

# Ratti Group

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## **SUSTAINABILITY REPORT 2023**

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

## **RATTI SPA SOCIETÀ BENEFIT**

Report concerning the pursuit of mutual benefit for the year 2023, in compliance with Article 1, paragraph 382 of Law 2028/2015

**RATTI**

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## **Letter from the Chairman**

Ratti is a "green factory": nature is a daily experience linked to beauty. Both these aspects interact with the world of work. Over the years we have sought to improve our relationship with the environment by investing in technology, and by using sustainable materials and green energy.

The desire to reduce waste (including that of time) is ever stronger and is increasingly shared. Young people want to build a future in which care for nature is central. This is a significant and recent factor. It is in stark contrast to the contradictions and confusion seen in the approach adopted to models of change. Everybody condemns waste, but everybody also has a different approach – one which is permeated by the culture of each region.

Reducing waste and implementing circularity are requirements that are being expressed more and more often. Making progress in the area of sustainability is a matter not just for individual companies – it concerns the Company in its entirety. It requires a new mindset as well as new social and organisational models. Ratti is actively engaged in this project to change and is aware of its social value.

It is important – and part of our everyday lives – to remain aware of the value of this project as well as the pleasure of participating actively.

Donatella Ratti

## Letter from the CEO

Over the last year the European Commission has launched a consultation with national and international trade associations. This regards the Strategy for Sustainable and Circular Textiles and sets out the Fashion of the Future. At the time of writing 16 EU initiatives are under way. This represents a significant change to the regulation of environmental and social issues, and it is hoped it could reduce the multiplicity and fragmentation of standards and voluntary frames of reference.

The strategy adopted by Ratti (which publishes its report in accordance with 2017 GRI standards) is ready to adapt to the changes that will be introduced by the CSRD (Corporate Sustainability Reporting Directive) and the ESRS (European Sustainability Reporting Standards). The Company operates on the basis of improving its environmental and social performance, along with the sustainable and circular innovation of products, processes and services. In such an environment the new reference paradigm is the transition from an *economy of abundance* to an *economy of sufficiency*. Here irresponsibility is banned, the environment is central, circularity is an imperative and resources must be managed with prudence and in the most efficient way possible.

Ratti SPA SB boasts a solid and mature architecture of *responsible governance*, which culminated in 2022 with the Company's transformation into a Benefit Company. In this environment, in the years to come action will be focused on maintaining and developing a consolidated system.

Corporate welfare will develop by paying constant attention to the needs and characteristics of the workforce. A positive contribution to the community, consisting of donations as well as contributions to social and cultural initiatives, will be enriched by joint projects with institutions, the world of research and other associations.

RATTI SPA SB – a ZDHC signatory, ISO 14001, ISO 50001 and ISO 9001 certified, and a green energy user – will continue to offer sustainable and circular materials. It will also continue to seek improvements in its own environmental and social performance, widening this out to its supply chain.

Sergio Tamborini

# Chapter 1 – Ratti SPA SB, a sustainable company

## 1.1 A story with deep roots

### Ratti's history and the company today

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

This is the motto – the philosophy – of the Ratti Group, and which has flowed from constant teamwork since the very beginning. For the Ratti Group, excellence and quality are based on the same sensitivity to detail, a vocation which has become a daily commitment involving everyone who works within the company. Being a team means working while paying attention to each stage, finding a balance between innovation and practicality, whilst always respecting the expertise of professionals, protection of the environment and, last but not least, the values on which Ratti is founded.

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

Each Ratti collection becomes, in practice, an expression of this sharing. Each fabric draws inspiration from its exclusive archive to become an expression of the real Made in Italy. This is a key characteristic of the Group stemming from its continuous research and development, not only from a creative but also from a production and technology point of view.

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

Towards the end of the 1990s, the industrialist and philanthropist, Antonio Ratti, decided to pass the baton to the next generation. His daughter Donatella took the helm of the company, confirming her prowess in the art of printing, and adding to the sensory, artistic and aesthetic value that underpins each piece of work. In the years that followed, the Group continued to expand through a number of acquisitions. In the early 2000s, economic changes in the world of fashion and, most of all, the silk industry drove greater synergy and a subsequent strengthening of the balance sheet. In 2010 an agreement was reached with the **Marzotto** textiles Group and with **Faber Five S.r.l.**, which became shareholders of **Ratti**, holding joint control. Donatella Ratti, daughter of the founder, is currently Chairman of the Ratti Group, one of the largest manufacturers in the world of fabrics with a high technological and creative content.

For some time the Ratti Group has been integrating sustainability into its business strategy, involving all the stakeholders and carrying out activities which benefit the environment, the workers, communities and customers. Chemical management, the materials and manufacturing revolution, and the circular economy are just some of the chapters in a recent story that is still unfolding.

Over the years the Group's harmonious growth has led to Ratti SpA SB becoming a **member of associations, networks and organisms which are committed to promoting and developing the textile industry**. Ratti SpA SB is a member of Confindustria organisations (Unindustria Como and Sistema Moda Italia). Since 2021 it has also been a member of Confindustria Africa. Sergio Tamborini, CEO of the Ratti Group, is Chairman of Sistema Moda Italia (the mandate was conferred in 2021 and expires in 2025). Ratti SPA SB is a member of the Fabbrica Intelligente (Intelligent Factory) and Chimica Verde (Green Chemicals) cluster of Lombardy Region, in the Centro Tessile Serico (Silk Textile Centre) and the Tecnologico Nazionale (National Technology) cluster of Made in Italy. In addition it participates in the activities of the European Technological Platform of Tessile Abbigliamento (Clothing Textiles) and is a contributor to the ZDHC programme.

In addition, the company is a member of the BCI (Better Cotton Initiative), an association consisting of producers, intermediaries and non-profit groups to promote the cultivation of sustainable cotton that respects the environment. Ratti SpA SB is a member of the Fashion Pact, a coalition of global companies committed to climate and biodiversity issues, as well as to safeguarding the oceans. It is a founding member of Consorzio Retex Green, which is involved in textile waste management and supply chain circularity. The other companies in the Ratti Group are not members of any national or international associations.



## The shareholders of Ratti SPA SB

At 31 December 2023, **Ratti SPA SB** is owned jointly by Marzotto SpA and Faber Five Srl. They each hold a 34.37% stake. Donatella Ratti (DNA 1929 Srl) holds 16.52% of the share capital, while the remaining 14.74% is held by other shareholders. See Figure 1

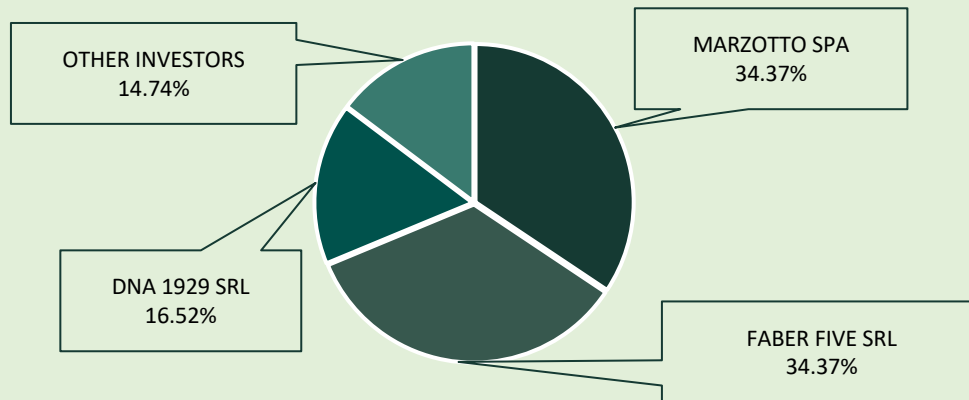


Figure 1 – Ratti SpA SB shareholders

## Timeline

**1945:** Antonio Ratti sets up "Tessitura Serica Antonio Ratti" in Como, for the creation and marketing of silk fabrics and scarves. The first headquarters are in Viale Varese.

**1954:** He begins his industrial activities, opening his first factory, printing silk fabrics at Bulgarograsso, in Como province.

**1958:** The factory at Guanzate opens, with its integrated production cycle process, for manufacturing silk from yarn to finished product, through the phases of weaving, dyeing, photoengraving, printing and finishing.

**1961:** The fabric line for women's clothing is launched.

**1968:** The first major expansion of the Guanzate complex takes place.

**1973:** Ratti USA Inc. is established, with offices in New York.

**1974:** The fabric line for furnishings is launched.

**1975:** First expansion abroad: sales offices are opened in Paris and New York.

**1985:** The Antonio Ratti Foundation is set up to promote initiatives, research and studies of artistic, cultural and technological interest in the area of textiles and contemporary art.

**1989:** Ratti SpA is listed on the Milan stock exchange.

**1992:** Ratti buys Creomoda 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:** Ratti becomes part of the Marzotto Group.

**2011:** Ratti embarks on a virtuous path of sustainable development, in economic, environmental and social terms.

**2013:** Ratti obtains OEKO-TEX® Standard 100 certification for certain raw materials.

**2015:** Ratti SpA obtains the following certifications: SA8000 for corporate social accountability, ISO 14001 for environmental sustainability.

**2016:** The Tunisia company (Creomoda) obtains SA8000 certification.

**2017:** The Responsible Collection is launched; Ratti SpA obtains OHSAS 18001 certification relating to health and safety in the workplace, and publishes a certified environmental declaration in accordance with ISO 14021.

**2018:** The Responsible Collection adds four new materials; Ratti obtains Seri.co certification and becomes a member of the BCI (Better Cotton Initiative).

**2019:** Ratti grows in Tunisia through the company La Maison des Accessoires and takes a stake in the share capital of Marielle (Florence); it obtains GOTS certification for the sustainable production of textile articles made using natural fibres coming from organic agriculture and RCS certification relating to products obtained from recycled material, and system certification through ISO 50001 relating to energy efficiency and ISO 9001 relating to quality. It becomes a ZDHC contributor.

**2020:** The Responsible Collection is withdrawn: all Ratti collections are now responsible. Ratti sets up Second Life Fibers Srl, a company that recycles non-hazardous textile waste; it obtains system certification relating to occupational health and safety in accordance with ISO 45001 (replacing the previous OHSAS 18001 scheme) and FSC product certification relating to textile articles produced using material from forests managed in accordance with sustainable criteria; it extends its GOTS certification to the weaving and hemming of finished garments and its RCS certification to new compositions. Both the Tunisian companies obtain GOTS product certification for accessory hemming activities; La Maison des Accessoires obtains SA8000 certification.

**2021:** Ratti participated in the Glasgow COP 26: the United Nations conference on climate change; it signed up to the Fashion Pact, a coalition of global companies committed on matters such as climate change, biodiversity and the protection of the oceans; it launched the OEF (Organizational Environmental Footprint), a European methodology used to determine the environmental footprint at the Guanzate site; an independent third-party body certified the significant reduction per metre of product achieved by Ratti SpA SB; it signed up to the Eurotex Rehubs Project for upgrading waste management technologies; it obtained OCS (Organic Content Standard) and GRS (Global Recycled Standard) product certification for the Guanzate site; it obtained ISO 45001 certification for the Tunisian subsidiaries Creomoda and Maison des Accessoires; it entered the share capital of both Foto Azzura, a Como photogravure company, and the start-up Twin One.

**2022:** As a crowning moment of its journey as a responsible and sustainable company, Ratti becomes a benefit company. It adds to its by-laws the specific goal of mutual benefit and confirms its commitment to the stakeholders. Ratti SPA SB adds to its sustainable offer the wool product RAF (Responsible Animal Fibers), it achieves "Progressive" level in the ZDHC Supplier to Zero programme, it undertakes an audit of its own supply chain, it partners with the European Commission in a project to test and validate the PEF (Product Environmental Footprint) methodology used to determine the environmental footprint of a product, and it is a founding member of Consorzio Retex Green, which is involved in textile waste management and supply chain circularity. In addition, it receives a special mention for the EFI (Ethical Fashion Initiative) project at the Sustainable Fashion Awards of the National Chamber of Italian Fashion. The Rehubs Project, which received a contribution and support from Ratti SPA SB, was one of the winners of the 2022 Cooperation Award organised by ITMF (International Textile Manufacturers Federation). By May 2022, Ratti SPA SB had obtained AEO (Authorised Economic Operator) authorisation. AEO status is awarded on a voluntary basis. It is recognised by the customs authorities of all EU member states as well as by a number of countries outside the EU (e.g. Switzerland, Japan, the United States, the United Kingdom and China). Its aim is to assist those economic operators who participate in the international supply chain and who contribute to safeguarding security during the international exchange of goods.

**2023:** Ratti broadens its range of product certifications by obtaining European Flax certification for linen. It develops a project for measuring the consumption of water and energy by installing a network of meters

in the field. It launches a project for improving the management of chemicals in the supply chain. It applies the European OEF methodology to determine the impact of Ratti SPA SB during the life cycle. A Ratti SPA SB laboratory obtains accreditation for a specific set of tests in accordance with ISO/IEC 17025. In July the "Second Life Fibers Srl" plant for recycling non-hazardous textile waste was brought into service. Partnerships continued with fashion schools and with associations providing support to those in need.

## Mission, vision and values

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

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

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

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

## 1.2 The Ratti Group today

### The Ratti Group's activities

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

With a heritage that is closely linked to the manufacturing of silk, over time Ratti has perfected its workmanship with different natural fibres, composite fibres and technological fibres. **The Ratti Group manages and controls the full production chain:** from the creative phase, including the fabric design and production planning, to ennoblement processes (weaving, dyeing, printing and finishing) and hemming.

The company works with leading global luxury and prêt-à-porter fashion houses. Apart from Italy and Europe in general, the main markets served are America and Japan. Ratti customers from the fashion, luxury, fast fashion and furnishing sectors purchase textile accessories that are finished or simple fabrics so they can proceed to hemming finished products (clothing or furnishings) that can be launched on the consumer market. For the licensing business unit, which belongs to Area Ratti Studio (where Ratti – as the licensor – produces and sells textile accessories which carry a specific trademark), customers are retailers.

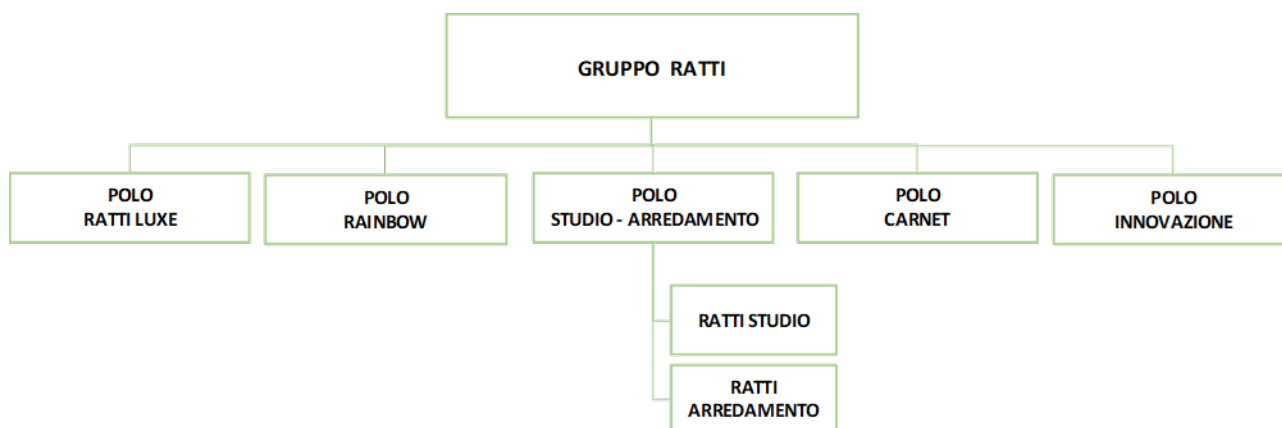


Figure 2 – The Ratti Group's activities subdivided by area

**Area Ratti Luxe:** the manufacturing and marketing of textiles and fabric accessories (mainly scarves, shawls, stoles, shoes and ties) for the high-end market;

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

**Area Studio/Furnishing:**

- *Studio:* the manufacturing and marketing of textile accessories (mainly scarves, shawls, stoles, shoes and ties) through licence contracts or alternative distribution channels such as accessory dealers, uniforms and corporate gifting, e-commerce and new retailers, as well as the manufacturing and marketing of fabrics for neckwear and related accessories for the mid-range market;

- *Furnishing:* the manufacturing and marketing of fabrics and textile accessories for furnishing and home living;

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

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

## Corporate structure

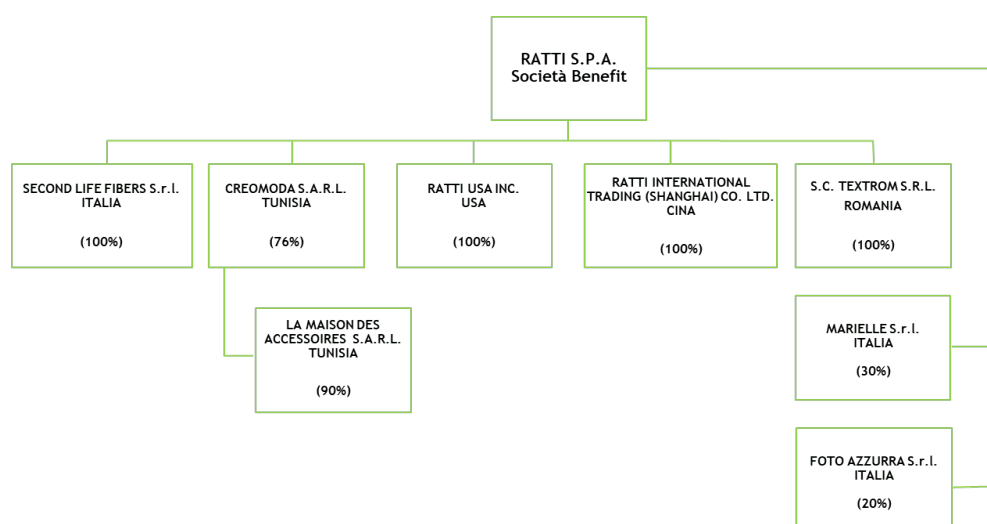


Figure 3 – The corporate structure of the Ratti Group

The **Ratti Group** consists of the parent company **Ratti SPA Società Benefit** (Italy), the subsidiary **Textrom S.r.l.** (Romania), **Creomoda S.a.r.l.** (Tunisia), **La Maison des Accessoires S.a.r.l.** (Tunisia), **Ratti International Trading (Shanghai) Co. Ltd.** (China), **Ratti USA Inc** (United States), **Second Life Fibers Srl** (Italy) and an equity investment in **Marielle Srl** (Italy) and in **Foto Azzurra Srl** (Italy).

