from the sale of goods and services	99,410	91,326
Value of production and other income	99,272	96,372
Gross margin (EBITDA)	11,528	8,908
Operating profit (EBIT)	8,077	5,484
Pre-tax profit (EBT)	7,507	5,294
Profit for the year	6,022	3,623

The results for the 2017 financial year showed an improvement for all the economic indicators of the Group, which grew both in terms of revenues (+EUR 8.1 million, +8.9%) and profitability (EBITDA) was EUR 11.5 million, up by 29.4% on the previous financial year, while profit for the year was EUR 6.0 million (up by 66.2% on 2016). The trend for sales was characterised mainly by growth in **Polo Luxe** (+EUR 6.9 million, +19.1%), and a trend that was positive overall for the other areas of the business, especially **Polo Collezioni Donna** and **Collezioni Uomo**.



97.8%

OF THE TOTAL AGGREGATE
TURNOVER FOR 2017
GENERATED BY RATTI S.P.A.

+15.3%

SALES GROWTH FOR
EUROPEAN UNION COUNTRIES

+5.9%

SALES GROWTH FOR
THE DOMESTIC MARKET

Revenues increased in all geographical reference markets. In particular, sales increased in European Union countries (+EUR 4.2 million, + 15.3%) and in the domestic market (+EUR 2.1 million, + 5.9%). **97.8%** of total aggregate turnover for 2017 was generated by the Parent company Ratti S.p.A. The increase in profitability was the result of a mix of improved sales in terms of margins, as well as more efficient production leading to cost benefits.

7.2 Directly generated and distributed economic value

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

	<i>(amounts in EUR thousands)</i>		
	2017	2016	
DIRECTLY GENERATED ECONOMIC VALUE	99,413	97,480	1.98%
Revenues from sales of goods and services	99,410	91,326	
Change in stock and work in progress	-1,466	3,028	
Other revenues and net income	1,052	1,939	
Financial income	417	1,187	
ECONOMIC VALUE DISTRIBUTED	92,461	92,051	0.45%
Operating costs (for the acquisition of raw materials, subsidiary materials, consumables, goods, and for third-party services and leases and rentals).	57,299	57,917	-1.07%

Salaries paid to employees, including social security contributions, TFR (<i>employee severance fund</i>) and other items	28,652	27,906	2.67%
Interest payable on loans and other forms of debt	987	1,377	-28.32%
Dividends distributed	3,555	2,735	29.98%
Income taxes and other tax liabilities	1,894	2,094	-9.55%
Charitable gifts and donations	74	22	236.36%
ECONOMIC VALUE RETAINED	6,952	5,429	28.05%


99.4

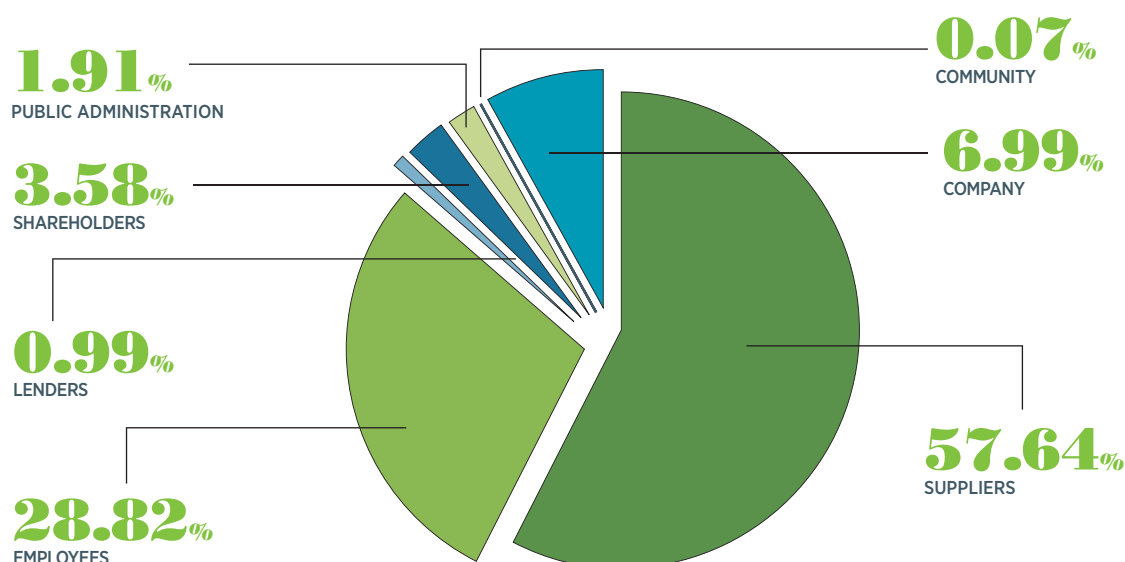
MILLION OF ECONOMIC VALUE GENERATED IN 2017

1.98%

INCREASE COMPARED WITH THE PREVIOUS YEAR

In 2017 the Ratti Group generated EUR **99.4** million of economic value – an increase of 1.98% compared with the previous year. This was due, in particular, to growth in revenues from sales of goods and services.

93.01% of this value was distributed to the reference stakeholders. In detail, suppliers received 57.64% of this, employees 28.82%, shareholders 3.58%, the public administration 1.91%, lenders 0.99% and the community (*in the form of charitable gifts and donations*) 0.07%. The remaining 6.99% was retained in the Group.



The macroeconomic scenario

In 2017 the Italian textile-fashion industry grew by 2.4%. The growth was in line with the previous year, and was characterised by an improved performance from companies operating downstream of the industry (+2.9%) compared with those operating upstream (+2.1%).

With regard to raw materials, at end-2017 prices of raw silk in euros had recorded an increase of around 15.1% compared with the end of the previous year. This increase was limited

by euro appreciation.

In fact, during the same period the rise in the cost of raw silk in USD was 29%. More generally, at the end of the year prices in euros of the main textile raw materials had risen by 9.1% compared with the end of 2016. This was the combined effect of the increases recorded for wool and synthetic fibres (+17.8% and + 8.9% respectively) and the falls recorded for cotton and artificial fibres (-4.3% and -8.2% respectively).





METHODOLOGICAL NOTE

The criteria of this Report



The criteria of this Report

Methodological note

Perimeter, purpose and contents of the Sustainability Report and the 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. This has an impact on the socio-economic context and the local area that is far beyond any economic dimension. The Directive 2014/95/EU, implemented through Legislative Decree 254 of 30 December 2016 (*hereafter “Lgs.D. 254/2016”*), introduced an obligation for large public-interest entities to declare, as from 1 January 2017, any non-financial information regarding, in particular, environmental and social aspects, as well as matters relating to personnel, the respect for human rights and the fight against active and passive corruption.

The Decree also stipulated some general criteria for the structure and contents of the relevant document titled “*Consolidated declaration of a non-financial nature*” (DNF).

In this way the Decree establishes, for the first time, a legal framework integrating international standards, for the increasingly numerous public and private companies that have, over the years, felt the need to ensure, through a **Sustainability Report**, that their interlocutors have an understanding of their business activities, their performance, their results and their impact. The Ratti Group is one of the parties affected by the Decree so, starting from 2017, it began the process of reporting non-financial performance which is included in this first Sustainability Report, and which constitutes the Group’s DNF.



The decision to report more widely than merely on the themes identified by Lgs.D. 254/2016 was born out of an awareness of the specific social and environmental importance of a company operating in the luxury and fashion sector. The Sustainability Report was considered to be the ideal instrument for presenting to the stakeholders the activities, projects and results achieved in the 2017 financial year (1 January - 31 December 2017) in economic, social and environmental terms, as well as initiatives undertaken, and the commitments made with the principal stakeholders. The data are reported with the goal of presenting a clear picture of the actions and the characteristics of the Group.

The **process of reporting information** and figures has been structured in a way that guarantees comparability, with the aim of facilitating an accurate interpretation of the information and giving all stakeholders a complete overview of the trend of Ratti's performance.

The reporting perimeter of this DNF is the entire Ratti Group (*Ratti S.p.A. and its fully consolidated subsidiaries*), with the sole exceptions of Ratti USA Inc. and Ratti International Trading Co. Ltd. for environmental and social matters, due to the small number of people they employ (*two employees for Ratti USA Inc. and one employee for Ratti International Trading Co. Ltd.*) and their negligible environmental impact (*given that they do not have production activities*). This document (DNF) was approved by the Board of Directors of Ratti S.p.A. on 15 March 2018. In drawing up its DNF the Ratti Group adopted the **GRI Sustainability Reporting Standards** (*henceforth also GRI Standards*), published in 2016 by the GRI (*Global Reporting Initiative*), selecting the option "In Accordance Core".

This DNF has been verified by an independent company, **EY S.p.A.** (*which has also been appointed to audit the Ratti Group's financial statements*), in the manner laid down by the regulations currently in force. The relevant report may be consulted on **page 108**.

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

Analysis of materiality

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

The materiality matrix is the product of a structured process involving management and stakeholders which, after a detailed evaluation of the significance of a list of aspects of sustainability, has allowed the most important aspects to be identified. These are the aspects to be reported, clarifying the links with corporate strategy and specifying how they should be managed, along with the relevant key performance indicators.

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

The materiality matrix thus obtained was approved by the CEO.