The headquarters are at Guanzate (Como), as are the general management and the sales management. This is also the location of the manufacturing and marketing of printed and yarn-dyed fabrics in silk, wool, cotton, linen and other fibres for clothing, neckwear, furnishings and fabric accessories. The management, coordination and control of all the subsidiaries of Ratti SPA SB is carried out by the latter directly exercising the appropriate functions that have been identified. Companies present in Italy include Second Life Fibers Srl, a company which recycles non-hazardous textiles, Marielle Srl, the famous Florentine knitwear company, which was set up in the early 1960s and is a partner of the main fashion houses, and Foto Azzurra Srl, a company based in the Como area since 1989, which produces supports (composition, photocomposition and photoengraving) for silk-screen printing applied to fabrics.

Creomoda S.a.r.l. and La Maison des Accessoires S.a.r.l. are active at Sousse, in Tunisia. The companies are involved, in particular, in the hemming phase of women's textile accessories, while the Textrom S.r.l. plant at Cluj-Napoca (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 2023, the Group had 752 employees in its various offices and subsidiaries.**

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

On 18 July 2023 Second Life Fibers Srl started business. The company recycles non-hazardous textile waste.

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

Table 1 – General information on companies in the Ratti Group

## Chapter 2 – Ratti SPA Società Benefit

### 2.1 – Ratti SPA Società Benefit

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

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

The Company, therefore, has taken steps to specify in its corporate purpose the pursuit of such objectives and to add the following introduction to the by-laws:

"In compliance with Law 208, Article 1, paragraphs 376 to 384 of 28 December 2015 the Company, in carrying out its economic activities, also intends to pursue the objective of mutual benefit, operating in a responsible, sustainable and transparent way when dealing with people, communities, territories and environments, cultural and social assets and activities, bodies and associations and other stakeholders.

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

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

To this end the Company commits to:

- contributing to the protection of the environment, spreading a culture of paying attention to the environment, and promoting the development of the organisation's environmental management system;
- promoting training and the enhancement of staff expertise and promoting the development of the corporate social responsibility system adopted by the Company;
- promoting initiatives, including through cooperation with companies, communities, institutions and associations, on topics of mutual benefit and in one or more of the following areas: social, cultural, innovation and research."

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

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

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

- a) both with the obligations in the "Consolidated declaration of a non-financial nature in accordance with Articles 3 and 4 of Legislative Decree 254 of 2016";
- b) and with the obligations in the "annual report on the pursuit of mutual benefit", as stipulated by Law 208/2015 as it relates to Ratti SPA SB as a Benefit Company.

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

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

## 2.3. Objectives and results 2023. Objectives 2024

### Goal 1

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

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2023	RESULT 2023
Suppliers	308 - Supplier environmental assessment 414 - Supplier social assessment 408 - Fighting against child labour 409 - Fighting against forced or compulsory labour	In Ratti SPA SB's suppliers' portal, which will be developed from 2023, an ESG questionnaire will be added which the supplier will have to complete online. The questionnaire is the basis for the socio-environmental evaluation of the supplier	Producing the ESG questionnaire and adding it to the suppliers' portal so that it is ready for online compilation	The objective has not been reached, given that it was linked to the implementation of the SAP system in 2003. As implementation of the system has been rescheduled for 2024, the objective will be moved to the next financial year.

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2024
Suppliers	308 - Supplier environmental assessment 414 - Supplier social assessment 408 - Fighting against child labour 409 - Fighting against forced or compulsory labour	An ESG questionnaire will be added to Ratti SPA SB's suppliers' portal, which the supplier will have to complete online. The questionnaire is the basis for the socio-environmental evaluation of the supplier	Producing the questionnaire and adding it to the suppliers' portal so that it is ready for online compilation

### Goal 2

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

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

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2024
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Chemicals	301 - Materials	Procol is a departmental system for managing the procurement of dyes and chemical products used by Ratti SPA SB. It manages substances and safety datasheets.	Improving the Procol system used for tracing and matching the consumption of chemicals – the consumption of each individual formula associated with a single batch/product order
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### Goal 3

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

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2023	RESULT 2023
Consumption of chemicals	301 - Materials	Procol is a departmental system for managing the procurement of dyes and chemical products used by Ratti SPA SB. It manages substances and safety datasheets.	Improving the Procol system used for tracing and matching the consumption of chemicals – the consumption of each individual formula associated with a single batch/product order	The objective has not been reached, given that it was linked to the implementation of the SAP system in 2003, which has now been rescheduled for 2024.
Determining Ratti SPA SB's environmental impact	301 - Materials 302 - Energy 303 - Water and effluents 305 - Emissions 306 - Waste 308 - Supplier environmental assessment	The OEF (Organizational Environmental Footprint) is the European methodology used for determining the environmental impact of the product from a life cycle point of view	Concluding the primary data collection for the OEF application at Ratti SPA SB within one year	Objective reached and OEF report released
Consumption	302 - Energy 303 - Water and wastewater	Analytical reporting of energy and water consumption	Developing a project focusing on the analytical measurement of energy and water consumption using a network of meters in the field	Project completed
Sustainable Collaborative Innovation	-	Digital Foam is a pilot plant, created by Ratti in partnership with other companies, which uses, in a digital printing environment, foam devices during the fabric mixing process. The desired effect is achieved of reducing the consumption of water/energy	Completion within a year of the industrial testing and assessment campaign in the pilot plant	Tests completed



Training of RATTI SPA SB staff	404 - Training	The training carried out included linguistic, IT and professional training, as well as training focusing on relational and management abilities	Carrying out 6,000 staff hours of off-the-job training for Ratti SPA SB staff	Achieved – 7,646 hours of training performed
Community	-	Ratti SPA SB carries out activities which support teaching at fashion schools	Developing a project focusing on communication in the Carnet Ratti SPA SB business unit in partnership with IED (Istituto Europeo Design in Milan) lecturers/students	Objective reached
		Ratti SPA SB contributes positively to the local region/non-profit organisations	Support from Ratti SPA SB for teaching focused on the development of a collection – Master Fabrics Innovation Design (Accademia Costume Moda of Rome)	Objective reached
			A contribution from Ratti to Ozanam of Como (ONLUS, non-profit organisation) – which provides assistance to people in difficulty	Objective reached

AREA	MATERIAL TOPICS GRI	CONTEXT	OBJECTIVE 2024
Community		The Ratti Foundation carries out research and promotion activities for textile and contemporary art.	Providing economic support to the activities of the Foundation.
Innovation		Artificial intelligence	POC (proof of concept) application. Artificial intelligence in the area of design
Consumption	302 – Energy 303 – Water and effluents	Analytical reporting of energy and water consumption	Complete the installation and configuration of the network of electricity and water meters.
Workers	403 – Health and safety	Personal services	Activation of "psychological help desks" for employees and employees' family members
Workers	403 – Health and safety	Company health project	11 monthly workshops on personal wellbeing
Innovation		Rehubs is an initiative promoted by Euratex – the European Confederation of Fabric and Clothing Companies – and focusing on scaling up recycling technology. Ratti SPA SB took part in the initiative	"Contribuire" (Contributing), in partnership with other participants, to creating a roadmap for developing recycling technologies

## Chapter 3 - Analysis of materiality

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

With the entry into force of the new GRI “Universal Standards” and, in line with what it did in the past, the Ratti Group carried out a new materiality analysis in 2022. This process followed the provisions set out in the Standards “GRI-3: Material Topics”. The new methodological approach is based on the concept of impact, defined as the effect that organisation has (effective impact) or could have (potential impact) on the economy, on the environment, on people and on human rights.

In addition, the impacts can be positive if they contribute to sustainable progress for people, the local community and the environment, or negative if, on the contrary, they cause damage. The process of materiality analysis is therefore used as a starting point for developing sustainability reporting that is as transparent, clear and effective as possible. It should take the entire value chain of the Ratti Group into consideration, which therefore means considering not only core business activities but also everything that happens upstream and downstream of the company.

All the impacts selected were linked to specific Standards from the Universal Standards (series 200, 300 and 400). Overall, **18 impacts related to GRI were identified, to which were added 3 impacts specific to the Ratti Group.** The latter do not correspond to GRI Standards and were reported with the performance indicators.

Next, an evaluation was made of the diffusion frequency of the impact along Ratti SPA SB’s value chain, as well as the probability of it occurring.

The impacts have therefore been integrated into the material themes that constitute the key areas on which the company should focus.

### 3.1 The value chain of Ratti SPA SB

The impact analysis was carried out by taking the Ratti Group’s value chain into consideration.

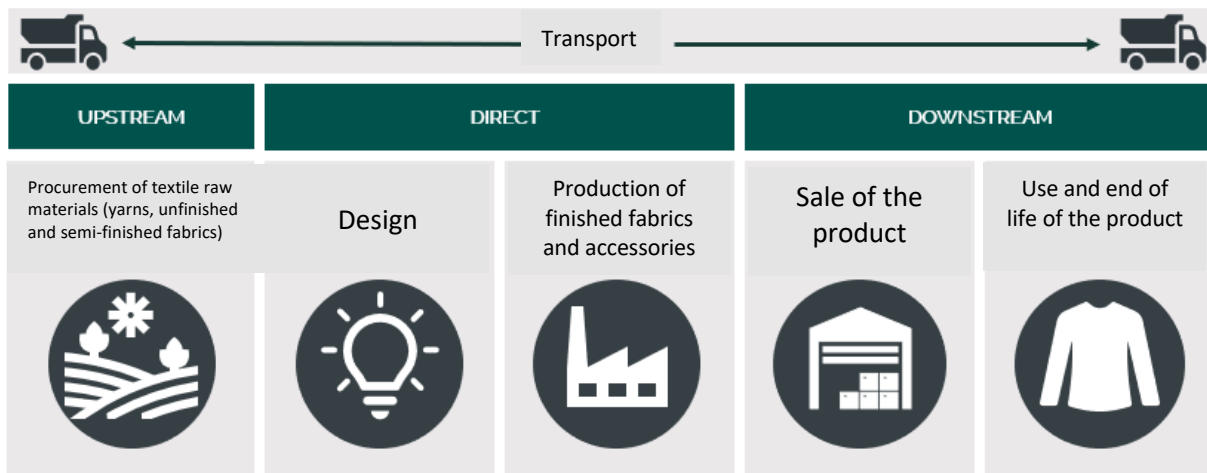


Table 2 – Description of the value chain of Ratti SPA SB

There now follows a list of the material themes which give expression to the above-mentioned impacts. Where opportune, for ease of reading, some impacts associated with a single theme are merged. The following table shows the **13 themes which are material for the Ratti Group.**

<b>MATERIAL THEME</b>	<b>IMPACT</b>	<b>DESCRIPTION</b>	<b>TYPE OF IMPACT</b>	<b>VALUE CHAIN</b>
<b>Economic performance</b>	Economic value generated and distributed among the various stakeholders of the Group	The improvement in the Group's corporate financial performance makes it possible to enhance the redistribution of the wealth produced among its stakeholders	Positive Effective	Core Downstream
<b>Responsible management of the supply chain</b>	Attractiveness to customers who pay attention to social issues	Capacity to respond effectively to customer requests which are increasingly focused on social sustainability. This is also helped by the adoption of certified corporate processes and supplier qualification, which demonstrates the commitment of the Ratti Group to social sustainability.	Positive Effective	Upstream Core Downstream
	Creation of economic value for the local community	Creation of an economic inducement in the regions in which the Ratti Group operates, thanks to the ability of the Group to establish a constructive dialogue with suppliers and local communities.	Positive Effective	Upstream Core Downstream
	Attractiveness to customers who pay attention to environmental issues	Capacity to respond effectively to customer requests which are increasingly focused on environmental sustainability. This is also helped by the adoption of certified corporate processes and supplier qualification, which makes it possible to reduce the consumption of resources and limit the negative impact of business activities on the environment.	Positive Effective	Upstream Core Downstream
<b>Fight against corruption</b>	Socioeconomic consequences of non-ethical business practices.	The possibility that those who represent the business could commit illicit acts linked to episodes of corruption could cause financial and reputational damage to the company.	Negative Potential	Upstream Core Downstream
<b>Circular Economy</b>	Reduction in the inflow of resources, waste management and textile scraps	Insufficient management of waste could have a highly negative impact on the environment. The Ratti Group is aiming to reduce waste from production activities through processes and services whose goal is to recycle, revamp and recondition finished products from the point of view of circularity. In addition, Ratti's objective is to reduce the inflow of resources, favouring where possible the use of raw materials originating from waste, recycling or certification.	Positive Potential	Upstream Core Downstream
<b>Reduction of environmental impacts</b>	Impoverishment of raw materials from inefficient and excessive consumption	Inefficient use of raw materials could lead to a lack of resources, to the detriment of ecosystems and local communities.	Negative Effective	Upstream Core
	Contribution to climate change	Processes upstream of the value chain, such as core business activities, result in	Negative Effective	Upstream Core

	from emissions of climate-changing gases	the release of greenhouse gases, which contribute negatively to climate change. The Ratti Group is aiming to achieve a reduction in environmental impact thanks to its own production of renewable energy and by procuring energy from renewable sources with a Guarantee of Origin. In addition, energy efficiency initiatives have been undertaken for equipment, machinery and plant, in line with the amount of fabric produced.		Downstream
	Damage to human health and to ecosystems arising from polluting emissions	Atmospheric emissions generated by the Group's value chain could have a negative impact on air quality and could provoke damage to human health and to ecosystems.	Negative Effective	Upstream Core Downstream
	Contribution to water stress arising from excessive consumption	Inefficient management of water resources along the value chain contributes to an increase in local water stress and to a reduction in the availability of water, generating a non-reversible impact. The Ratti Group is aiming to reduce its consumption of water in line with the amount of fabric produced.	Negative Effective	Upstream Core
	Environmental damage caused by the incorrect management of waste produced	Environmental impact of the production of waste pertaining to the procurement and production phases, activities associated with the maintenance of buildings and machinery, as well as packaging waste. If waste is not disposed of/recycled correctly, there could be a negative impact on ecosystems as well as on local communities.	Negative Effective	Upstream Core Downstream
<b>Chemical management</b>	Pollution from water resources arising from uncontrolled discharges and chemical substances used during the production process	Environmental impact of water used during wet production and the upstream phases of the value chain at the Guanzate premises and in Romania, arising from the use of chemical substances. The Ratti Group is aiming to reduce the environmental impact of water discharges from production by reducing its use of chemical substances and dyes, by using less-polluting chemical substances and by maintaining constant control over discharges.	Negative Effective	Upstream Core
<b>Training and growth of talented employees</b>	Enhancing human capital by developing technical expertise	Policies, as well as innovative and effective training strategies, contribute to the personal and professional development of employees.	Positive Effective	Core
	Maintaining and developing the distinctive	Promoting employee's wellbeing and implementing adequate welfare policies can contribute to making a	Positive Effective	Core

	know-how of the Group on the back of effective welfare policies which provide support to employees.	company more attractive and can increase the loyalty of talented staff.		
<b>Health and safety of employees</b>	Damage to employees' health arising from accidents at work	Failure to comply with health and safety procedures can introduce risks to the health and wellbeing of employees.	Negative Potential	Core
<b>Safeguarding diversity and equal opportunities</b>	Failure to respect employee diversity and equal opportunities because of inadequate inclusion practices	Failure to respect diversity and equal opportunities within the company can lead to cases of discrimination relating to gender, sexual orientation, religion and ethnicity. This has a negative impact on human capital. The theme is of particular relevance to all companies in the sector, given the high percentage of female employees.	Negative Potential	Core
<b>Safeguarding human rights</b>	Discrimination and violation of human rights arising from inadequate measures in place to safeguard human rights	The lack of practices in place to safeguard diversity and the promotion of inclusion among employees could have a negative impact on respect for the human rights of employees and workers in the supply chain, on wellbeing within the company and on the company's ability to attract, develop and safeguard talent.	Negative Potential	Upstream Core
<b>Safeguarding intellectual property</b>	Violation of intellectual property and privacy arising from inadequate IT or control systems.	Data breach episodes could have negative consequences in terms of violations relating to confidential company documents and the personal/confidential data of employees and business partners.	Negative Potential	Core
<b>Innovation</b>	Process innovation and research into and development of new products	For Ratti, process and product innovation is a key driver of success that should be promoted and safeguarded	Positive Effective	Core
	The development of innovative products in terms of design and sustainability	Capacity to link aesthetics and sustainability in the design of products	Positive Effective	Core
<b>Support for the local community</b>	Creating cultural value and supporting local communities	The Ratti Group provides direct and indirect support to the areas and communities in which it operates. It does this through projects and initiatives of a social nature and by enhancing the expertise of talented young people.	Positive Effective	Core Downstream

Table 3 – Brief description of material impacts, associated GRI themes and the scope of Decree 254/2016

### 3.2 Stakeholders and the process of involvement

The Ratti Group's good governance practices 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 2023.