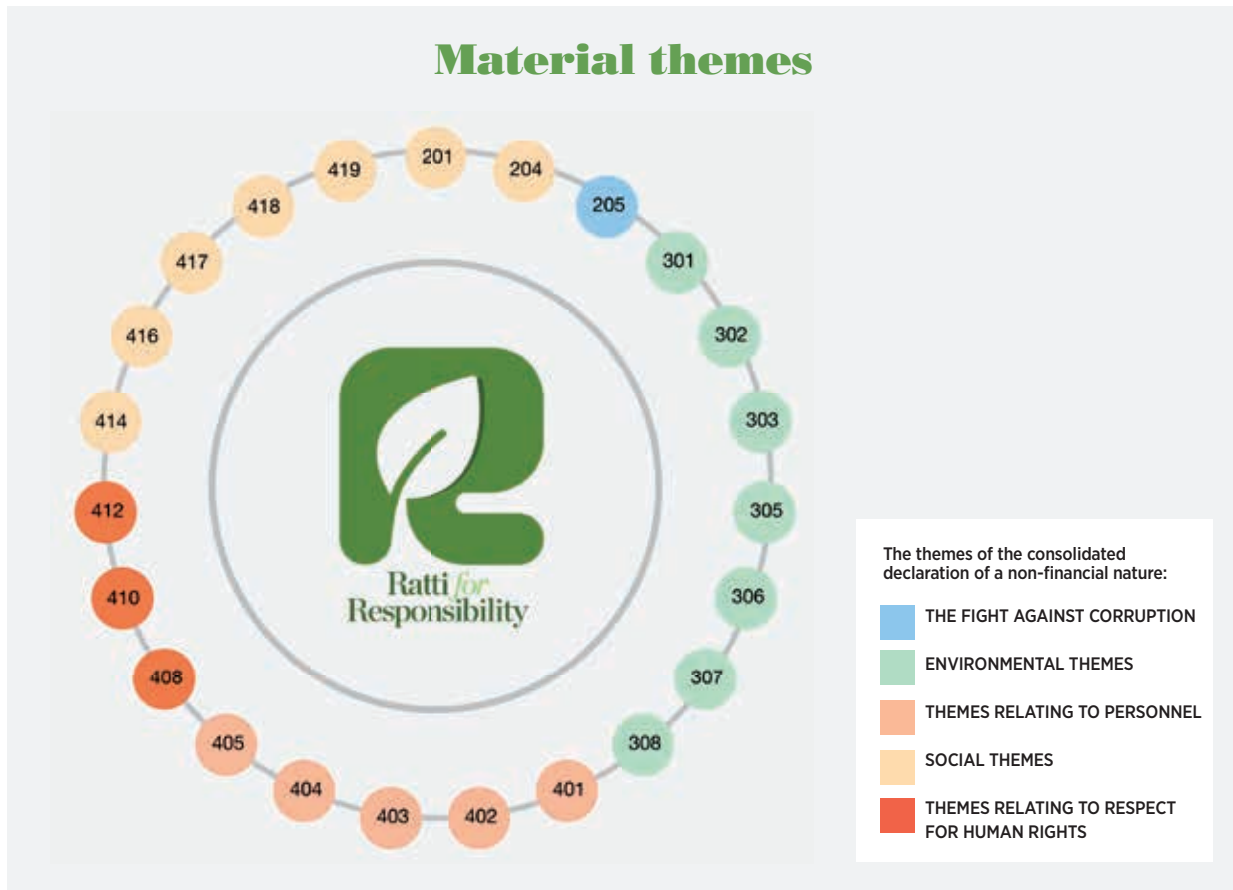
Material themes are of three types:

1. **economic:** the financial performance of the Ratti Group, its procurement policy and its economic relationship with its suppliers, the fight against corruption;
2. **environmental:** the environmental impact of the Ratti Group's activities and, therefore, the



- consumption of raw materials, and the impact of production;
- 3. **social:** working conditions in terms of health and safety, the supply chain and the traceability of products.

With regard to the external perimeter of reporting it should be noted that reporting does not currently include suppliers. With regard to the internal perimeter of reporting it should be noted that the reporting of water discharges and waste does not currently include the Tunisian factory.



Perimeter of the material aspects			
MATERIAL ASPECTS FOR THE RATTI GROUP	MATERIAL ASPECTS GRI STANDARD	PERIMETER OF THE MATERIAL ASPECTS	
		INTERNAL	EXTERNAL
FINANCIAL PERFORMANCE	201 - FINANCIAL PERFORMANCE	Ratti Group	-
PROCUREMENT POLICY AND FINANCIAL RELATIONS WITH SUPPLIERS	204 - APPROACH TO SUPPLIERS	Ratti Group	-
FIGHT AGAINST CORRUPTION	205 - FIGHT AGAINST CORRUPTION	Ratti Group	-
REDUCTION OF ENVIRONMENTAL IMPACT	301 - MATERIALS	Ratti Group	Suppliers
(CONSUMPTION OF RAW MATERIALS)	301 - MATERIALS	Ratti Group	Suppliers