The Group's **key stakeholders** were identified by the heads of the various corporate functions during the review carried out in 2017.

The following tables show:

- the principal categories of stakeholder;
- the scope of the involvement;
- the principle attempts to initiate dialogue during the year.

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

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

Table 4 – List of the main dialogue initiatives with stakeholders and the key topics discussed

### 3.3 The management of sustainability risks and the impacts associated with these.

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

**The Ratti Group has an appropriate process for analysing the risks associated with the issues mentioned in Legislative Decree 254/2016 (see paragraph 4.3: Managing risks to include sustainability).**

Responsibility for identifying and evaluating sustainability risks lies with the CEO of Ratti SPA SB, assisted by the sustainability manager, the responsible internal auditor and the Integrated Management System.

The list and the description of the risks have as their starting point the analysis of the strategic risks and the risks mapped within the Integrated Management System (quality, environment, energy efficiency, the

chemical management system, the customs environment), which was performed through a mainly qualitative evaluation. In 2022, new ESG risks identified through a material analysis were added to the initial mapping. The process, in accordance with the provisions of the GRI Standards (Universal Standards), identified risks of a financial, social and environmental nature which could have potentially negative effects. The definition of such risks is based on an analysis of competitors and similar companies in the sector that published a non-financial declaration or a sustainability report in 2021, as well as the description in the guidelines of specific series of Standards (series 200, 300 and 400) that are examples of the risks associated with certain sustainability themes. The same qualitative evaluation was applied to ascertain the probability that such risks might materialise and could, therefore, generate significant negative effects for the Group and its stakeholders.

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

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

## Impacts and risks of an environmental nature

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

### Impacts of an environmental nature on relationships with commercial partners

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

### Impacts of an environmental nature associated with processes of transformation

In order to provide the market with the goods/services it requires businesses carry out processes of transformation which use economic/environmental resources (energy, water, raw materials, chemical products, the human factor...) generating, however, a negative impact on the environment (e.g. consumption of resources, production of waste, emissions into the atmosphere, water pollution). To this end, Ratti has established a model of a responsible company which is orientated towards an innovation of products, processes and services in which policies contributing positively to the environment are of key importance. Moving in this direction are the projects launched over the last ten years relating to investment in new generation plant, the installation of photovoltaic panels, improving the efficiency of processes/plant, and drawing up contracts for the purchasing of green energy. The management of chemical products – Ratti SPA SB is a signatory to ZDHC, the reference protocol in fashion textiles for eliminating hazardous substances – has also received investment and has delivered improvements and other positive results. Finally, the Group has also operated at the level of circularity, procuring recycled material, promoting a line of circular products and services (PHORIA) based on recycling and repair, setting up a company which recycles non-hazardous textile waste and working with producers on the circularity of the supply chain (membership of the Retex Green consortium).

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

The materiality analysis of impacts that considers the effects caused by the company on the stakeholders showed no specific environmental effects arising from the influence of climate change on Ratti's performance. However, the Company has decided to highlight the main risks relating to climate change.

## The main risks relating to climate change

Identifying, evaluating and managing risks, as well as the opportunities associated with climate change, has become essential to guaranteeing the creation of value in the long term, to the point at which institutions and the business world have markedly accelerated their legal efforts as well as the action they take to prevent and manage the effects. 2015 was a turning point in the fight against climate change thanks to the adoption of the Paris Agreement and the launching of initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) to identify the risks and opportunities associated with changes to the economic-financial system. The scale of these risks is recognised by the various actors. In 2020 eight of the ten biggest risks – in terms of impact or probability – identified by the World Economic Forum in its Global Risk Report, related to environmental phenomena. The importance of such risks has been recognised by the 2023 Global Risk Report which, over a period of ten years, has included six risks related to climate change and environmental phenomena.

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

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

For further information see Chapter 6 *"The sustainable product"* and Chapter 7 *"Ratti's environmental commitment"*.



Impacts	Description of the main risks	Mitigation action taken
Contribution to climate change from emissions of climate-changing gases	In the long term the increase in temperatures could carry the risk that water procurement will face difficulties.	Since 2013, Ratti SPA SB has invested in equipment and machinery, with a positive impact on the use of water resources. Recently, the Company has installed a network of meters for the analytical reporting of consumption.
Worsening of the production/quality yield of raw materials deriving from their inefficient and excessive consumption	In the long term, climate change could have a negative impact on the production/quality yield of natural fibres (cultivation, breeding), so the Company could find it difficult to source raw materials. The same criteria may be observed for synthetic fibres if there is a scarcity of energy.	The company spreads its risks, given that it deals with different types of fibre. Policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity. In addition, the Company makes use of recycled materials and has set up Second Life Fibers Srl for the pre-consumption recycling of non-hazardous textile waste.
The application of strict change-orientated EU regulation means companies face significant financial/production restrictions.	During the period of transition a scenario could arise in which European climate change legislation is stricter than it is in the rest of the world, with a consequent increase in costs and loss of competitiveness in European companies. Of fundamental importance will be the approach adopted by customers to sustainability and the consistency they demonstrate.	Participation in Italian/European associations and working groups to safeguard the textile supply chain. Enhancement of the sustainable content of materials and market-oriented manufacturing. Investment in sustainability
Creation of economic value for the local community	During the transition period climate change-oriented legislation could lead to the closure of production sites, with subsequent difficulties obtaining raw materials/services.	In Ratti, policies have been in place for some time with regard to loyalty/partnership in the supply chain, as well as differentiation in the supplier base to ensure business continuity and audits of strategic suppliers.
Reduction in volumes required by the market and management of waste and textile scraps	A scenario could arise in which new models of sustainable consumption such as, for example, lengthening the life cycle of the product, could lead to a reduction in demand for the fabric. In addition, possible greenwashing policies implemented by economic operators in the textiles/fashion sector could penalise those companies that have invested in sustainability.	It is suggested that legislative pressure could reduce the space for greenwashing and that market preferences could reward sustainable companies. For more than a decade, Ratti has launched organisational processes oriented towards environmental sustainability, both in terms of improving the efficiency of production processes and in terms of offering a sustainable product. The Company has presented a transparent and sustainable image to the market (also from a social accountability point of view). The transition from the linear economy to the circular economy could involve a reduction in consumption (a lengthening of the life cycle). However, it could also offer an opportunity for service companies to re-use and repair products, as Ratti has done through the PHORIA initiatives. In order to limit the phenomenon of greenwashing, it is useful to participate in associations and working groups whose aim is to safeguard the Italian/European textiles supply chain.

Table 5 – Principal risks associated with climate change in the Ratti Group

## Impacts and risks of a social nature

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

### Impacts of a social nature on relationships with commercial partners

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

The Ratti Group has, for a number of years, established policies and procedures for selecting/evaluating suppliers. This has made it possible to create a supply chain which is sustainable in terms of compliance with applicable regulations and the implementation of sustainability practices by the Group's suppliers, leading to a benefit in terms of the reputation of the Group itself. These factors, together with a widening of the range of sustainable products thanks to product certifications and compliance with the protocols for managing chemical substances (ZDHC) have enabled Ratti to respond effectively to requests from customers who are increasingly concerned about sustainability.

### Impacts of a social nature on employees

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

### Impacts associated with the management of personnel

For a Group such as Ratti which works with some of the biggest names in international fashion who are attracted by Made in Italy, the creativity and professionalism of personnel are critical success factors. The objective is therefore to attract talent and promote its development, guaranteeing a working environment that is stimulating, challenging, and rich with opportunities for learning.

For further information see Chapter 5 "*Human resources*".

Impacts	Description of the main risks	Mitigation action taken
Discrimination and violation of human rights arising from inadequate measures in place to safeguard human rights	The lack of practices in place to safeguard diversity and the promotion of inclusion among employees could have a negative impact on respect for the human rights of employees and workers in the supply chain, on wellbeing within the company and on the company's ability to attract, develop and safeguard talent.	In Ratti SPA SB there is an <b>SA800 and ISO 45001-certified management system</b> which, among other things, covers the social accountability policy and the hiring procedure. Creomoda and La Maison des Accessoires are also SA8000 and ISO 45001-certified in terms of social accountability policy. Since 2018, in Textrom a social accountability policy has been in place which also covers the area of health and safety. Textrom also has a consultant who is specialised in and dedicated to ensuring compliance with the national legislation, with a contract that stipulates regular visits, and includes the provisions and updates of the Risk Evaluation Documentation and subsequent training.
Failure to respect employee diversity and equal opportunities because of inadequate inclusion practices	Failure to respect diversity and equal opportunities within the company can lead to cases of discrimination relating to gender, sexual orientation, religion and ethnicity. This has a negative impact on human capital. The theme is of particular relevance to all companies in the sector, given the high percentage of female employees.	The safeguarding of human rights is enshrined in the Group's <b>Code of Ethics</b> and in the <b>Suppliers' Code</b> that all Ratti's trade partners must agree to comply with. The Group has an <b>Ethics Committee</b> . In addition, in the certified companies there is a Social Performance Team. Stakeholders may contact this team in order to report any episodes of non-compliance with SA8000 principles (including any episodes of discrimination).
Damage to employees' health arising from accidents at work	Failure to comply with health and safety procedures can introduce risks to the health and wellbeing of employees.	Ratti SPA SB has <b>procedures for the assessment, selection and monitoring of suppliers and the management of tenders</b> which also include aspects of social responsibility and health. The assessment procedure involves suppliers making a commitment to respecting the principles of the <b>Suppliers' Code, the Ratti Group's Code of Ethics</b> and all the principles of the management systems adopted by Ratti. For suppliers there are regular monitoring and evaluation procedures. Since 2022, an ethical audit has been carried out at Ratti's main suppliers.  The subsidiaries, even though they represent limited volumes of purchases, require their main suppliers to confirm, in writing, their acceptance of the Suppliers' Code. In Creomoda and La Maison des Accessoires suppliers also fill in the SA8000 self-assessment questionnaire.

Table 6 – The main risks of a social nature

## Impacts and risks in a financial context

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

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

Although the corporate strategy is strongly focused on the pursuit of long-term economic/financial objectives, it is impossible to exclude the risk of exogenous phenomena occurring which could hit performance. These could include, for example, customer behaviour, competitor strategies, unfavourable macroeconomic developments, market developments for raw materials energy and technological and regulatory changes. To face such events, in addition to the strategies listed above, the Company is constantly monitoring trends in its reference market and in the new economy, the aim being more to anticipate any negative impacts rather than look for new business opportunities. To this end during 2022 a permanent innovation working group was set up.

In 2023 a change was made to the Company's production mix (an increase in accessories with a subsequent fragmentation of production lines). This, together with the reduction in volumes in the medium-low part of the market, had reverberations for the economic performance of the Company.

For further information see Chapter 9 "Economic performance".

## Impacts and risks associated with corruption

With regard to the phenomenon of corruption the reputational and financial damage which could result if representatives of the Company committed acts – illicit from an administrative and/or penal point of view – against third parties has been identified as being of material impact. To this end, with regard to private individuals the risk of corruption is adequately monitored by the Parent company, which in 2018 carried out a complete mapping of activities that are sensitive to crimes covered by Legislative Decree 231/01, which includes all corruption offences relating to both public administration and private individuals. As for the public administration, the Ratti Group considers this risk to be limited given that it does not take part in tenders.

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

For further details see the paragraph "The prevention of corruption" in Chapter 4, paragraph 4.3 "Managing risks to include sustainability".

Impacts	Description of the main risks	Mitigation action taken
Socioeconomic consequences of non-ethical business practices.	The possibility that those who represent the business could commit illicit acts linked to episodes of corruption could cause financial and reputational damage to the company.	The Ratti Group is adopting organisational and procedural measures aimed at reducing the risks of illicit acts being committed – especially the risk of corruption. In Ratti SPA the <b>Organisation, Management and Control Model 231/01 ("Organisational Model")</b> also covers corruption offences between private individuals and offences relating to the public administration. At Group level, in 2023 the <b>Code of Ethics</b> , the <b>Suppliers' Code</b> and the Code of Ethics' procedure for reporting violations were updated. The Whistleblowing and Anti-corruption Policy was put in place. A training/information plan was established for the recipients of the above documents. It will be operational from the beginning of 2024. As in previous years, in 2023 training on these documents continued for new hires in Ratti SPA.

Table 7 – Impacts and risks associated with corruption in the Ratti Group

## Other impacts and risks

In addition to the ESG impacts that are directly linked with GRI themes, other impacts have been identified which are considered to be key to the Company's sustainability in the medium term. Thanks to the projects/activities the Group has undertaken over the years, these impacts have contributed to creating the corporate culture. In detail, the positive impacts identified are: an ability to create networks with organisations and institutions on projects with a high innovative and technological content, the continuous improvement of its practices, processes, products and the services offered to customers, and the attitude of linking, during the design of a product, aesthetics, sustainability and support for the local community. Another impact which is considered to be significant is safeguarding intellectual property, for which various steps have been taken to mitigate risk, specified below. For further information see Chapter 6, paragraph 6.2 "Spreading the cardinal value of intellectual property".

Impacts	Description of the main risks	Mitigation action taken
Violation of intellectual property and privacy arising from inadequate IT or control systems.	Data breach episodes could have negative consequences in terms of violations relating to confidential company documents and the personal/confidential data of employees and business partners.	<p>Defined procedures/organisational and IT practices for access to designs, with appropriate profiling of users/designs.</p> <p>Infrastructure of redundancy storage of designs to guarantee continuity, with further physical backups managed remotely.</p> <p>Management of IT infrastructure, also with regard to safeguarding data, outsourced to leading companies in the sector.</p> <p>AEOF authorisation obtained from the Customs and Monopolies Agency, which also covers physical security and IT aspects.</p> <p>Employees and suppliers sign confidentiality clauses Safeguarding intellectual property is addressed in the Code of Ethics and the Suppliers' Code.</p>

Table 8 – Other impacts and risks of the Ratti Group

## Chapter 4 – Governance and monitoring of corporate ethics and risk management

"Ratti SPA Società Benefit has been listed on Mercato Euronext Milano (EXM) since 1989. It has a system of corporate governance which complies with the Code of Corporate Governance"

### 4.1 The governance structure of the Group

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

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

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

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

- **Ratti International Trading (Shanghai) Co. Ltd** has Thierry Cusinato as sole Director, who exercises all powers of administration. The sole Director's mandate does not have a pre-defined expiry date;
- **Textrom S.r.l.** has Donatella Ratti as sole Director, who exercises all powers of administration. The sole Director's mandate does not have a pre-defined expiry date;
- **Creomoda S.a.r.l.** has as joint directors Thierry Cusinato and Ali Ghedamsi, who exercise all powers of administration. The mandate of directors has a three-year duration.
- **La Maison des Accessoires S.a.r.l.** has as joint directors Thierry Cusinato, Ali Ghedamsi and Béchir Tili, who exercise all powers of administration. The mandate of directors has a three-year duration.
- The governance structure of **Ratti USA Inc.** consists of: Sergio Tamborini (Director), Michael Marchese (Director and Vice President), Andrea Randazzo (Director and President), Lorenzo Zampetti (Treasurer) and Liberio Romano (Secretary), who exercise all management powers. The mandate expires on an annual basis.

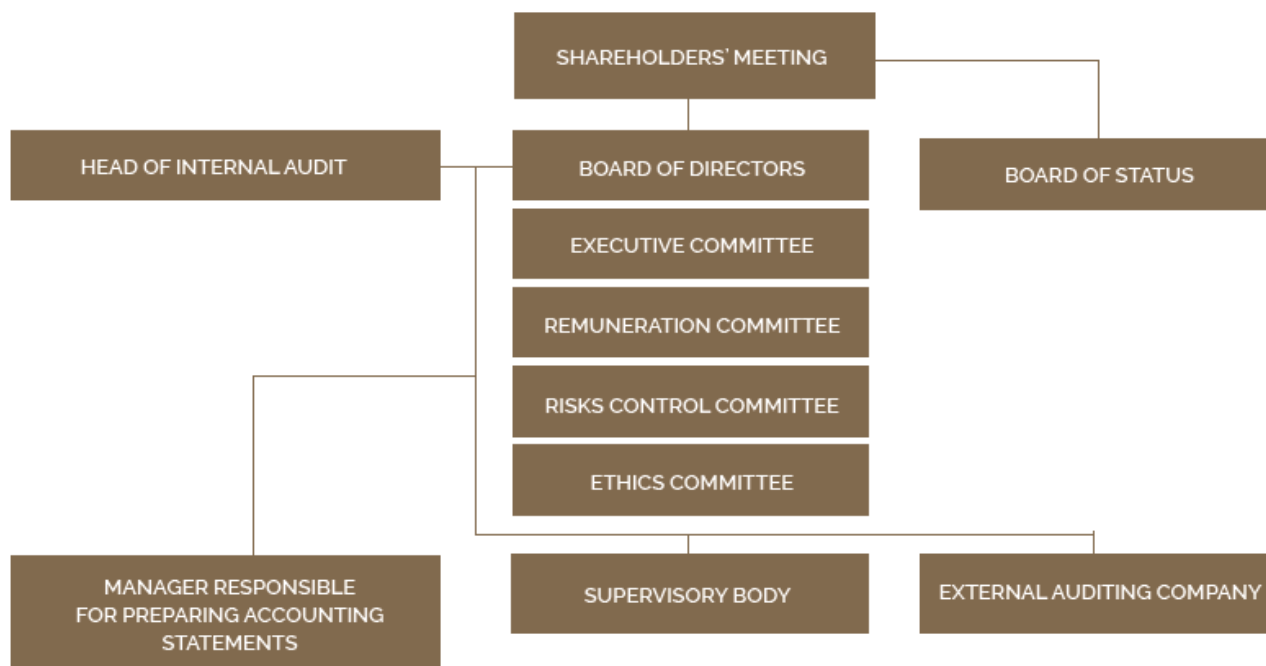


Figure 4 – The administration and control model of Ratti SPA SB

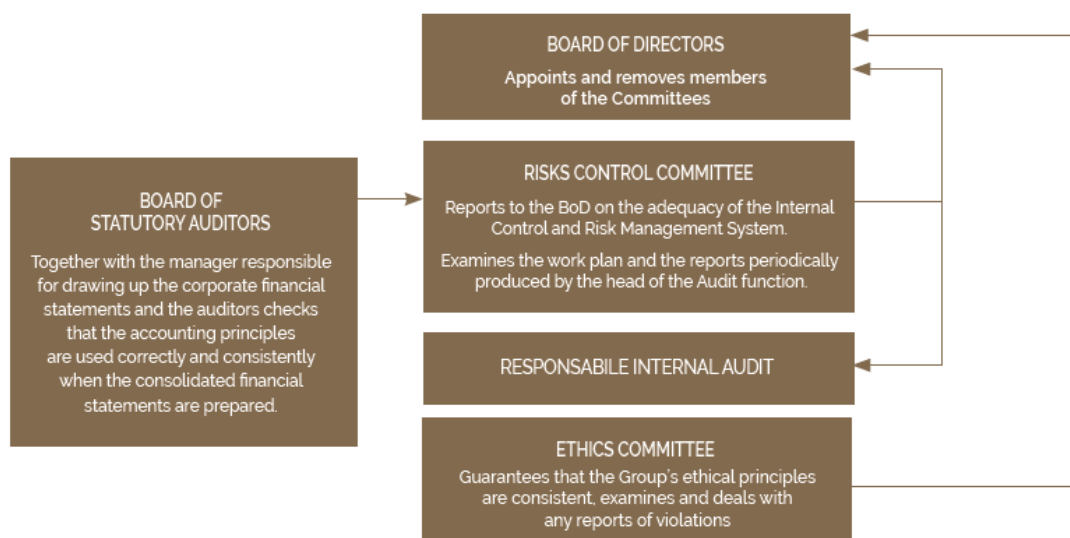


Figure 5 – Monitoring the governance of the Ratti Group

## The Board of Directors of Ratti SPA SB

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

**General duties** relating to **management powers** are attributed to the BoD, leaving responsibility to the Shareholders' Meeting for actions such as appointing and removing Directors, approving the financial statements and amending the by-laws. Directors remain in post for three years (except in the case of

shorter periods stipulated by the shareholders' meeting at the time of appointment), cease to hold office or are replaced according to the law, and may be re-appointed.