MATERIAL ASPECTS FOR THE RATTI GROUP	MATERIAL ASPECTS GRI STANDARD	PERIMETER OF THE MATERIAL ASPECTS	
		INTERNAL	EXTERNAL
REDUCTION OF ENVIRONMENTAL IMPACT (EMISSIONS)	305 - EMISSIONS	Ratti Group	Suppliers
MANAGEMENT OF DISCHARGES AND WASTE	306 - DISCHARGES AND WASTE	Ratti Group	Suppliers
COMPLIANCE WITH LAWS OR REGULATIONS	307 - COMPLIANCE WITH LAWS OR ENVIRONMENTAL REGULATIONS (COMPLIANCE AND DISPUTES)	Ratti Group	-
EVALUATION OF NEW AND POTENTIAL SUPPLIERS ACCORDING TO ENVIRONMENTAL CRITERIA	308 - EVALUATION OF THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS	Ratti Group	-
POLICIES FOR MANAGING HUMAN RESOURCES	401 - WORK	Ratti Group	-
MANAGEMENT OF INDUSTRIAL RELATIONS	402 - INDUSTRIAL RELATIONS	Ratti Group	-
SAFEGUARDING HEALTH AND SAFETY AT WORK	403 - HEALTH AND SAFETY AT WORK	Ratti Group	Suppliers
TRAINING AND COACHING AT WORK	404 - TRAINING STAFF	Ratti Group	-
SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES	405 - DIVERSITY AND EQUAL OPPORTUNITIES	Ratti Group	-
THE FIGHT AGAINST CHILD LABOUR	408 - CHILD LABOUR	Ratti Group	Suppliers
SAFETY PRACTICES	410 - SAFETY PRACTICES	Ratti Group	-
ANALYSIS OF THE RISK OF VIOLATION OF HUMAN RIGHTS	412 - HUMAN RIGHTS	Ratti Group	Suppliers
EVALUATION OF SUPPLIERS ACCORDING TO SOCIAL CRITERIA	414 - EVALUATION OF THE SOCIAL PERFORMANCE OF SUPPLIERS	Ratti Group	-
MANAGEMENT OF THE HEALTH AND SAFETY OF THE CUSTOMER	416 - HEALTH AND SAFETY OF CONSUMERS	Ratti Group	-
MARKETING AND LABELLING OF THE PRODUCT (TRACEABILITY)	417 - MARKETING AND LABELLING	Ratti Group	-
PROTECTING THE PRIVACY OF THE CUSTOMERS	418 - PRIVACY OF THE CUSTOMERS	Ratti Group	-
SOCIO-ECONOMIC COMPLIANCE	419 - SOCIO-ECONOMIC COMPLIANCE	Ratti Group	-



Stakeholders and the process of involvement

Ratti's long-term strategies and action plans are also defined with the goal of meeting the expectations of the various stakeholders, with whom Ratti launched a number of initiatives involving debate and dialogue in 2017.

The Group's key stakeholders were identified by the heads of the various corporate functions during the drafting of the sustainability report containing the DNF in 2017.

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

The following table shows:

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

No critical issues emerged from the involvement of and dialogue with stakeholders.

Perimeter of the material aspects		
STAKEHOLDER	KEY THEMES AND CRITICAL ISSUES	PRINCIPAL INITIATIVES FOR DIALOGUE
CONTROLLING SHAREHOLDER (MARZOTTO GROUP)	PARTNERSHIPS	JOINT WORKING GROUPS
EMPLOYEES AND PARTNERS	REMINDER OF THE THEMES OF SUSTAINABILITY	<ul style="list-style-type: none"> • INFORMAL MEETINGS AND INSTITUTIONAL EVENTS ORGANISED AD HOC • DEDICATED COMMUNICATION PLAN
COMPETITORS	INNOVATION OF PROCESSES IN TERMS OF SUSTAINABILITY	<ul style="list-style-type: none"> • PARTICIPATION IN THE REGIONAL • ROUND TABLE MEETINGS AND THE TRADE ASSOCIATIONS
SUPPLIERS	PARTNERSHIPS ORIENTED TOWARDS THE SUSTAINABILITY OF THE PROCESS AND THE PRODUCT	<ul style="list-style-type: none"> • SALES MEETINGS AND COMPANY VISITS • AUDITS IN ACCORDANCE WITH SA 8000 • JOINT PROJECTS ON SPECIFIC TOPICS RELATED TO SUSTAINABILITY
CUSTOMERS	MONITORING OF THE SUPPLY CHAIN AND PARTNERSHIPS	SALES MEETINGS AND COMPANY VISITS
SCHOOLS AND UNIVERSITIES	COOPERATION ON INNOVATION PROCESSES	COMPANY VISITS AND MEETINGS AT MAJOR UNIVERSITIES IN THE REGION FOR TECHNICAL EXPERTISE AND SPECIFIC PROJECTS
LICENSORS	PARTNERSHIPS	SALES MEETINGS AND COMPANY VISITS



CORRELATION TABLE GRI STANDARDS					
GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
GENERAL INFORMATION, GOVERNANCE AND LEGAL AFFAIRS					
GD - PROFILE OF THE ORGANISATION					
102-1	Name of the organisation	Core	1.4 Ratti: a modern and competitive company.	13	
102-2	Principal activities, brands, products and services	Core	1.3 Five faces of leadership.	12	
102-3	Location of head office of organisation	Core	1.4 Ratti: a modern and competitive company.	13	
102-4	Number of countries in which the organisation operates	Core	1.4 Ratti: a modern and competitive company.	13	
102-5	Ownership structure and legal form	Core	1.1 A love of beauty becomes a business enterprise.	10	
102-6	Markets served	Core	1.3 Five faces of leadership.	12	
102-7	Size of the organisation (e.g. employees, net revenues etc.)	Core	1.4 Ratti: a modern and competitive company; 2.1 Ratti's employees; 7.1 The results of the Group for the 2017 financial year; 7.2 Directly generated and distributed economic value.	13, 16, 88-89	
102-8	Number of employees by type of contract, geographical area and gender	Core	2.1 Ratti's employees.	17	
102-9	Description of the supply chain (number of suppliers, type, provenance, etc.)	Core	3.3 A process that creates value.	40-42	
102-10	Significant modifications (in the reporting period) to the organisation and its supply chain	Core	3.3 A process that creates value.	40	
102-11	Explanation of the application of the prudence approach	Core	6.5 Prevention is the key: Business Risk Management.	82-85	
102-12	Subscribing to the code of conduct, principles and charters developed with external entities and associations	Core	6.3 Responsibility and sustainability; 6.4 Clear rules in line with legislation.	78-80	
102-13	Membership of associations	Core	1.1 A love of beauty becomes a business enterprise.	10	
GD - STRATEGY					
102-14	Declaration of the CEO and/or the Chairman with regard to the importance of sustainability to the organisation and its strategy	Core	Letter to the stakeholder.	5	