In addition, the BoD is also responsible for **approving policies, strategies and objectives relating to the sustainable development** of the Group and for approving the annual Sustainability Report. Since 2022, the BoD has also been responsible for approving the report covering the pursuit of mutual benefit by Ratti SPA SB as a benefit company. Strategies and projects are reported to the BoD by Sergio Tamborini, CEO of Ratti SPA SB and nominated by the BoD to oversee the balancing of the interests of shareholders with the pursuit of mutual benefit and with the interests of all the stakeholders identified in the by-laws.

### Composition of the Board of Directors

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

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

Table 9 – Composition of the BoD of RATTI SPA SB at 31.12.2023

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

At least every three years the BoD carries out a detailed evaluation of its functions, size and composition, and performs the same task on the committees. In particular, the evaluation includes an assessment of the professional skills and gender balance of the various members.

Over time, the members of the BoD, with regard to the specific competences of each member, and bearing in mind Ratti SPA SB's size and operations, have shown themselves to be aware of the powers and obligations inherent to the roles they have been asked to perform; to have the appropriate level of professionalism for the role they have been asked to cover; to also possess wide-ranging and diverse skills (knowledge of the local economy and the related market context, knowledge of the textile industry and its related market, skills in business finance, legal expertise); to be able to dedicate sufficient time and resources to the role covered.

### The Board of Statutory Auditors

The **Board of Statutory Auditors** consists of three standing (and two alternative) members nominated by the Shareholders' Meeting; it is the body that **monitors the application of all corporate governance** principles and ensures **compliance with regulation and legislation**. It also ensures compliance with the principles of the **by-laws** and guarantees that the principles of proper administration are adhered to, with a specific focus on the functioning of the organisational, administrative and accounting structure.

### The Executive Committee

The BoD has appointed an Executive Committee consisting of three members elected by the BoD, including the office of Chairman of the BoD and the CEO of the Company, plus a third member to be appointed by the Board. It may be convened either by the Chairman of the BoD or by a member of the BoD or the Board of Statutory Auditors (in the latter case through communication to the Chairman of the BoD).



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

## The Remuneration Committee

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

The Remuneration Committee has been given the task of:

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

### *The remuneration policy of the Ratti Group for senior roles*

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

Remuneration of Directors always has a fixed component, which is decided by the Shareholders' meeting following a proposal from the BoD; for sole Directors with specific roles, a variable component is added to the fixed component while, only for members of the Remuneration Committee and the Risks Control Committee, an attendance allowance is added for participation in the meetings of the respective committees. Directors who are members of the Supervisory Body also receive fixed remuneration on an annual basis. Directors are also entitled to receive reimbursement of living expenses incurred in relation to their role.

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

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

## The Risks Control Committee

The Risks Control Committee consists of three members nominated by the BoD: non-executive directors of whom two are independent. The Committee monitors the observance and periodic updating of the Corporate Governance rules. In particular, **it assists the BoD** in carrying out its duties relating to **matters of internal control and risk management**. More specifically, the Risks Control Committee:

- evaluates, having communicated with the director responsible for preparing the company's financial statements, the statutory auditor and the control body, that the accounting principles have been correctly applied and, in the case of groups, are in line with the draft consolidated financial statements;

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

## The Ethics Committee

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

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

All recipients of the Group's Code of Ethics, should they become aware of situations which, either actually or potentially, could represent a significant violation of the Code of Ethics, must communicate this to the Ethics Committee in a timely manner. To this end, a dedicated procedure has been created and distributed which identifies the modes of operation and rules to be followed when managing any reports of violations received from recipients of the Group's Code of Ethics.

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

As already explained, Ratti SPA SB has created, internally, a number of bodies to safeguard and ensure the correct application of corporate governance and, more generally, laws and regulations. Specifically, these bodies are: the **Risks Control Committee**, the **Remuneration Committee**, the **Group's Ethics Committee**, the **Board of Statutory Auditors** and the **Supervisory Body**.

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

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In compliance with the standards in force at national and international level, with best practice for the sector and with the provisions introduced by national and by European regulation, during 2023 Ratti SPA SB took steps to reinforce the tools it employs to safeguard corporate ethics. It updated the Group's Code of Ethics, the Suppliers' Code and the Organisational Model 231/01 of RATTI SPA SB, the Group's Anti-corruption Policy, the Group's Referral Integrity Policy and the Whistleblowing Procedure (Legislative Decree 24/2023). The Company, in compliance with Articles 4 and 5 of the Whistleblowing Decree, activated its own internal channels of reporting. This included a platform, dedicated to the reporting of violations, aimed at guaranteeing the protection and privacy of the whistleblower and anyone else involved with the relevant documentation.

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The aforementioned documents (with the exception of Organisational Model 231/01) have also been received by the subsidiaries of Ratti SPA SB.

The Ratti Group guarantees that it complies with applicable legislation with regard to its operations, through the activities and checks carried out by accredited internal offices (e.g. the legal office, financial administration and control, Internal Audit, the technical office, the internal laboratory, the prevention and protection service, human resources and management systems). The Group uses specialised external consultants when necessary.

In particular, if the internal functions mentioned are not present in the subsidiaries, the corresponding functions in Ratti SPA SB will take their place, providing consultancy services either in person or managed remotely, making use of specialised external consultants if necessary. For Ratti SPA SB, managing significant risk profiles is in any case corroborated by appropriate evaluations carried out by the bodies which form part of the management and internal control system (as explained above).

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

As had already been planned for its subsidiary Ratti International Trading (Shanghai) Co. Ltd, in 2023 the Ratti Group concluded a privacy compliance project in relation to the relevant current applicable Chinese law called "Personal information protection law (Pipl)".

As an objective for 2024, RATTI SPA SB intends to launch a supplier portal, the purpose being to provide information on and explain the management of contractual relations with suppliers, information transmitted by the latter and, more generally, by the procurement chain.

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

## The ethical principles of the Group

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

- Legality, integrity, loyalty and probity
- Professionalism
- Respect for human rights, for fundamental liberties and for developing people
- Safeguarding health and safety in the workplace
- Protecting the environment
- Social accountability
- Equal opportunities, inclusion and respect for diversity
- Safeguarding trademarks, designs, patents and original works
- Safeguarding the confidentiality and protection of personal data
- Transparency and probity in managing financial accounts, compliance with taxes and duties
- Freedom and duty to report violations

The Code of Ethics may be consulted by accessing the **Communications** area of Ratti's self-service Human Resources portal or the website at [www.ratti.it](http://www.ratti.it).

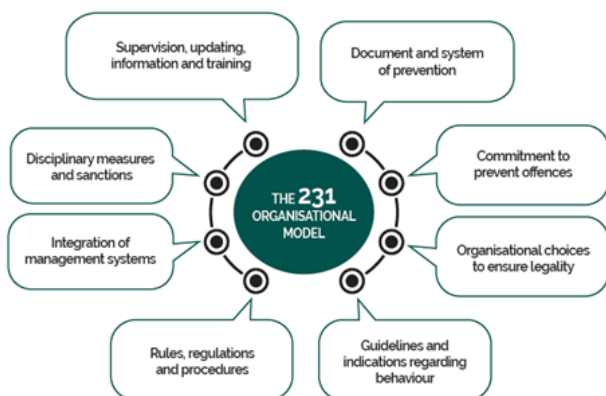
The Code of Ethics stipulates the rules of conduct that recipients must follow when conducting corporate business and activities, and when managing people and information.

During 2023 the procedure, which is valid for all companies in the Group and which identifies the modus operandi and the rules to be followed for managing any **reports of violations** of the Group's Code of Ethics, was updated to comply with the Whistleblowing Policy (Legislative Decree 24/23).

## The Organisational Model and the Supervisory Body

Since 2006, RATTI SPA SB has had an organisational, management and control model which complies with Legislative Decree 231/2001 ("Organisational Model") and has appointed a Supervisory Body. The Organisational Model and the related attachments (the Group's Code of Ethics, the Suppliers' Code and the Whistleblowing Policy) were updated at the end of 2023. All the Company's subsidiaries have adopted the Code of Ethics and the Suppliers' Code.

Organisational Model 231/01 of Ratti SPA – updated in 2023 with the introduction of new predicate



offences. The model now consists of 14 parts: a general introductory part and 13 special parts which describe the details of the offence, recipients, general principles regarding behaviour in the areas of activity at risk, as well as sensitive activities, control protocols and, finally, the duties of the Supervisory Body. This completes the list and description of the offences covered by Legislative Decree 231/01, the Code of Ethics, the Suppliers' Code, the Anti-corruption Policy and the Referral Integrity Policy, all documents which were updated or redrafted in 2023.

The role of the **Supervisory Body** is to continuously oversee the principles of autonomy and independence, professionalism and continuity of action of the **Organisational Model**. It verifies observance, effectiveness, actuation and updating with regard to modifications to the structure or to the rules.

Figure 6 – Characteristics of Organisational Model 231/01

With regard to the legislation regarding whistleblowing, by applying Law 179/2017 RATTI SPA SB had already integrated the General Part of

MOG 231/01. This was done through a section dedicated to whistleblowing legislation and an extension of

the sanctions relating to violation of the prohibition of acts of retaliation against the whistleblower and the abusive use of the channels used to report violations. The appropriate policy was adopted.

In 2023, during application of Legislative Decree 24/2023 (relating to the protection of those who report illicit conduct that they have become aware of in the workplace), RATTI SPA SB has also adopted a new whistleblowing policy and has nominated the Supervisory Body to manage the reporting channel.

Ratti's whistleblowing platform for managing the reporting of violations in accordance with Legislative Decree 24/2023 has been implemented and can be reached at <https://areariservata.mygovernance.it/#!/WB/ratti>. It is available to the entire Ratti Group for transmitting violation reports relating to Legislative Decree 24/2023, the Organisational Model in accordance with Legislative Decree 231/2001 and the Code of Ethics .

In addition, the Supervisory Body Regulation was created to manage the reporting channels and the whistleblowing platform.

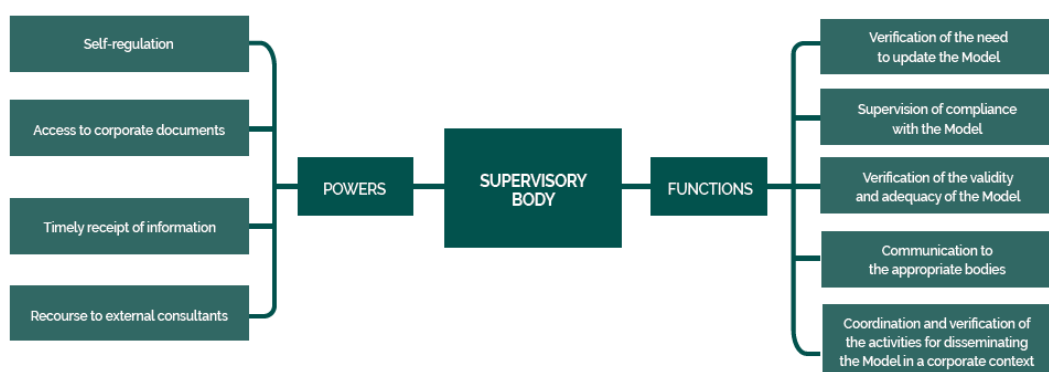


Figure 7 – Characteristics of the Supervisory Body

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

The Supervisory Body is obliged to promptly inform the Board of Directors, the Board of Statutory Auditors and the Risks Control Committee, with regard to provisions within their remit, of any transgressions, infractions and non-compliant behaviour that have been observed, and to suggest revisions, amendments and additions that could prevent the above. In addition, as specified previously, the Supervisory Body manages the reporting flow from the whistleblowing procedure.

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

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

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

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

In March 2018, the Sustainability Committee set up in RATTI SPA SB assumed the name, the characteristics and the functions of the "**Working Group on Sustainability**". The members of the group are identified employees of RATTI SPA SB – supervisors and specialists from three functional areas. They are coordinated by the Sustainability Manager, who reports to the CEO. **The group is the driver of sustainability within the**

Company and is responsible for planning and implementing action to be taken in governance, social and environmental areas. The activities carried out in 2023 have been added to the current report.

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

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

With regard to environmental aspects the Group's companies have adopted an **Environmental Policy** with the aim of safeguarding the environment and promoting a sustainable development agenda, both in terms of making company processes more efficient and in terms of using products and services with a lower environmental impact. In 2019, Creomoda updated its environmental policy to include the activities of the new company La Maison des Accessoires. In 2021, RATTI SPA SB also launched a study **analysing the climate change risks associated with the value chain**, also in relation to the **production chain**.

The management of personnel and the defence of human rights are covered in the **personnel and selection policies** of RATTI SPA SB, Creomoda, La Maison des Accessoires and Textrom. No discrimination of any type is tolerated and selection is based exclusively on merit and the equitable treatment of candidates, and fully respecting human rights, including the rights of minors and workers. The Group pays attention to the fundamental rights of its workers, adopting measures to prevent and fight against forced/compulsory labour, including along its supply chain. RATTI SPA SB has signed a number of specific agreements with suppliers who operate in countries at risk. The objective is to avoid purchasing products coming from areas that run the risk of non-compliance with human rights (see Chapter 7, paragraph 7.6 "A virtuous circle of good practices").

With regard to social themes, for the Group **managing the health and safety of consumers** is important. To this end Ratti has implemented a ZDHC-certified Chemical Management System. This ensures compliance with the national and international legislation in force (e.g. REACH), with voluntary standards (Ratti is a signatory to the ZDHC protocol), as well as more stringent requests from customers to reduce chemical risk for workers and to ensure that the final product is safer for end-customers. One aspect that has an impact on the management system concerns the guarantees requested from the materials suppliers (of both chemicals and textiles) and other services (wet production). Compliance is requested with MRL ZDHC (for chemical products) and with PRSL Ratti (for textile products).

## 4.3 Managing risks to include sustainability

### The internal control and risk management system

RATTI SPA SB has an **internal control and risk management system (ICRMS)** which complies with the **Code of Corporate Governance**, to which it adheres voluntarily. The ICRMS focuses on the Ratti Group, although its activities also relate to the subsidiaries. RATTI SPA SB's ICRMS is represented by the sum total of the **rules, procedures and organisational structures** whose purpose is to allow the identification, measurement, management and monitoring of the principal risks, including those relating to sustainability. The Board of Directors is responsible for the ICRMS and, assisted by the Risks Control Committee, defines guidelines and periodically checks that the main corporate risks have been identified, measured, managed and monitored in an adequate and proper manner. A meeting of the Board of Directors is convened annually to analyse the trend for the main corporate risks and to evaluate their impact on the Company's strategy and performance.

The **CEO** has the task of ensuring that the main corporate risks are identified, submitting these periodically to the BoD, and implementing the BoD's strategy through the ICRMS' planning, management and monitoring. RATTI SPA SB has also established an **Internal Audit** department, which supports the BoD, the CEO, the Risks Control Committee and the management in carrying out their respective tasks in relation to the ICRMS. Other control bodies include the Supervisory Body, the Board of Statutory Auditors, the Manager Responsible and the Group Ethics Committee.

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

Board of Directors, the participation of the relevant parties in meetings of the Control Committee, and the implementation and maintenance of the management systems.

Specifically, in relation to the periodic reporting to the BoD, when the half-year and annual financial statements are approved the Risks Control Committee, Internal Audit, the Supervisory Body and the Group Ethics Committee submit – each in relation to its area of competence – reports to the BoD explaining the activities they have carried out and expressing their assessment of the internal control and risks management system, emphasising any critical issues reported. In addition, the chair of each body participates in board meetings as an Independent Director.