CORRELATION TABLE GRI STANDARDS

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
102-15	Description of the principal impacts, risks and opportunities from an economic, social and environmental point of view (e.g. impact on stakeholders, expectations and the corporate approach to taking opportunities, etc.)	-	6.5 Prevention is the key: Business Risk Management.	82-85	
GD - ETHICS AND INTEGRITY					
102-16	Values, principles and rules of conduct	Core	1.2 The world of elegance, the world of Ratti; 6.4 Clear rules in line with legislation.	10-11, 80-82	
GD - GOVERNANCE (AND REMUNERATION POLICIES)					
102-18	Governance structure of the organisation	Core	6.1 R for Ratti, R for Responsibility.	72-76	
GD - STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholders with whom the organisation engages	Core	Methodological note.	95-96	
102-41	Percentage of employees covered by collective contractual agreements	Core	2.8 Sincere cooperation between company and employees.		In the Ratti Group 96.17% of employees are covered by collective agreements. In particular, in Ratti S.p.A. and in Creomoda S.a.r.l. at 31 December 2017 100% of employees were covered by collective agreements. Textrom S.r.l. guarantees it will respect national legislation regarding a minimum salary, supplementing this by an amount stipulated in an internal agreement between representatives of the workers and the company. In Ratti International Trading Co. Ltd. (China) and Ratti USA Inc. there are no collective agreements – employees and the company sign individual contracts.
102-42	Principles used to identify and select major stakeholders in order to organise activities to engage with them	Core	Methodological note.	95	
102-43	Approach to activities to engage with stakeholders, specifying the frequency by each type of activity developed and by stakeholder group	Core	Methodological note.	96	
102-44	Key and critical themes emerging from the activities to engage with stakeholders and the way the organisation reacted to the critical issues, also in relation to the contents of the report	Core	Methodological note.	96	
GD - REPORTING PRACTICE					
102-45	List of companies included in the consolidated report and an indication of those companies not included in the report	Core	Methodological note.	93,95	

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
102-46	Process of defining the contents of the report	Core	Methodological note.	92-94	
102-47	List of aspects identified as material	Core	Methodological note.	94-95	
102-48	Explanation of the effects of and the reasons for any changes to the calculations/information compared with previous editions	Core	Methodological note.		First Sustainability Report
102-49	Significant changes since the previous reporting period	Core	Methodological note.		First Sustainability Report
102-50	Reporting period	Core	Methodological note.	92-93	
102-51	Date of publication of most recent report	Core	Methodological note.		First Sustainability Report
102-52	Frequency of reporting	Core	Methodological note.		Annual
102-53	Useful contacts and addresses for requesting information on the report and its contents	Core	Methodological note.	93	
102-54	Indication of the option "In accordance" with the GRI Standard chosen (Core or Comprehensive)	Core	Methodological note.	93	
102-55	GRI table	Core	Correlation table.	97	
102-56	External assurance of the report	Core	Assurance.	108	
FINANCIAL					
MATERIAL ASPECT: FINANCIAL PERFORMANCE					
103-1	Explanation of the material aspects and their perimeter		6.1 R for Ratti, R for Responsibility; 7.1 The results of the Group for the 2017 financial year; 7.2 Directly generated and distributed economic value.	88-89	
103-2	Description of the management approach		6.1 R for Ratti, R for Responsibility; 7.1 The results of the Group for the 2017 financial year; 7.2 Directly generated and distributed economic value.	88-89	
103-3	Evaluation of the management approach		6.1 R for Ratti, R for Responsibility; 7.1 The results of the Group for the 2017 financial year; 7.2 Directly generated and distributed economic value.	88-89	
201-1	Directly generated and distributed economic value		7.1 The results of the Group for the 2017 financial year; 7.2 Directly generated and distributed economic value.	88-89	