## The prevention of corruption

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

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

In addition to the above, during 2023 the BoD of RATTI SPA SB approved the following:

- An anti-corruption policy, inserted into the Group's wider programme in the fight against corruption, defines roles, responsibilities, types of modus operandi and principles of good conduct. Staff are expected to respect these principles when carrying out their duties, the aim being to comply with the anti-corruption legislation in force and ensure that the highest levels of integrity, probity transparency and honesty are maintained. The policy finds application in the case of directors, statutory auditors and, in general, anyone who covers roles of representation, administration or management or who exercises, even if *de facto*, management and control within the companies of the Ratti Group. Also included are all employees of companies in the Group, without exception, external partners (e.g. consultants, commercial partners and agents) and, more generally, anyone who cooperates and collaborates – in any way – with the companies in the Group (henceforth referred to as "Recipients"). The anti-corruption measures are, in addition, inserted into MOG 231/01 (for RATTI SPA SB) and the Group's Code of Ethics (for all companies in the Group). These are obligatory documents for all employees, partners and stakeholders who work with the Ratti Group in a variety of ways.
- a Referral Integrity Policy to be applied to all resources involved, in a variety of ways, in the process of selecting and hiring of individuals who have been chosen, with the goal of promoting probity in the way they do business and carry out related activities, repudiating any form of corruption and committing themselves to complying with the anti-corruption legislation in force in the countries in which the Group operates.

Furthermore, given that corruption is included as a serious predicate offence in Legislative Decree 231/2001, an additional control adopted by RATTI SPA SB to prevent such a risk is the **Organisation, Management and Control Model 231/01** (details provided previously). The full mapping of activities that are sensitive to the offences covered by Legislative Decree 231/01, which includes all corruption offences relating to both public administration and private individuals, was last updated in 2023.

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

For this reason, RATTI SPA SB organises appropriate training and information sharing. Specifically, the 2023 training plan relating to the topics featured in MOG 231/01 and the Code of Ethics (with particular reference to the protocols for fighting corruption) targeted all newly hired personnel. The training was carried out by Internal Audit on behalf of the Supervisory Body and the Ethics Committee.

For 2024/25 the Company intends to create a training/information sharing plan related to the Code of Ethics, the Suppliers' Code, the Anti-corruption Policy and the Whistleblowing Policy. This will be aimed at employees and senior management in RATTI SPA SB and its subsidiaries. The BoD of RATTI SPA SB received training the topic in May 2023.

Furthermore, by end-2023/January 2024 all employees and suppliers will have been updated on the document update carried out by the Ratti Group regarding anti-corruption and ethical issues.

During 2024, new hires will continue to be trained on MOG/231/01, the Code of Ethics and the approval of the anti-corruption policy.

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In addition, the prevention of corruption is a topic that is also covered by the **Suppliers' Code** which was initially approved in 2018. The Suppliers' Code is an integral part of contracts agreed with suppliers who are asked to note that corrupting behaviour of any type with private individuals or the Public Administration will not be tolerated by the Group; for this reason failure to observe the provisions of the Suppliers' Code could lead to the termination of the contract (see Chapter 7 "*A virtuous circle of good practices*").

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

During 2019 the first levels of RATTI SPA SB received training on Legislative Decree 231/01 and the principles and contents of the Organisation, Management and Control Model 231/01 emphasising, in particular, the protocols for fighting corruption. In addition, training was also provided to the directors of the subsidiaries in relation to the principles of the Group's Code of Ethics, focusing on the behaviour that needs to be adopted to oppose corruption.



## Chapter 5 – Human resources

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

In particular, the Ratti Group:

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



### 5.1 Workforce of the Ratti Group

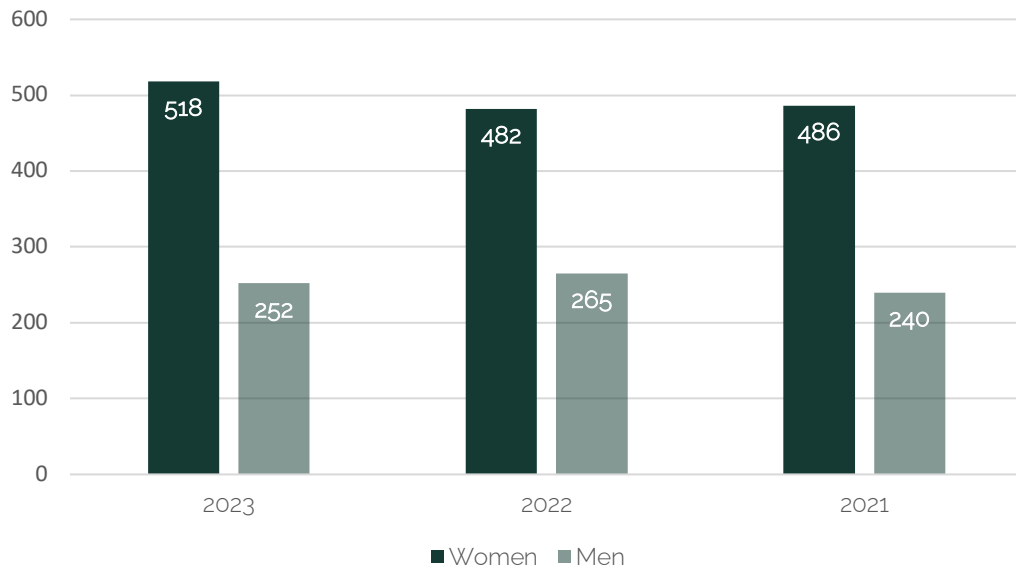
#### The Ratti numbers

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

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

At 31 December 2023, the Ratti Group had **770 employees**<sup>1</sup>, the **majority of whom were women** (67.3%). This has long been a characteristic of the sector. A comparison with 2022 shows an overall increase in the workforce at Group level of 3%, which is mainly owing to an increase in resources at the Tunisian plants.

<sup>1</sup> The 770 members of staff include employees, interns and freelancers.



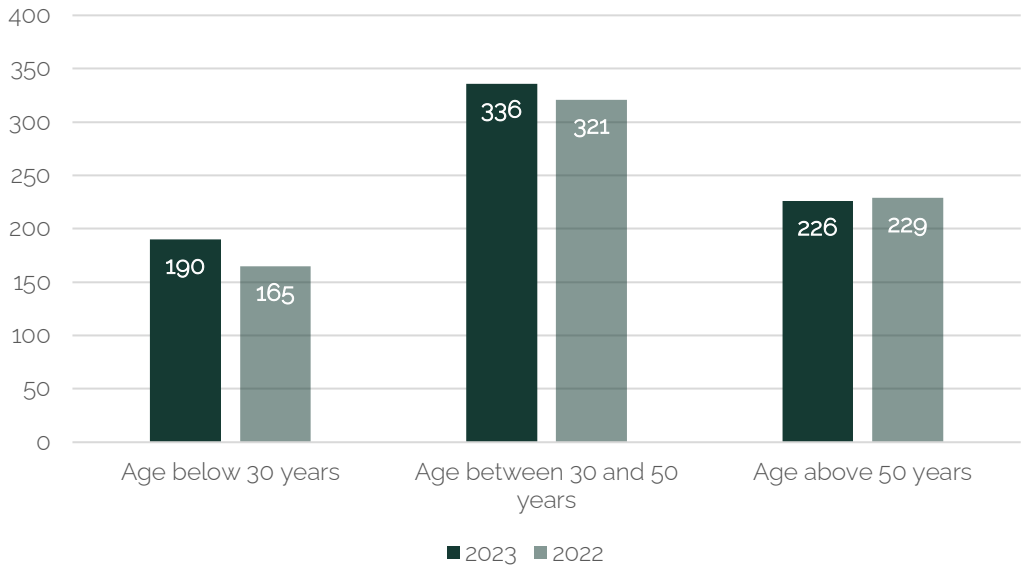
Graph 1 – Workforce of the Ratti Group by gender at 31.12 for the three-year period 2021-2023<sup>2</sup>

95.48% of employees are full time while 4.52% are part time – an option chosen mainly by female employees in order to enhance work-life balance.

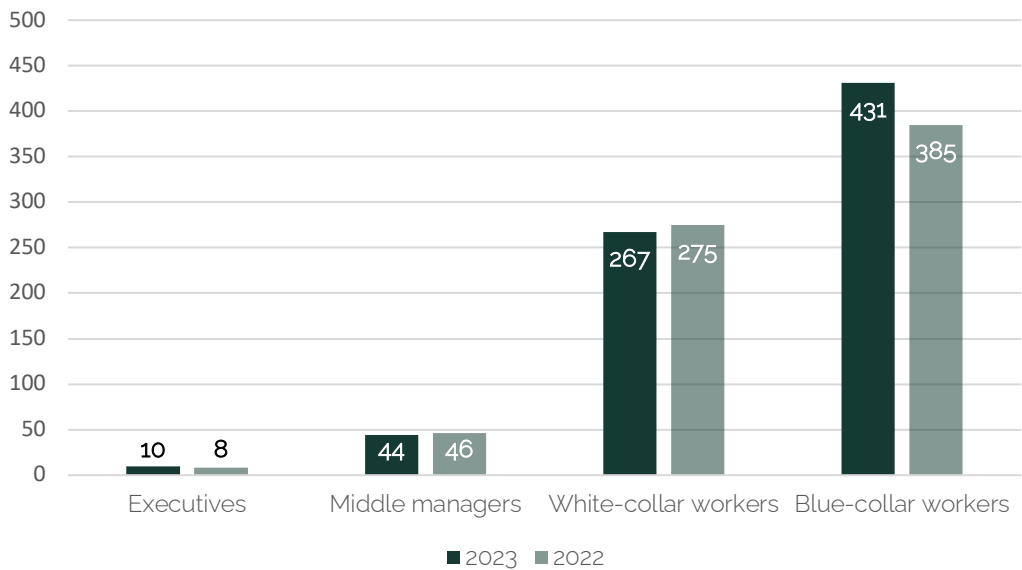
As regards the variation by age range between 2022 and 2023 for Group employees on fixed-term and permanent contracts, the trend was basically flat for the age range 30 to 50 years. However, there was an increase for the range represented by the youngest workers (less than 30 years of age), with an increase from 23.07% to 25.29%. This was particularly notable at the Italian premises. Finally, for employees over 50 years of age there was a fall of around 4 percentage points, with a fall from 32.09% to 27.70% (Graph 2).

Looking at the breakdown for employees by employment contract (Graph 3), the category which showed the greatest increase was blue-collar workers, with an increase on 2022 of 11.9%. The remaining categories decreased overall by 6.1%.

<sup>2</sup> The total for female employees in 2022 increased by one unit. This change was the result of a refinement of the calculation.



Graph 2 – Workforce of the Ratti Group by age range at 31.12 for the two-year period 2022-2023<sup>3</sup>



Graph 3 – Workforce of the Ratti Group by employment category at 31.12 for the two-year period 2022-2023

<sup>3</sup> The total for employees under 30 years of age increase by one unit. This change was the result of a refinement of the calculation.

770 TOTAL WORKFORCE OF THE RATTI GROUP: 518 WOMEN AND 252 MEN  
640 EMPLOYEES HIRED ON PERMANENT CONTRACTS BY THE RATTI GROUP  
95.48% EMPLOYEES HIRED FULL-TIME BY THE RATTI GROUP  
190 YOUNG EMPLOYEES BELOW 30 YEARS OF AGE

230 TOTAL CREOMODA AND LA MAISON DES ACCESSOIRES EMPLOYEES AT 31.12.2023  
96.5% FEMALE EMPLOYEES IN RATTI OFFICES IN TUNISIA  
21 TEXTROM EMPLOYEES AT 31.12.2023, OF WHOM 16 ARE WOMEN

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

## The process of selection and turnover

Each company autonomously defines its personnel selection and administration policies on the basis of the principles and practices established by the Group's Management, according to its specific requirements. These processes assume particular importance in identifying and then attracting resources of value to the Group and limiting the risk of any staff exodus, ensuring that the turnover rate (outgoing) remains low.

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

The selection and administration of personnel is based exclusively on criteria of expertise and merit, and is carried out while fully respecting the rights of the individual, and condemning any form of discrimination. RATTI SPA SB, Creomoda and La Maison des Accessoires have a specific staff selection policy, while Ratti USA, Textrom and Ratti International Trading (Shanghai) apply the Parent Company's recruitment policies. In accordance with the principle of enhancing talent and expertise and in response to a hiring request or a need to manage staff turnover, an internal search is first carried out. A "vacant position" is created and is subsequently advertised internally as a job posting. If the internal search does not produce the required results, external selection channels are activated, including announcements on specialised websites, direct contact or by examining the database of CVs. At the Tunisian sites the department involved expresses its recruitment needs by completing a specific form which is examined by Human Resources and approved by the Management.

During 2023, the search and selection of staff was focused on dealing with negative turnover in all business areas. This involved hiring personnel who were qualified experts, although there was a continuation of the policy of hiring young people who could develop professional production and creative expertise.

In particular, at RATTI SPA SB every new-hire has a period of induction as set out in the

welcome plan.

Once a candidate has been identified and has accepted the financial package, an induction plan is created with the candidate's future manager.

On their first working day, new-hires receive any equipment relevant to the position and a general information/training session on the company and on the policy for risk prevention and safety in the workplace, the Code of Ethics, MOG 231/01 and management systems. The on-the-job training programme then begins, after which a tutor is assigned to ensure that the induction process is correctly followed.

At the end of the induction period an **evaluation** is carried out – normally at the end of the contractual probation period. For longer and more complex induction periods, an intermediate evaluation is carried out. Finally, subject to the above-mentioned criteria of expertise, merit and attitude, the group has begun an experiment with a policy of "generational handover". This considers the option of hiring the children of employees when they retire. This policy has not yet been formalised.

**In 2023 a total of 134 people** were hired, 59.7% of whom were under 30 years of age. Also in 2023, 97 people left the company, **compared with 100 the previous year**.

In 2023 the Group's **total staff turnover** was 30.72%, which was slightly up on 2022.

The employee turnover rate (outgoing) is one percentage point lower than in 2022 (12.9% versus 13.9%). The fall is evenly distributed across all age ranges.

The increase in the employee turnover rate (incoming) and the decrease in the employee turnover rate (outgoing) are confirmation of how the Group is continually aligning its organisation to new business models and adding new professional expertise.

134 NEW HIRES AT 31.12.2023  
30.72% OVERALL TURNOVER RATE IN 2023

## 5.2 Health and safety

Guaranteeing the health and safety of its employees as well as those in external companies who work at the Group's production sites is a fundamental value. The Company translates this into concrete actions in every area. This intense focus is aimed at achieving full compliance with all legislation in force with regard to occupational health and safety, as well as a desire to create a **culture of safety**, developing **risk awareness and promoting responsible behaviour** on the part of all who work at the Ratti Group.

The adoption of the Management System has made it possible to improve and optimise the management of processes. A key pillar of this is the constant mapping of operational risks, their monitoring and the actuation of initiatives to mitigate them.

In 2023 the Company launched a best practice system by holding periodic meetings with specific figures (executives, supervisors, workers' safety representatives) in order to reinforce the culture of health and safety in the workplace. This, apart from being a legislative obligation, is an important act of social accountability.

For the Tunisian premises there is a **Committee for occupational health and safety** as well as a **manager responsible for occupational health and safety**. The Committee is invited to meet every two months to examine any significant developments, and once a year to discuss matters directly related to the social accountability standard. The committee generally consists of one representative from the management, one occupational therapist and two representatives from the workers.

In Textrom the Head of department, the consultants dealing with health and safety in the workplace and the business unit management meet on a monthly basis to discuss issues relating to health and safety in the workplace.

In RATTI SPA SB the review continued in 2023 of some machinery/production lines (Weaving and Dispatch): particular attention was paid to ensuring that materials were moved and stocked under safe conditions and to reducing the ergonomic burden on workers.

In addition, RATTI SPA SB periodically performs a series of environmental investigations to monitor the specific risks associated with the activities carried out and with the various workplaces.

Appropriate management of the fire protection system saw the Company obtain a Fire Prevention Certificate from the fire brigade for two production departments which had undergone significant modification.

### *ISO 45001:2018, occupational health and safety*

With ISO 45001 certification, RATTI SPA SB, Creomoda and La Maison des Accessoires have brought into being a solid **system for managing the working environment**, through the creation of formal procedures for identifying and managing risks and dangers to safety in the workplace, and guaranteeing the best possible working conditions for the health of their employees.

During November 2023 at the Guanzate site, the audit was passed for renewing ISO 45001: 2018 certification.

In 2022 and 2023, Creomoda e La Maison des Accessoires underwent audits relating to the occupational health and safety management system and social accountability. It should be noted that these audits showed that the companies comply with all aspects of health and safety in the workplace and that there were no elevated risks to health. In addition, both companies renewed their GOTS certification.

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Activities carried out by external companies in Ratti SPA SB, Creomoda and La Maison des Accesories are monitored through specific contracts. Monitoring the risks from work carried out under tender confirmed that management was adequate and there were no critical issues.

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

In addition, there is also a **social accountability team** which discusses any complaints relating to health and safety. Decisions are made and corrective actions taken.

Social.

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

In all companies in the Group health surveillance is carried out in line with the programme developed by the company doctor.

### *Promoting a culture of risk prevention in RATTI SPA SB* -----

During the World Day of Health and Safety in the Workplace RATTI SPA SB promoted a series of workshops focusing on the culture of risk prevention. On 28 April a number of mobile physiotherapists were invited into the various departments of the company to demonstrate practical exercises which alleviate the manual movement of loading as well as static working.