CORRELATION TABLE GRI STANDARDS

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
MATERIAL ASPECT: APPROACH TO SUPPLIERS					
103-1	Explanation of the material aspects and their perimeter		3.3 A process that creates value; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	40-42, 79-80, 83-85	
103-2	Description of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	40-42, 79-80, 83-85	
103-3	Evaluation of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	40-42, 79-80, 83-85	
204-1	Percentage of expenditure concentrated on local suppliers rather than on the more significant operational locations		3.3 A process that creates value.	41	
MATERIAL ASPECT: FIGHT AGAINST CORRUPTION					
103-1	Explanation of the material aspects and their perimeter		6.2 Monitoring corporate ethics; 6.4 Clear rules in line with legislation; 6.5 Prevention is the key: Business Risk Management.	76, 82-83	
103-2	Description of the management approach		6.2 Monitoring corporate ethics; 6.4 Clear rules in line with legislation; 6.5 Prevention is the key: Business Risk Management.	76, 82-83	
103-3	Evaluation of the management approach		6.2 Monitoring corporate ethics; 6.4 Clear rules in line with legislation; 6.5 Prevention is the key: Business Risk Management.	76, 82-83	
205-1	Activities evaluated in relation to the risks of corruption and the principal risks identified		6.5 Prevention is the key: Business Risk Management.	83	
205-3	Verified acts of corruption and action taken		6.4 Clear rules in line with legislation.	82	
ENVIRONMENT					
MATERIAL ASPECT: MATERIALS					
103-1	Explanation of the material aspects and their perimeter		4.3. Less resources consumed, a better future; 6.5 Prevention is the key: Business Risk Management.	58, 82	
103-2	Description of the management approach		4.3. Less resources consumed, a better future; 6.5 Prevention is the key: Business Risk Management.	58, 82	



GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
103-3	Evaluation of the management approach		4.3. Less resources consumed, a better future; 6.5 Prevention is the key: Business Risk Management.	58, 82	
301-1	Materials used (total weight or volume) in the production or packaging of the organisation's products/services, distinguishing between renewable and non-renewable materials		4.3. Less resources consumed, a better future.	59	
MATERIAL ASPECT: ENERGY					
103-1	Explanation of the material aspects and their perimeter		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-54, 82-83	
103-2	Description of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-54, 82-83	
103-3	Evaluation of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-54, 82-83	
302-1	Consumption of energy within the organisation		4.2. Less consumption, more creativity.	54-55	
MATERIAL ASPECT: WATER					
103-1	Explanation of the material aspects and their perimeter		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	57, 82-83	
103-2	Description of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	57, 82-83	
103-3	Evaluation of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	57, 82-83	
303-1	Total water obtained from sources of supply		4.2. Less consumption, more creativity.	57	
MATERIAL ASPECT: EMISSIONS					
103-1	Explanation of the material aspects and their perimeter		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-55, 82-83	
103-2	Description of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-55, 82-83	
103-3	Evaluation of the management approach		4.2. Less consumption, more creativity; 6.5 Prevention is the key: Business Risk Management.	53-55, 82-83	
305-1	Explanation of the material aspects and their perimeter		4.2. Less consumption, more creativity.	55	



CORRELATION TABLE GRI STANDARDS

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
305-2	Emissions of greenhouse gasses generated by energy consumption (Scope 2)		4.2 Less consumption, more creativity.	55	
MATERIAL ASPECT: DISCHARGES AND WASTE					
103-1	Explanation of the material aspects and their perimeter		4.4. Objective: to reduce waste; 6.5 Prevention is the key: Business Risk Management.	59-61, 82	
103-2	Description of the management approach		4.4. Objective: to reduce waste; 6.5 Prevention is the key: Business Risk Management.	59-61, 82	
103-3	Evaluation of the management approach		4.4. Objective: to reduce waste; 6.5 Prevention is the key: Business Risk Management.	59-61, 82	
306-1	Total discharges of water by quality and destination		4.2 Less consumption, more creativity.	57	Omission: no information was reported regarding the quality of the water discharges since the data are not available.
306-2	Total weight of waste by type and method of disposal		4.4. Objective: to reduce waste.	61	Omission: from the next sustainability report, the Group commits to reporting the method of disposing of hazardous waste. The data on non-hazardous waste produced are not published given that they are not collected from the sites. The data on hazardous waste reported do not include the Tunisian company since no data are available.
MATERIAL ASPECT: COMPLIANCE WITH LAWS OR ENVIRONMENTAL REGULATIONS (COMPLIANCE AND DISPUTES)					
103-1	Explanation of the material aspects and their perimeter		4.1. Knowledge for continuous improvement; 6.5 Prevention is the key: Business Risk Management.	51-53, 82	
103-2	Description of the management approach		4.1. Knowledge for continuous improvement; 6.5 Prevention is the key: Business Risk Management.	51-53, 82	
103-3	Evaluation of the management approach		4.1. Knowledge for continuous improvement; 6.5 Prevention is the key: Business Risk Management.	51-53, 82	
307-1	Emissions of greenhouse gasses generated by energy consumption (Scope 2)		4.2 Less consumption, more creativity.		During the reporting year no penalties were recorded due to non-compliance with laws and environmental regulations.
MATERIAL ASPECT: EVALUATION OF THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS					
103-1	Explanation of the material aspects and their perimeter		3.3 A process that creates value.	40	
103-2	Description of the management approach		3.3 A process that creates value.	40	
103-3	Evaluation of the management approach		3.3 A process that creates value.	40	
308-1	Percentage of new suppliers evaluated on the basis of environmental criteria				The principal criteria that influence the selection of suppliers are quality, reliability and price.



GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
SOCIAL					
MATERIAL ASPECT: WORK					
103-1	Explanation of the material aspects and their perimeter		2.1 Ratti's employees; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	19, 79, 83-85	
103-2	Description of the management approach		2.1 Ratti's employees; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	19, 79, 83-85	
103-3	Evaluation of the management approach		2.1 Ratti's employees; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	19, 79, 83-85	
401-1	Total number of hirings and staff turnover by age, gender and geographical area		2.1 Ratti's employees.	20-21	
401-2	Benefits given to full-time employees which are not given to temporary or part-time employees.		2.4 Living well inside the company, living well outside.	26	
MATERIAL ASPECT: INDUSTRIAL RELATIONS					
103-1	Explanation of the material aspects and their perimeter		6.3 Responsibility and sustainability.	79	
103-2	Description of the management approach		6.3 Responsibility and sustainability.	79	
103-3	Evaluation of the management approach		6.3 Responsibility and sustainability.	79	
402-1	Minimum notice period for operational changes, including when this period is specified in the collective labour agreements				With regard to the management of changes within the Ratti Group, in the case of individual changes (change of department or duties not requested by the employee) no predefined times are set for implementing the change. With regard to additional workload requests (such as overtime or flexibility), given the nature of the request notice periods are minimal, and for overtime may be just 24 hours.
MATERIAL ASPECT: HEALTH AND SAFETY AT WORK					
103-1	Explanation of the material aspects and their perimeter		2.3 Health and safety, a top priority; 6.5 Prevention is the key: Business Risk Management.	24, 83	
103-2	Description of the management approach		2.3 Health and safety, a top priority; 6.5 Prevention is the key: Business Risk Management.	24, 83	
103-3	Evaluation of the management approach		2.3 Health and safety, a top priority; 6.5 Prevention is the key: Business Risk Management.	24, 83	



CORRELATION TABLE GRI STANDARDS

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
403-2	Type of injury, injury rate, occupational illnesses, working days lost, absenteeism and number of fatal accidents related to work, subdivided by region and by gender		2.3 Health and safety, a top priority.		Omission: There are no data present relating to contractors.
403-3	Workers with a high incidence or high risk of suffering illness or occupational illness				In the Ratti Group, given the type of duties performed, no workers are involved in professional activities that carry a high risk of specific illnesses.
MATERIAL ASPECT: TRAINING PERSONNEL					
103-1	Explanation of the material aspects and their perimeter		2.2 Talent and expertise at the forefront; 5.2 Believing in young people, investing in talent; 6.3 Responsibility and sustainability.	22-23, 64, 79	
103-2	Description of the management approach		2.2 Talent and expertise at the forefront; 5.2 Believing in young people, investing in talent; 6.3 Responsibility and sustainability.	22-23, 64, 79	
103-3	Evaluation of the management approach		2.2 Talent and expertise at the forefront; 5.2 Believing in young people, investing in talent; 6.3 Responsibility and sustainability.	22-23, 64, 79	
404-1	Average number of hours of training per employee per year, by gender and by category of employee		2.2 Talent and expertise at the forefront.	22-23	
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES					
103-1	Explanation of the material aspects and their perimeter		2.1 Ratti's employees; 6.3 Responsibility and sustainability.	19, 79	
103-2	Description of the management approach		2.6 Diversity and equal opportunities; 6.3 Responsibility and sustainability.	19, 79	
103-3	Evaluation of the management approach		2.6 Diversity and equal opportunities; 6.3 Responsibility and sustainability.	19, 79	
405-1	Composition of the management bodies and subdivision of employees by category according to gender, age group, membership of a minority group or other indicator of diversity		2.1 Ratti's employees.	18	

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
MATERIAL ASPECT: CHILD LABOUR					
103-1	Explanation of the material aspects and their perimeter		2.5 Rights are an asset for everyone; 6.3 Responsibility and sustainability; 6.5 Prevention is the key: Business Risk Management.	27, 79, 85	
103-2	Description of the management approach		2.5 Rights are an asset for everyone; 6.3 Responsibility and sustainability.	27, 79, 85	
103-3	Evaluation of the management approach		2.5 Rights are an asset for everyone; 6.3 Responsibility and sustainability.	27, 79, 85	
408-1	Identifying the operations and the principal suppliers at high risk of resorting to child labour and the measures taken to contribute towards its elimination		2.5 Rights are an asset for everyone.	27	
MATERIAL ASPECT: SECURITY					
103-1	Explanation of the material aspects and their perimeter		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
103-2	Description of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
103-3	Evaluation of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
410-1	Percentage of security personnel trained on human rights policies or procedures				All the Ratti Group's security personnel have signed up to the principles of the Code of Ethics which require all suppliers to operate in a manner that respects fundamental human rights.
MATERIAL ASPECT: HUMAN RIGHTS					
103-1	Explanation of the material aspects and their perimeter		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
103-2	Description of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
103-3	Evaluation of the management approach		3.3 A process that creates value; 6.3 Responsibility and sustainability.	40, 79	
412-1	Activities subject to checks and/or assessments of their impact on human rights.		3.3 A process that creates value.	27	
412-3	Investment agreements and "significant agreements" which include clauses on human rights or which are subject to an assessment of human rights impact.		3.3 A process that creates value.	27	Omission: the indicator is only treated qualitatively.