In 2023 RATTI SPA SB continued to take part in the WHP (Workplace Health Promotion) programme of Lombardy Region and l'Agenzia di Tutela della Salute (the Agency for Safeguarding Health) in Insubria. The company received, **for the fourth year running, recognition as a "place of work which promotes the health and wellbeing of workers"**. Through taking part in the programme RATTI SPA SB contributes to the prevention of risks linked to chronic and degenerative illnesses, such as those caused by poor diet, a sedentary lifestyle and smoking, outlining a scenario that can interpret changes, identifying **themes and health initiatives** and, in this way, promoting a pathway that can only be of benefit to **people's wellbeing**.

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

Also in 2023, a campaign was launched to promote seasonal anti-flu vaccination. In Italy 62 employees took part (equivalent to 12.08% of the workforce), a slight increase on 2022 (11.32%).

In addition, at the Tunisian plants a study began in 2022 and continued in 2023, in collaboration with a medical working group. The aim of the study was to improve the ergonomic aspects of workstations.

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### *Risk prevention for women in Creomoda and La Maison* -----

During 2023, two training/staff awareness events were organised in relation to health and safety in the workplace:

- The first (May 2023) was entitled: Campaign for the early detection of colorectal cancer.
  - The second was carried out during "Pink October" with the aim of combating breast cancer. On this occasion female workers over 35 years of age received free screening for breast cancer.
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Training on health and safety issues is of key importance in all Group companies. This always goes beyond the minimum required by the applicable regulations (for example, supervisors/managers receive training in specific operating instructions, or during the installation and implementation of new machinery the developer is involved in the initial phases of instructing/training the users).

RATTI SPA SB has also chosen to rely on partners in the sector so that training can help to deepen knowledge of the issues and so that the content can be absorbed through the use of effective teaching methods. This is integrated with the activities of the Manager of the Health and Safety Executive. Here it is possible to modify individual behaviour, spread a culture of safety and, where necessary, adapt the company organisation.

In 2023, particular attention was paid to the role of health and safety supervisors in spreading this company culture. They were increasingly involved and consulted in synergy with workers' safety representatives at information-sharing meetings focused on specific topics developed during the year.

New-hires were given a welcome session and specific initial training on aspects relating to the emergency plan, fire protection monitoring and the evacuation plan. Given the type of production required at the Tunisian sites, the annual training plan is updated to include new activities. Finally, in Textrom employees receive training from the nominated consultancy both when they join the company and on a monthly basis. In 2023 there were 7 **non-serious injuries** in the workplace of which 6 were in RATTI SPA SB and 1 in Creomoda. In compliance with ISO 45001 and SA8000 at the Italian sites and the Tunisian sites, for every

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

For 2023, following an analysis of the dynamics of these accidents, it was not deemed necessary to take corrective action in terms of modifying processes, procedures or the working environment.

The **rate of injuries** for the Group in 2023 was 5.45%, substantially in line with the figure for 2022 (5.63%)

### **5.3 Training and developing talent**

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

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

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

Ensuring the effectiveness and quality of RATTI SPA SB's training policies is the responsibility of business area heads, the manager directly involved or the trainer who delivers the course. In the event of a negative evaluation or performance, Human Resources and the managers involved will identify precise and specific corrective actions. During 2024 the Company will introduce a procedure for formalising the evaluation of training effectiveness. In Creomoda, La Maison des Accessoires and Textrom, however, monitoring activities are carried out at the end of each training session by means of comprehension tests and verification.

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

Overall, in 2023, 9,959 hours of training were carried out, an increase of **32.9% compared with 2022**. The increase in training hours on 2022 is concrete confirmation that training plays a central role in the Group.

In general, in 2023 at the Italian premises there was an increase in training dedicated to soft skills and IT expertise, as well as to the project under way to implement a new company operating system. Most of the training hours carried out in Tunisia and Romania were related to the topic of occupational health and safety. Meanwhile, at the Italian site of RATTI SPA SB, various technical training interventions were carried out. These improved employees' expertise and deepened their knowledge in areas such as the correct management of warehouses, time management, leadership, Photoshop and SAP. A significant part of the training was also dedicated, as is customary, to on-the-job training for new-hires or those who are changing roles.



### Investing in the talent of the individual

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

In 2023 the Company decided to take action to improve the integration of new-hires through training days aimed at introducing the Company and the HR topics which could be of use to employees. There were also programmes aimed at deepening product knowledge. Also in 2023, a number of senior "technical" figures were identified who could take on the role of "maestro". They would join the Company to pass on technical expertise and know-how relating to production.



Graph 4 - Type of training in the Ratti Group: percentage by type of total hours of training at 31.12.2023

In addition, RATTI SPA SB added to its training plan **courses relating to the Group's Code of Ethics, the Suppliers' Code and Model 231**. It also organised training courses on management systems, the related certification and topics relating to benefit companies. The **training plan for 2023** relating to these topics was extended to all white-collar workers and new hires.

Also for Cremoda – La Maison des Accessoires and Textrom – training on the Code of Ethics and on Model 231 is carried out for new-hires.

9,959 HOURS OF TRAINING CARRIED OUT IN 2023  
 967 HOURS OF TRAINING FOR MIDDLE MANAGEMENT AND EXECUTIVES  
 5,361 HOURS OF TRAINING FOR WHITE-COLLAR WORKERS + 65% COMPARED WITH 2022  
 3,631 HOURS OF TRAINING FOR BLUE-COLLAR WORKERS +33% COMPARED WITH 2022

## 5.4 The welfare of our employees

### Welfare in the Group

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

Order to facilitate the **reconciliation of company and personal needs**, specific modifications to hours are always accepted and their feasibility studied. In the case of shift workers other modifications to working hours are under consideration, the aim being to safeguard production.

A useful instrument supporting the above reconciliation and remote working, also used by employees in 2023 in line with their roles and activities. At December 2023 10,710 hours had been carried out involving 90 employees.

With regard to welfare, RATTI SPA SB offers its employees a **range of services and deals** from **medical to recreational**, as well as those services and opportunities that may be defined as **"time saving"**.

In 2023 the home-work incentivisation plan was approved. This involved the use of bicycles, car pooling and public transport through a system of vouchers.

#### *Services available to the employees of RATTI SPA*

*SB*

- Reserved parking: female staff, car pooling, pregnant women, female staff on the second shift (leaving work during the evening)
- CartAzienda Unindustria, agreements with shops and organisations in the local area
- Holiday resorts: Marzotto resort
- Area Ludica: area for ping-pong and five-a-side football
- Santo Natale: personalised gift for employees' children  $\leq 10$  years of age
- A postal service for receiving private letters and packages in the company instead of at home
- Psychological support for employees and formalised through an experimental introduction. Open to everyone through an online psychological help desk managed by an independent supplier.
- Laundry service: twice a week a commercial operator comes to the company to collect/deliver employees' items. The company pays for this in advance and then deducts the amount from individuals' salaries.
- Zero km market: once a week a local agricultural worker is onsite to sell fruit and vegetables
- Company bookstore: for swapping books and magazines, and open to all employees
- Sustainable travel: incentives for car sharing and for using bicycles and local public transport
- Digital subscriptions to "The province of Como". Since 2019 the company has made available to employees, at no cost, 60 subscriptions to the digital version of the local magazine.
- Smart Working, remodelled to suit the role to which it applies
- Study grants
- Takeaway meal service
- Anti-flu vaccine
- Optional membership of life insurance (temporary cover in the event of death), exclusively for employees and their families
- Introduction of the "welfare" platform in which employees can opt to convert the performance bonus set in their second level employment contracts into purchases of goods or services. Those employees who opt for this conversion are guaranteed an increase of 10% on the individual value of the bonus converted. The figure rises to 15% for those employees enrolled on the same date for "Previmoda" (Previdenza Complementare, a supplementary pension), or who were enrolled in the same fund on 31 May 2023.

During October RATTI SPA SB opened an experimental psychological help desk

through an online platform managed by an expert independent company.

In addition, 2023 saw the launch of the second edition of the "Ratti per il futuro" (Ratti for the future) project, the objective of which was to award study bursaries to employees' children who intend to undertake technical studies. This was aimed in particular at those courses for which a lack of students will have a significant impact on the industrial reality in the next few years. The courses identified related to mechanics, mechatronics and electronic energy, electrotechnics, IT and telecommunications, chemicals, materials and biotechnologies, fashion systems, construction, environment and local regions. January 2024 saw the launch of the third edition of the initiative, encouraging first-level secondary school students to choose a related study programme.

The Ratti Group's main welfare initiatives **for subsidiaries** relate to home-workplace transport. Employees of **Creomoda**, **La Maison des Accessoires** and **Textrom** benefit from a shuttle bus service. Company cars are provided for some employees in Romania. Employees of both subsidiaries in Tunisia also benefit from financial incentives, such as support provided towards their children's education and towards purchases of scholastic materials, as well as intermediation between the management and banks to assist with access to credit. Finally, areas have been set aside for all employees for lunch and breaks, as well as for prayer.

In addition, at the Tunisian sites an advisory **committee** has been set up consisting of workers and representatives of the company, which can offer its views on all worker-related issues as well as on social aspects. A social performance team has also been created, consisting of workers' and management representatives, with the aim of achieving a continuous improvement in working conditions. The Group introduced two initiatives, the aim being to favour integration and a sense of belonging in Textrom employees.

A performance-related bonus was introduced, analogous to that already in place in RATTI SPA SB. This was in addition to the various bonuses awarded in previous years (experience bonus, bonus related to public holidays). The management of public holidays falling on a Saturday or Sunday was aligned with the provisions of the National Collective Labour Agreement in force in RATTI SPA SB at the time (fashion clothing textiles).

Finally, between the end of 2023 and the beginning of 2024 negotiations will begin to renew the Internal Contract for the two-year period 2024/2025.

- **6 BUSES DEDICATED TO HOME – WORKPLACE TRANSPORT IN TUNISIA**
- **VOUCHERS ISSUED TO EMPLOYEES OF RATTI SPA SB FOR USING SUSTAINABLE MEANS OF TRANSPORT FOR A VALUE UP TO €2,898**
- **THE TOTAL NUMBER OF EMPLOYEES COVERED FOR SUPPLEMENTARY HEALTHCARE BY CONTRACT AND/OR SUPPLEMENTARY HEALTHCARE PAID FOR BY RATTI SPA SB**

## Enhancing and safeguarding diversity

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

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

In RATTI SPA SB all necessary measures have been taken to ensure ease of access to company spaces, with internal and external parking spaces reserved for people with disabilities, lifts that are suitable for ascending to the first floor of the building, and specially adapted bathrooms. Any workers who have difficulty walking following surgery or other medical treatment are granted temporary access to parking spaces.

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

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

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

### *SA8000:2014, respect for people is certified*

SA8000 is the main international standard applicable to all organisations for the appropriate management of social accountability and rights in the workplace. It is based on the ILO (International Labour Organization) conventions, the Universal Declaration of Human Rights and the United Nations Convention of the Rights of the Child.

Since 2015 RATTI SPA SB has been certified in accordance with the standard SA8000 Corporate Social Accountability, with the aim of attesting that the corporate system conforms with the principles of social accountability (freedom of association, the rejection of forced labour, occupational health and safety, improved attention to the needs of all interested parties, etc.) The same SA8000 Social Accountability certification was obtained in 2016 by the Tunisian subsidiary, Creomoda and, in 2019, by the newly acquired Group company, La Maison des Accessoires. SA8000:2014 is one of the international reference standards for managing social accountability

The Ratti Group seeks to enhance the individual through its remuneration policy. As a listed company RATTI SPA SB produces, on an annual basis, its "Report on Remuneration Policy and Payments Made". This is approved by the BoD once it has been proposed by the Remuneration Committee, which is composed of directors who are independent of the BoD of RATTI SPA SB. One part of this report shows the Remuneration Policy itself, while the other shows the payments made, of all types, to members of the management and supervisory bodies, to general managers and to other executives with strategic responsibilities at RATTI SPA SB. The last report was approved on 22 March 2023.

Remuneration policy is the main tool used to create a fair remuneration structure. This involves a careful balancing of the fixed and variable components, with the specific aim of avoiding imbalances which could lead to behaviour which does not encourage sustainable performance and which does not align with the risk profile.

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

## Safeguarding human rights

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

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

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

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

Declaration of Human Rights and the OECD Guidelines for Multinational Companies (see Chapter 5, paragraph 5.4 "*A virtuous circle of good practices*"). There was a continuation in 2023 of the monitoring of the risks of interference in work carried out under tender, confirming that management was adequate and there were no critical issues.

## Chapter 6 – The sustainable product

The contents of this section show how the Ratti Group supports the achievement of Sustainable Development Goal 12. To do this, the Ratti Group:

- commits to obtaining certification for the product;
- commits to the management of the chemical products used in the production phases
- seeks the reduction of resource flows entering the production cycle and the reduction of waste and all related environmental impacts, thanks to specific circularity activities undertaken.



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

#### Talent that lends form to ideas

*"It took me five minutes to produce this drawing, but it took me 60 years to get here"*. Through these words, Pier Auguste Renoir explains his art: a mixture of talent, study and experience. Being able to draw is without doubt a natural inclination, while the "rest" is long melding of technique and learning of the visual language to produce a design which expresses, perfectly, the starting idea. In Ratti's experience, art and fashion have always been much closer together than one might think, **rendering the world of fashion a form of artistic expression** on a par with painting or sculpture. The first cashmere designs of the Group's founder are proof of this: little masterpieces in Indian ink which, over the years, have been a continuous source of inspiration for many designers and creative people.

It is precisely this study of design which is the starting point of Ratti's creative process. It is work that does not follow any rules or precise methods, but instead consists of a continuous interaction between customers and the ideas they want to develop and designers with their own talents and personal creative traits. The result of this dialogue is a design which will be printed on fabric. The design may be seen as a kind of **meeting** between the end-customer with their desire to enhance the elements of their brand and the creative capacity of the individual designers to lend form and expression to these ideas. Out of this *ensemble* between the Ratti designers and the customers is born, time and time again, a **creative and innovative partnership** that leads to the realisation of something unique.

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

#### *Creativity at the click of a button*

Work is still under way to digitalise Ratti's historical archive, which boasts more than a million fabrics, designs and pattern books. This digitalisation process, which is continually progressing and improving thanks to a machine learning algorithm, enables customers to view more than 650,000 designs. It offers a one-to-one virtual experience of ever-increasing speed and efficiency, which simulates garment and furnishing models.

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

Digital acceleration, conceived in order to improve the way Ratti's collections are presented and expressed, seeks to transform the current *impasse* into an opportunity, offering alternative points of view and innovative ideas. For its digital archive, Ratti makes use of an API (Application Program Interface) for image recognition, classification and research using a cognitive computing system. The project is articulated in four steps: the digitalisation of physical references; data cleaning and classification; searching for and comparing images; managing the archive. In order to offer creative new stimuli to its designers and customers Ratti SpA is constantly committed to updating and expanding its archive.

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In this phase, a crucial role is also played by the Product Manager or, in other words, the person who, right from the start, interfaces with the market and receives customer requests. In order to ensure that the various Product Managers in the Ratti Group effectively perform the role of filter between customers and designers, this phase requires the intervention of Product Management who, on the basis of the abilities and stylistic characteristics of the various designers in the company, will pass the commission to the designer who is most suitable for carrying out this particular assignment. Ratti has always included within the department people from **diverse cultures**, to ensure that the designs can feel the effect of different influences and varied creative inputs. This makes an important contribution to the collection.

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

In general, it is clear that the process of design places an emphasis on an **ability to understand customer expectations**, which means a process of analysis that must be as analytical and detailed as possible. In order to arrive at a perfect proposal for a customer, it is necessary to pass through a series of proposals to capture the essence of the solution that can meet the customer's needs. The highest level of quality should be married with acceptable timescales – the internal organisation is dedicated to this goal based on concepts of **flexibility** and **immediate supervision**. In terms of results, the ultimate proof of the importance of design activities and the commitment shown to the customer is the revenue delivered by creative activity.

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

### *"Tessuteca Ratti"*

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The Tessuteca is a space – and also a service – which offers more than 609 tested bases and guarantees an immediate printing sample, whether traditional or inkjet printing.

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

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

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

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## The production cycles

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

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

Three principal production cycles are carried out by Ratti:

- weaving;

- dyeing and printing;
- hemming finished garments.

## 6.2 Spreading the cardinal value of intellectual property

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

The Group is committed to:

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

In addition, RATTI SPA SB will continue to **register its design collection**, the objective being to better safeguard the rights associated with those designs and the related interests of customers. This practice seeks to mitigate any negative effects the company might suffer from the loss of sensitive data or strategic information. To this end, should the loss of sensitive data relate to the development of a product which incorporates a registered design, dealing with any usurpers/counterfeiters would certainly be easier, precisely because of the existence of formal rights owned by Ratti SPA for that design. This process helps RATTI SPA SB to reinforce its activities centring on brand awareness and enforcement of the Ratti brand, the aim being to bolster the intrinsic and financial of the brand itself, both in Italy and abroad.

RATTI SPA SB **asks its suppliers and contractors to subscribe to its general conditions** which contain – among other things – **specific provisions and commitments in relation to respecting the intellectual property** of Ratti and its customers as well as strict confidentiality regarding the information transmitted when orders are commissioned. This policy enables RATTI SPA SB to work with suppliers and subcontracted suppliers who are contractually responsible for respecting intellectual property and confidentiality, in this way mitigating the risk of a loss of sensitive data or information, even in those activities which are downstream of the company's processes.

## 6.3 A commitment anchored in the most advanced standards

For Ratti, the art of *savoir-faire* represents an immense heritage of creativity and craftsmanship and, as such, must be protected and enhanced. Only in this way can a Ratti fabric or print represent a real competitive advantage. In the economic and social context that prevails today, it is vital for Ratti to confirm that it is deeply respectful of its environmental and craftsmanship heritage, guaranteeing that its work is of the highest quality.