CORRELATION TABLE GRI STANDARDS

GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
MATERIAL ASPECT: EVALUATION OF THE SOCIAL PERFORMANCE OF SUPPLIERS					
103-1	Explanation of the material aspects and their perimeter		3.3 A process that creates value; 6.5 Prevention is the key: Business Risk Management.	40, 83	
103-2	Description of the management approach		3.3 A process that creates value; 6.5 Prevention is the key: Business Risk Management.	40, 83	
103-3	Evaluation of the management approach		3.3 A process that creates value; 6.5 Prevention is the key: Business Risk Management.	40, 83	
414-1	New suppliers which have been assessed in accordance with social criteria		3.3 A process that creates value.	27	
MATERIAL ASPECT: HEALTH AND SAFETY OF CONSUMERS					
103-1	Explanation of the material aspects and their perimeter		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
103-2	Description of the management approach		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
103-3	Evaluation of the management approach		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
416-2	Total number of cases of non-compliance with regulations or voluntary codes governing the impact on health and safety of products and services during their life cycles		3.4 A commitment anchored in the most advanced standards.	45	
MATERIAL ASPECT: MARKETING AND LABELLING					
103-1	Explanation of the material aspects and their perimeter		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
103-2	Description of the management approach		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
103-3	Evaluation of the management approach		3.4 A commitment anchored in the most advanced standards; 6.5 Prevention is the key: Business Risk Management.	45, 83	
417-1	Type of information relating to products and services required by the procedures and the percentage of significant products and services subject to such information requirements		3.4 A commitment anchored in the most advanced standards.	45	Omission: the indicator is only treated qualitatively.



GRI Standard	Indicators	Com.	Paragraph	Pag.	Comments
MATERIAL ASPECT: PRIVACY OF CUSTOMERS					
103-1	Explanation of the material aspects and their perimeter		6.4 Clear rules in line with legislation.	82	
103-2	Description of the management approach		6.4 Clear rules in line with legislation.	82	
103-3	Evaluation of the management approach		6.4 Clear rules in line with legislation.	82	
418-1	Justifiable complaints regarding the privacy of customers and the loss of their data		6.4 Clear rules in line with legislation.	82	
MATERIAL ASPECT: SOCIO-ECONOMIC COMPLIANCE					
103-1	Explanation of the material aspects and their perimeter		6.4 Clear rules in line with legislation.	80-82	
103-2	Description of the management approach		6.4 Clear rules in line with legislation.	80-82	
103-3	Evaluation of the management approach		6.4 Clear rules in line with legislation.	80-82	
419-1	Monetary value of significant fines and the total number of non-monetary penalties for non-compliance with legislation or regulations				During the reporting year no significant penalties or fines were recorded for non-compliance with legislation or regulations.



Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'articolo 3, comma 10 del D.Lgs. 254/2016 e dell'articolo 5 del Regolamento Consob n. 20267

Al Consiglio di Amministrazione della
Ratti S.p.A.

Ai sensi dell'articolo 3, comma 10 del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento Consob n. 20267, siamo stati incaricati di effettuare l'esame limitato ("*limited assurance engagement*") della dichiarazione consolidata di carattere non finanziario della Ratti S.p.A. e sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2017 predisposta ex articolo 4 del Decreto e approvata dal Consiglio di Amministrazione in data 15 marzo 2018 (di seguito "DNF").

Responsabilità degli amministratori e del Collegio Sindacale per la DNF

Gli amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 dal GRI - Global Reporting Initiative ("GRI Standards"), da essi individuato come standard di rendicontazione.

Gli amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del *Code of Ethics for Professional Accountants* emesso dall'*International Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'*International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, mantiene un sistema di controllo



qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi *limited assurance*. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("*reasonable assurance engagement*") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche dell'impresa rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'articolo 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comparazione tra i dati e le informazioni di carattere economico-finanziario incluse nella DNF ed i dati e le informazioni inclusi nel Bilancio Consolidato del Gruppo Ratti;
4. comprensione dei seguenti aspetti:
 - o modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'articolo 3 del Decreto;
 - o politiche praticate dall'impresa connesse ai temi indicati nell'articolo 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - o principali rischi, generati o subito connessi ai temi indicati nell'articolo 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF e effettuate le verifiche descritte nel successivo punto 5, lett. a).

5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF. In particolare, abbiamo svolto interviste e discussioni con il personale della direzione della Ratti S.p.A. e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni



circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di Gruppo
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare a modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
- per il sito di Guanzate della società Ratti S.p.A., che abbiamo selezionato sulla base della sua attività, del suo contributo agli indicatori di prestazione a livello consolidato e della sua ubicazione, abbiamo effettuato una visita in loco nel corso della quale ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni


Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Ratti relativa all'esercizio chiuso al 31 dicembre 2017 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Altri aspetti

I dati comparativi presentati nella DNF in relazione all'esercizio chiuso il 31 dicembre 2016 non sono stati sottoposti a verifica.

Milano, 28 marzo 2018

EY S.p.A.


Cristina Pigni
(Socio)

With the contribution of