In the textiles sector, user safety is linked first and foremost with products' compliance with **environmental regulations**.

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

In addition, 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 product certifications**:

- Oeko-tex Standard 100
- FSC (Forest Stewardship Council) certification
- GOTS (Global Organic Textile Standard) certification



- GRS (Global Recycle Standard) certification
- OCS (Organic Content Standard) certification
- RCS (Recycled Claim Standard) certification
- RAF (Responsible Animal Fiber) certification
- European Flax certification – European line

In addition, these specific product certifications, in 2019 RATTI SPA SB obtained **certification of the Quality Management System in accordance with the standard ISO 9001:2015**. This certification sets the minimum requirements that an organisation's Quality Management System must satisfy to guarantee the level of product and service quality it claims to have in place. For RATTI SPA SB, this certification represents an opportunity to create a Management System that takes all businesses processes into consideration. This is to ensure the optimum use of all its resources, to reduce production costs, to achieve objectives and to maintain a constant quality level for its product in order to improve customer satisfaction. By obtaining ISO 9001 certification, RATTI SPA SB assures its customers that it is working to achieve **continuous improvement in its business performance**, which is reflected in an **improvement in the quality of its goods and services**.

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

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

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

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

### FSC (Forest Stewardship Council) certification

The FSC has brought into being a forestry certification system which is recognised at international level. The objective of the certification is **appropriate forestry management and the traceability of derivative products** such as viscose fabrics. In 2020 RATTI SPA SB obtained FSC certification for certain **viscose articles which were printed and/or dyed**.

### The certification GOTS – Global Organic Textile Standard

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

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

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

## GRS (Global Recycle Standard) certification

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

Just as for RCS certification, GRS certification involves the release of an environmental declaration which has been verified by a third party, following the same procedure. This attests to the content of recyclable material in products, whether intermediate or finished, and guarantees that traceability has been maintained throughout the production process. In addition, GRS certification imposes **restrictions on the use of chemical products** as well as compliance with environmental and social criteria in all phases of the production chain. It guarantees that certified products contain at least 20% of recyclable material, pre-consumption as well as post-consumption. In 2021 RATTI SPA SB obtained GRS certification for recycled **polyester, polyamides and cotton fabrics, and padding from silk by-products**. In 2023 new articles were added.

## OCS (Organic Content Standard) certification

The OCS standard is promoted at international level by the Textile Exchange and involves the release of an environmental declaration which has been verified by a third party. This should attest to the **content of natural fibres from organic agriculture in textile products**, whether intermediate or finished, and should guarantee that traceability has been maintained throughout the entire production process. In particular, the OCS standard guarantees that certified textile products contain at least 5% of certified organic natural fibres. In 2021 RATTI SPA SB obtained OCS certification for **silk, cotton and organic silk/cotton fabrics**.

## RCS certification (Recycled Claim Standard) for recyclable material

RCS is a standard which has been promoted to international level by the Textile Exchange, one of the most important non-profit organisations at international level for promoting and responsibly developing sustainability in the textile sector. RCS certification confirms the content of recyclable material in the product (both intermediate and finished) and guarantees that certified products contain at least 5% of recyclable material pre-consumption and post-consumption. It provides an environmental declaration that has been verified by a third party. In 2020 RATTI SPA SB extended RCS (Recycled Claim Standard) certification to knitwear articles and to new compositions (**polyamide, polyamide/elastane and polyester/elastane**). In 2021 RCS certification was also extended to **viscose articles**.

## RAF (Responsible Animal Fiber) certification

During **2022** RATTI SPA SB improved its offer of sustainable articles and achieved RAF certification. This is the most important standard for the certification of products containing fibres of animals from responsible livestock management. Responsible Animal Fiber is also promoted by Textile Exchange and unites under a single certification RWS (Responsible Wool Standard), RMS (Responsible Mohair Standard) and RAS (Responsible Alpaca Standard). Together, these three standards **guarantee the source of wool, mohair and alpaca from responsibly managed livestock programmes** which respect the stringent criteria of **animal welfare** and the **reduction of environmental impact** and ensure that **traceability is maintained** throughout the entire production process. Responsible Animal Fiber guarantees textile products containing at least 5% of certified fibre and manufacturing activities and processes which use models and management procedures that comply with the requirements set. This certification is subject to annual monitoring consisting of periodic inspections of the production facilities and products' warehousing and distribution centres, to ensure that compliance is being maintained.

## European Flax™ certification

In 2023 RATTI SPA SB achieved European Flax™ certification for line. This guarantees the traceability and sustainability of linen fibre cultivated and produced in Europe. European Flax certification guarantees that linen has been cultivated in accordance with specific legislation and regulations in order to guarantee sustainability and quality:

- No irrigation (except in exceptional circumstances)

- No OGM seeds
- Local crop rotation: an ideal arc of rotation
- Low use of fertilisers and pesticides; no defoliants
- Natural dew that macerates in the fields
- 100% mechanical fibre production (scutching)
- Zero waste fibre – all parts of the plant are used and valued (fibre, seeds etc.)

## 6.4 Ratti's sustainable offer

The purpose of RATTI SPA SB is, as always, to develop a sustainable, constantly updated, offer which meets the needs of customers and the markets, and consists of certified yarns and fabrics and, therefore, consists of organic, recycled and socially responsible products which are included in the Tessuteca and all the Group's collections: more than 609 articles, made from various eco-responsible fibres, tested and manufactured and, mostly, available from stock.

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

The development of a sustainable offer is a result of paying constant attention to the needs of customers and the market and has been achieved through a partnership between the commercial functions, the purchasing office and the permanent sustainability working group.

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

- GOTS (Global Organic Textile Standard) organic silk and OCS (Organic Content Standard) silk
- GOTS and OCS organic cotton and recycled GRS (Global Recycle Standard) cotton
- GOTS organic wool, GRS recycled wool and RAF responsible wool
- Hemp
- Linen
- Responsible leather
- Lyocell
- FSC (Forest Stewardship Council) viscose and recycled RCS (Recycled Claim Standard) viscose
- GRS and RCS recycled and organic-based nylon
- Recycled GRS and RCS polyester
- GRS Cupro Bemberg™

Among the sustainable bases we find Ratti's **responsible leather**. This comes from tanning processes which do not use heavy metals and are part of the **Zero Impact** programmes for CO<sub>2</sub> compensation. Ratti's proposals also include **recycled Cupro Bemberg™ with GRS certification** included. Cupro Bemberg™ is a cellulose fibre which is very similar to viscose, but it differs from the latter in its manufacturing process since the starting point is waste material from cotton seeds (lint, the fluffy fibre on cotton). Cupro fibre is biodegradable, hypoallergenic, antistatic and transparent. It regulates body temperature and humidity like cotton, and is noted for a touch to the hand which is smooth and silky and which feels comfortable on the skin.

Completing the sustainable product offer are the natural dyes (see Chapter 7, paragraph 7.2 "*Dyes and chemicals*").

In order to monitor the effectiveness of the actions undertaken, the Ratti Group bases its approach on explicit compliance with customer needs in terms of materials. This includes **monitoring the materials supply market in a search for novelty and new projects**. Progress is measure by specific KPIs which monitor the percentage of sustainable fabric produced of the total.

## The selection of packaging materials completes the offer

Another important aspect of environmental policy the Ratti Group focuses on is the **optimisation of packaging**. To this end, RATTI SPA SB continues its careful monitoring of all materials purchased by analysing its spend per product. The Group continues to look for any new materials which could replace

existing materials and chooses to work with those suppliers that have the right certification for the kind of material purchased.

In addition, Ratti is broadening its research:

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

For Textrom, Creomoda and La Maison des Accessoires, given the limitations on local purchases, packaging is centrally managed from Italy, following the same process of packaging efficiency. Since October 2023, RATTI SPA SB has been organising three-monthly visits to its sites in Tunisia in order to enhance supervision and to promote closer links between the Italian and Tunisian operations. The process of research and improvement from a sustainability perspective is also guided by customer needs. Ratti periodically meets with customers through a dedicated team and seeks to guarantee a continuous improvement in its performance.

In addition, the Ratti Group is continuing to invest in **environmental sustainability**, the aim being to increasingly become a **"plastic-free 100% recycled company."** In responding to the issue of plastic consumption, Ratti is not looking to demonise anyone, but is instead seeking to find an alternative to the quantity of plastic that is used on a daily basis. With this in mind, Ratti has decided to **do a number of things to eliminate single-use plastic** at its Guanzate premises, introducing solutions such as the use of **dispensers and jugs**, the use of **bio-bottles and bottles made from recyclable materials** in the offices and, finally, giving each employee a **personalised flask** to use at the new dispensers installed in the office buildings and production areas.

The incentive to move towards encouraging more sustainable behaviour within the Group is without doubt one of the most significant educational aspects. This involves taking simple yet practical steps that make a difference in our everyday actions. The initiatives undertaken by the Ratti Group form part of the projects launched during the "plastic free" campaign promoted by the Minister of the Environment.

## 6.5 | Ratti's circular textiles: the PHORIA brand

During 2023 Ratti bolstered its own "PHORIA" line of circular textiles, which are products and services derived from the re-use, recycling and upcycling of materials (i.e. Repairing finished garments) .

### PHORIA Fibers

The first initiative, PHORIA Fibers, regards the creation of a **lining textile** (padding) based on the **re-use and recycling of silk**, which has extraordinary qualities which make it a versatile material: it is a natural fibre, resistant and light, with notable thermal, breathability and hygroscopic properties. The unique characteristics of the raw material, the know-how and the technological and transformation processes followed resulted in the creation of a high-performance thermal insulation which lends itself to use as a lining for outdoor and casualwear garments. The partnership agreement signed with Freudenberg Performance Materials, a worldwide producer of technically innovative fabrics, has played a key role in the development and creation of Ratti's new product. Applying the process through the use of air-laid technology has turned out to be a winning formula for making padding which re-uses/recycles silk. The three-dimensional structure derived from it allows the formation of innumerable minuscule air pockets which give the product excellent breathability and thermal properties. The high level of dimensional stability and resistance to washing are also indicators of quality. The lining is 70% silk, and comes in five different weights. The product, which already had an Italian patent, obtained a European patent in 2022.

### PHORIA Hydro

PHORIA Hydro involves the **reconditioning of used garments in order to revamp their water-repellent function**. With use over time, many garments become less waterproof. However, using an eco-friendly industrial process, PHORIA Hydro plans to revamp the water-repellent function of such garments, allowing them to be re-used and their technical performance to return to its former level. The first input came from the world of sport: in 2019 two Alpine guides presented their idea to Ratti, in whom they found the right partner to bring it to fruition. And this is how Ratti started its work of analysis, research and experimentation which gave life to the PHORIA Hydro project. "Hydro" is a process which operates directly on the garment, not on the fabric. It uses products which respect the environment and which comply with safety and quality standards which means, first and foremost, the total absence of any fluorocarbons. The industrial application guarantees the uniformity and reproducibility of the results, as well as the level of resistance to

washing compared with products for domestic use. In 2021, the design and finalisation phases left room to gauge initial market reaction. From Hydro the Texun **trademark** ([www.texun.it](http://www.texun.it)) was born which offers its services to a new and varied range of customers: from laundry to dry-cleaning services, to sportswear chains and the end-consumer through e-commerce sales. In 2022 the industrial process underpinning the waterproofing of finished garments received its Italian patent. In January 2024 the European Patents Office authorised the release of the patent.

## PHORIA Print

PHORIA Print is the Ratti Group's third circular economy project – it regards **the reassessment of unsold garments and leftover stock**. PHORIA Print began to take shape in the spring of 2020 during the pandemic, when Ratti established a Resilience Committee. This became a recipient of ideas and creativity, many of which translated into real projects which were adopted and implemented by the company. Of these PHORIA Print, an initiative proposed by Ratti to solve the problem of excess warehouse stock, gave value back to the garments through the **creativity of manual printing**. The rediscovery of the ancient *a planche* technique, together with other applications, has rendered each garment unique and unrepeatable, giving space to a limited and personalised series. The right solution is found for each garment through the support of a team of experts which is made available to each customer. The upcycling of unsold garments presents itself as a solution which makes it possible to avoid financial losses, recovering the capital value of stock which was either destined to be written down or, in a worst-case scenario, destroyed. Upcycling is more than just selling at a discount in that it makes it possible to re-propose articles to the market at the right margin. The new garment can be sold at retail price or at an even higher price, with the margin only being reduced by the cost of the new printing or, even better, avoiding any loss at all. In addition, PHORIA Print contributes to the **lowering of emissions** by avoiding *ex novo* production and responds to market requirements which are more and more sensitive to sustainability. At the same time it offers better positioning in terms of brand reputation. Items such as duvets, trench coats and t-shirts found a new aesthetic. Pigments, dyeing, tie-dyeing and original prints transformed the imagine of obsolete articles without any need to unstitch and detach all accessories, such as zips, buckles and buttons, from the item. An effective, creative, and, at the same time, **responsible** solution.

## Chapter 7 – Ratti's environmental commitment

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

- has implemented an integrated management system;
- commits to mitigating environmental impact in terms of chemical products used, waste generated, energy and water consumed and CO<sub>2</sub> emitted;
- uses renewable electricity;
- is orientated towards circular organisation;
- promotes sustainable mobility initiatives for staff;
- selects suppliers that respect the environment and human rights, having signed up to the Code of Ethics and the Suppliers' Code.



### 7.1 Sustainability in textiles: challenge accepted

RATTI SPA SB, Creomoda, La Maison des Accessoires and Textrom are equipped with **environmental policies** which aim to steer business processes towards solutions that ensure greater protection of the environment as well as research into the reduction of consumption. In order to manage and reduce the **environmental impact** of the use of energy and water, as well as emissions of polluting gases or gases with a greenhouse effect, each company in the Ratti Group operates autonomously. It does so in accordance with its business model for managing and organising its activities and in accordance with **its environmental policies**, and in compliance with the local regulations governing environmental protection, while coordinating fully with the RATTI SPA SB Parent company.

In particular, RATTI SPA SB's environmental policy is included in the **Corporate Policy of the Integrated Management System** and was updated in 2023 with the objective of promoting the following actions:

- to choose and use equipment, resources, materials and substances in a rational manner, taking into consideration their impact on the environment and their potential risks to health and safety, with particular regard to mechanical, chemical and manual handling risks;
- to favour the use of technologies, products and services, whenever these are available, that have the least impact on the environment;
- to operate with the logic of a circular economy, limiting the use of natural resources and the production of waste, focusing instead on the re-use and/or recovery of materials;
- to select suppliers/subcontractors on the basis of their ability to supply goods and services in compliance with the requirements and principles of the management system;
- to promote organisational growth and orientate business systems towards solutions that best protect the environment, reduce the consumption of energy and water, reduce the amount of waste produced and manage waste responsibly;
- to develop and extend information, communication and employee training processes to raise awareness of environmental sustainability and promote dialogue with internal and external stakeholders to guarantee the effective and efficient application of the company's management system;
- to prevent any form of pollution, in particular air and water pollution;
- to develop and update the management procedures for emergency situations and the criteria for evaluating risks to health and safety at work and to the environment.

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

involving the re-use and recycling of materials, the Group promotes environmental protection and contributes to the spreading of a sustainability culture among all those it deals with.

To this end, in 2015 **RATTI SPA SB obtained ISO 14001:2015 certification for the Management System for Safeguarding the Environment**. Thanks to this certification the company guarantees and attests to the compliance of its operations with the requirements stipulated in terms of principles, systems and support techniques for the appropriate management of the environment.

From the point of view of continuously improving its environmental performance, since 2011 the Ratti Group has undertaken the journey **Ratti for Responsibility**, making **significant investments** in order to optimise production processes, replace machinery and reduce the amount of resources consumed. In this context Ratti has produced a self-declared environmental assertion (reference standard: ISO 14021), audited by a third-party independent entity (Bureau Veritas), according to which the consumption per metre produced has fallen as follows (2019 versus 2013) at the Guanzate plant: electricity -29%; methane gas: -35%, water -31%.

Since 1 January 2020 electricity at the Guanzate plant has been 100% green,

self-produced in part by photovoltaic plants.

In order to assess the impact of direct activities, in 2019 RATTI SPA SB carried out a gate-to-gate **LCA (life cycle assessment)**, in accordance with UNI EN ISO 14040:2006 standards and audited by a third party. The performance analysis related to the **Guanzate** site where, in comparison with Textrom, the Group's production activities with the greatest environmental impact are carried out. Meanwhile, the impact of the activities (hemming) carried out at Creomoda and La Maison des Accessoires may be considered negligible, given the absence of industrial production. In 2021 the analysis of climate change risks was updated (see Chapter 3). In December 2021 Ratti joined the Fashion Pact, a coalition of leading global companies in the fashion sector involved in issues such as global warming, biodiversity and protection of the oceans. In 2023 RATTI SPA SB ascertained the environmental footprint of its Guanzate plant by applying the OEF methodology, a European standard which operates from the point of view of life cycle and which takes into consideration the procurement of raw materials, consumption and emissions, the amount of waste produced and transport to customers.

It is noted that in 2023 **no cases were recorded of non-compliance with the regulations for environmental matters**.

## 7.2 Dyes and chemicals

Ratti is committed to the monitoring and control of chemical substances and adheres to the reference protocol for the sector, ZDHC (Zero Discharge of Hazardous Chemicals), for the elimination of hazardous substances.

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

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

Companies which comply with the ZDHC programme must **manage their wastewater** in compliance with the concentration limits set by the **Wastewater Guideline** for wastewater originating from production processes. Chemical substances must be handled in an appropriate and organised manner, and an audit protocol is in place to assess this aspect. Finally, in order to replace particularly hazardous chemical substances with those that are ecologically superior, a company must implement a system to research and develop alternative substances. Since 2019 **RATTI SPA SB has been a contributor to ZDHC (in 2023 the term "contributor" was replaced by the term "signatory")** and, over the years, has taken its contribution a step further by updating the general supply conditions for chemical products and dyes and by asking its suppliers to commit to implementing the ZDHC programme and registering the products supplied in the ZDHC gateway.

Every time RATTI SPA SB needs to evaluate the addition of a new chemical product, it must be checked that it complies with the MRSL (Manufacturing Restricted Substance List) of the ZDHC and that the chemical product is recorded in the ZDHC gateway (if the product is not present the supplier is asked provide proof of compliance and/or the concentration of the substance on the MRSL of the ZDHC).

In 2021 Ratti signed up to the new ZDHC project "**Supplier to ZERO**", a programme aimed at suppliers, with the objective of improving the system for managing chemical products through the application of the new standards, best practices and recommendations of ZDHC. By subscribing to a dedicated platform, the company will be able to certify its performance in terms of the system used to manage chemicals, in a process consisting of three levels:

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

In 2021 RATTI SPA SB successfully completed the first level and in 2022 it successfully completed the second level. The third level has not yet been made available by ZDHC.

## Chemical Management has been widened to include the supply chain

The Chemical Management System in Ratti was formalised and integrated into the management system in 2020. Since then the documentation has been kept updated in line with legal and ZDHC requirements. During 2023 a significant update was made to the system to widen the field of action to include the supply chain.

In particular, an update was made to the sections covering the purchasing conditions relating to the guarantee of chemical compliance, as well as to Ratti's Product Restricted Substances List (PRSL). This was to reflect the increasingly stringent requirements of the textile's world and the reference legislation.

Suppliers were then mapped, and the most significant contractors were sent the updated conditions and the self-assessment questionnaire for the Chemical Management System. Following the data collection, a rating system was adopted.

Finally, a testing plan was developed to mitigate risk in the case of suppliers with low ratings and audits were carried out at contractors that perform manufacturing at high chemical risk.

Suppliers of yarns and fabrics are asked to guarantee that all products supplied comply with the limits set in the Ratti PRSL. They are also asked to check that the production processes for supplies (whether internal or contracted-out manufacturing) comply with the requirements listed in the MRSL of ZDHC.

Contractors are asked to implement their own internal chemical management system and to use chemical products which comply with the MRSL of ZDHC.

Suppliers of chemical products are asked to register on the ZDHC Gateway or, at least, for a similar form of compliance (GOTS, Bluesign, etc.).

The recognition and accreditation of Ratti's chemical management system has been effected through the **4Sustainability CHEM** protocol. Applying the protocol involved carrying out checks in the field and concluded with a confirmation of the activities carried out and an evaluation of the level of implementation as "advanced".

In order to achieve continuous improvement in the management of chemical products and dyes, 2018 saw the implementation of **software used to manage** compliance with the Manufacturing Restricted Substance List of the Zero Discharge of Hazardous Chemicals. This was achieved by adding to the Management System a section dedicated to this information, as well as to security and technical profiles, and all the other ecotoxicological information for the supplier (see also the box "*ZDHC and Supplier to Zero*").



## The laboratory of RATTI SPA SB

In October 2023, internal laboratory tests resulted in Accredia accreditation (Accreditation no. 2064L) for the following tests:

- Fastness of colour to sweat (UNI EN ISO 105-E04:2013)
- Fastness of colour to water (UNI EN ISO 105-E01: 2013)
- Fastness of colour to rubbing (UNI EN ISO 105-X12: 2016)
- Determining the pH of water extract (UNI EN ISO 3071: 2006)

In order to widen the range of services available to those involved, the laboratory subsequently asked Accredia for – and obtained – a broadening of its list of accredited tests. This included the corresponding Chinese standards (GB standards) relating to ensuring compliance with the obligatory GB 18401 standard applicable to the introduction, in China, of textile products destined for clothing.

### 7.3 The management of water resources

In order to optimise water consumption at the Guanzate site, Ratti has launched a process which reduces water consumption during the phases of the production process. This draws its water resources mainly from dedicated wells.

With the objective of reducing consumption at the Guanzate plant, in 2023 the following interventions were carried out:

1. The complete hydraulic line – both input and output – was mapped.
2. A project was launched to widen the scope of monitoring through the installation of meters.
3. A study was commissioned to optimise water flows in certain production areas. The aim was to improve the monitoring and awareness of consumption.

The monitoring of the **quality of wastewater** was carried out on a three-monthly basis by the purification plant, twice a year by Ratti in line with the analyses required by the ZDHC and once a year in compliance with the provisions of the AUA (Autorizzazione Unica Ambientale or Single Environmental Authorisation). The minimum quality parameters for wastewater were assimilated with those of the AUA (Single Environmental Authorisation) for the fundamentals, and with those of ADHC for metals and the MRSL. In the Textrom plant in Romania, the analyses of wastewater quality are carried out annually, as prescribed. In 2023 RATTI SPA SB carried out the **water campaign** required by the ZDHC protocol, which involved an analysis of the MRSL parameters as well as the key parameters of the ZDHC programme. The analyses showed that the substances prohibited by the ZDHC protocol had been **eliminated from the production process**.

For RATTI SPA SB, the procedure for **managing water** derived from manufacturing carried out at the plant, including that from bathroom facilities, requires it to be channelled through the internal collection network, where it is filtered (through bar screens) in a number of phases and pumped into the accumulation basin of the system, before being subsequently sent to the purification plant, as per the AUA.

In the production plant in **Textrom** in Romania, industrial wastewater is channelled into a decantation tank in order to separate and subsequently remove the solid part. It is then sent to the relevant purification plant, as authorised and regulated by the contract. Water deriving from civil use is, however, stored in a reservoir, drained off and disposed of. In general, in Romania analyses of industrial wastewater are carried out annually, as prescribed. However, at the Tunisia plant, water is not used for industry.

### 7.4 Less resources consumed, a better future

#### Monitoring energy consumption

100% GREEN ELECTRICITY IN RATTI SPA SB

1,210,027 kWh ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN RATTI SPA SB IN 2023

96,739 kWh ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN CREMODA IN 2023

139,118 kWh ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT IN RATTI SPA SB PROVIDED TO THE NATIONAL GRID IN 2023

23,097 kWh ELECTRICITY PRODUCED BY PHOTOVOLTAIC PLANT OF CREMODA PROVIDED TO THE NATIONAL GRID IN 2023

RATTI SPA SB, Creomoda, La Maison des Accessoires and Textrom are adopting environmental policies which, in terms of energy, are aimed at **monitoring consumption** and **seeking opportunities to achieve reductions**. In particular, Ratti uses 100% green electricity, part of which it produces itself at its photovoltaic plant. The Creomoda site also has its own photovoltaic plant.

The **Tunisian** companies, where hemming activities are carried out, do not use gas. Policy therefore focuses on monitoring and subsequently reducing the consumption of electricity and wastage.

As regards Textrom, environmental policies have been adopted which, as far as energy is concerned, are aimed at monitoring and subsequently reducing the consumption of energy, water and waste.

During 2019 RATTI SPA SB concluded activities for certifying the **Energy Management System** according to the **ISO 50001:2018** standard, carrying out energy analysis on the basis of 2018 consumption. During 2023 it was confirmed that this system complied with the ISO 50001:2018 standard.

### *ISO 50001:2018, energy efficiency*

Ratti SPA's Energy Management System is certified in accordance with the ISO 50001:2018 standard. The objective of the ISO 50001 standard is to enable organisations to create and maintain an Energy Management System (EMS), allowing them to continuously improve their energy performance. The standard sets the requirements applicable to the use and consumption of energy, including activities relating to the measurement, documentation, planning and acquisition of equipment, as well as the processes and personnel that contribute to determining energy performance.

During 2023 a project was completed to design and implement a network of meters used to measure the consumption of water, electricity and gas, increasing the number of those already in place.

In addition, in 2023 new ENERGY TEAM CLOE monitoring software was installed. The CLoE platform is designed to help reach an overview, in terms of analysing energy data to reach a better understanding of the use of energy resources, of the options for reducing energy consumption. It also makes it possible to monitor the various activities carried out in relation to energy consumption and energy efficiency interventions.

In addition, the platform makes it possible to carry out various analyses directly within it. These include, in particular, energy analyses used by various figures within the company. This makes it possible to control the company's energy consumption as well as details of the performance of equipment and the results of energy efficiency initiatives.

From 2024, it will be possible to use the CLoE platform as a tool to support the energy management system, in accordance with ISO 50001:2018. Currently, surveillance and monitoring of energy KPIs is done by a specific procedure of the integrated management system.

In 2023, RATTI SPA SB carried out, in particular, the following new activities:

- works have been completed to install two new sections of the photovoltaic plant, one on the roof of the social centre, the other on the shade roof to the west of the company and representing a total of 186 KW. Authorisation for these to be brought into service is currently being awaited. These initiatives will have a positive effect, both economic and environmental, with an increase in self-production and a reduction in purchases of energy.
- A project was developed to install further photovoltaic sections on internal car park roofs, for a total of 62 KW. This initiative will be of benefit to users of the car parks, as their cars will be afforded greater cover and protection.
- Feasibility studies have also been undertaken with regard to the installation of further photovoltaic plants on the roofs of external car parks, and the technical offices of the various councils are carrying out checks. The completed works will lead to an increase of over 1,110 KW.
- In 2023, work was completed in the production area to replace 6 dye baths with 4 new generation dye baths that use vapour instead super-heated water. The transition to vapour forms part of a bigger project aimed at eliminating super-heated water and the related exchanger from the plant.

This project will help reduce gas consumption. By eliminating super-heated water, it is possible to eliminate the inefficiencies related to its use and reduce the use of gas currently consumed during the production of super-heated water.

- 2023 saw the continued replacement of batteries which had reached the end of their life. Some older generation battery chargers were replaced with high-efficiency batteries. The positive impact of this reduction in consumption was down to new systems which guarantee recharging savings of around 30%.
- An external company carried out an energy analysis: a new assessment focusing on identifying new energy efficiency projects. This first analysis led to a deeper evaluation of the upgrading of the air-conditioning system in the office building (UTA plant – refrigeration units – boilers), with the aim of identifying the best strategy for replacing the refrigerator units (very old and heavy consumers).
- Since 2020, Ratti has been undertaking continuous action to replace electric engines, acquiring IE3 high-efficiency electric engines (also referred to as “high yield”). These comply with the efficiency levels set in the IEC 60034-30 standards;
- In 2024 monitoring will begin of compressed-air networks. This will be done using meters that measure leaks with an integrated camera and then calculate the amounts lost. This will make it possible to easily identify and record even the smallest leaks over long distances, reducing the consumption of energy used to produce compressed air.

At the Guanzate site, Ratti ensures compliance with the applicable authorisations, laws and regulations, as well as the **monitoring of specific KPI parameters for environmental performance** through surveillance plans that are defined and managed in accordance with the appropriate procedure.

KPIs have been defined for significant energy use, as required by the ISO 50001 standard, as well as for other uses which are not significant but are of particular interest to the company. These are normally determined as the consumption of one of more energy vectors relative to the use under consideration, normalised against an indicative parameter. For most KPIs this indicative parameter is meters of textiles produced (for further details see the annex to Chapter 7 at the end of the report).

Finally, over the last few years RATTI SPA SB has carried out an internal study aimed at comparing the consumption of energy, water and chemical products by inkjet printing with traditional printing (table or rotary). The investigation was carried out in compliance with the standard **ISO 14021:201 (self-declared environmental assertion)** and was reviewed by Bureau Veritas. The results showed **lower consumption for traditional printing than for inkjet printing**.

### Table printing versus inkjet printing

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

Source: Internal study verified by an independent body, 2017. The negative percentages indicate a saving and, therefore, improved efficiency, while the positive percentages, on the other hand, indicate higher consumption.

### Rotary printing versus inkjet printing

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

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

## Travel better to consume less

Not only what one does in the company but also how one gets there can contribute to a better environment. To encourage a move to **more sustainable travel**, the company has gradually replaced a number of company cars with electric vehicles, providing **14 charging points**. According to the policy governing the company's car fleet, employees should prioritise the use of electric cars for journeys up to a total of 100km. **RATTI SPA SB** also encourages employees to make journeys using public transport, combining this with the pre-existing shuttle bus to and from Lomazzo station. Financial incentives have also been offered to promote car pooling by employees who share similar journeys to and from work. A shuttle bus has been made available to employees at the **Creomoda, La Maison des Accessoires and Textrom** sites.

### *Sustainable mobility*

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#### CARPOOLING

- Parking places reserved for work teams
- Company cars available when overtime is required

#### BICYCLES

- Numbered and personalised racks with locks
- 18 people involved in 2023

#### LOCAL PUBLIC TRANSPORT

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

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

#### CO<sub>2</sub> SAVED

3,259 kg of CO<sub>2</sub> SAVED thanks to sharing the journey to and from work through car pooling, or through using public transport or bicycles.

#### ELECTRIC CARS

The company car park has 7 electric cars, which in 2023 were used to travel 74,999 km.

#### SHUTTLE BUS

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

- 230 people involved at the Tunisian sites of Creomoda and La Maison des Accessoires
  - 21 people involved in Textrom
- 

## 7.5 The circular economy and waste management

### The management of waste

The Ratti Group's waste management policy is orientated towards the prevention, reduction and improved management of waste.

With regard to prevention, the Company is committed to exploring ways of using by-products, making donations and looking for product servitisation possibilities.

With regard to reduction, the Group is committed to continuously searching for opportunities to reduce the production of waste, by means of actions aimed at training or raising the awareness of its staff, analyses of the sources of waste production, a reduction in the amount of scraps, a search for new supply agreements,

a review of work cycles, the acquisition of durable, reusable and repairable materials and the transition from the physical to the digital.

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

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

The Ratti Group's waste management policy was updated following the publication of "Strategy for Sustainable and Circular Textiles" by the European Commission on 30 March 2022. This document raised the issue of the destination and the reuse/recycling of textile waste and the need to activate EPR (Extended Producer Responsibility) schemes, i.e. consortia of producers committed to managing the end of life of textile products.

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

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

In 2015 RATTI SPA SB implemented an environmental management system in accordance with the standard ISO 14001 and, in this regard, drew up specific procedures for managing the waste generated. Particular attention is paid to the management of hazardous waste, from its classification and its internal management to its being entrusted to leading authorised companies in the sector which deal with transport and disposal/recycling.

With regard to the environmental impact of waste, in 2019 RATTI SPA SB carried out a gate-to-gate LCA (life cycle assessment) survey for the Guanzate plant, which was reviewed by an external company. The investigation showed the negligible impact of the waste generated and its transportation.

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

For Creomoda and La Maison des Accessoires, where there are no industrial facilities, only modest amounts of waste are produced in comparison with the Guanzate site. Such amounts are recycled/disposed of by specialised companies in accordance with the legislation in place. Since 2018, Ratti has been committed to weighing, tracing and reporting waste, with the objective of improving its management. The waste produced is managed by a third party, which is responsible for the transportation, recycling and disposal of the waste. For certain types of waste an agreement has been reached with a company accredited by the State. The Environmental Agency of the Republic of Tunisia carries out checks on such companies, verifying compliance.

At the Textrom site, finally, waste disposal takes place in accordance with local regulations, reporting the principal categories of waste and their destinations. The recycling and disposal of waste is carried out by third-party contractors.

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

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

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

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

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

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

Waste that is produced downstream from the organisation is represented by products, whether **fabrics or accessories**, and **packaging** bound for customers. Fabrics provided to customers are used to make items of clothing which, in turn, having been purchased by the end-consumer and having reached the end of their life cycle, **produce textile waste**.

According to "The Italy that recycles", 2021 edition, a study carried out by the Foundation for Sustainable Development <sup>4</sup>, the destination of post-consumption textile waste collected on the national market breaks down as follows:

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

## Collaborative projects

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

### *EPR: a tool to render the textile/fashion sector more and more circular*\_\_\_\_\_

One **powerful circularity tool** is Extended Producer Responsibility (EPR), whereby **producers' responsibilities extend to managing the end of life of product** launched on the national market. In EPR, producers – i.e. companies in the textile/fashion sector – come together to organise and finance the collection, selection and treatment of textile waste. The Strategy for Sustainable and Circular Textiles, published by the European Commission in March 2022, further enhanced EPR. Ratti has, for some time, been carrying out studies and investigations on the topic, in partnership with other companies. These activities came to a positive conclusion and, **in 2022, Ratti and a number of other companies set up the Retex Green consortium, which deals with the recycling of textile waste and the circularity of the supply chain**. In 2023 the consortium carried out support activities for its members. Naturally, the development of consortium activities depends on future legislation affecting EPR textiles in Italy.

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

In 2013, the Rehubs initiative evolved when a Belgian international non-profit association was set up (Rehubs Europe) with headquarters in Brussels. Its purpose is to "facilitate cooperation between associated companies for investing in and developing infrastructure used in the recycling of textile waste in Europe.

<sup>4</sup> [https://www.fondazioneviluppoperosostenibile.org/wp-content/uploads/ITALIA\\_DEL\\_RICICLO\\_2021\\_web.pdf](https://www.fondazioneviluppoperosostenibile.org/wp-content/uploads/ITALIA_DEL_RICICLO_2021_web.pdf)

As far as preventing waste is concerned, RATTI SPA SB is working with Siticibo on the **collection of excess food** and has developed a series of **circular economy activities** aimed at recycling materials. In this regard the **PHORIA project** is relevant (see Chapter 6, paragraph 6.5 "I Ratti's circular textiles: the PHORIA brand". Finally, Second Life Fibers Srl (single shareholder RATTI SPA SB), declared that it opened for business on 18 July 2023. The subsidiary recycles non-hazardous textile waste.

## 7.6. A virtuous circle of good practices

### Selecting suppliers

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

As far as the supply chain is concerned, Ratti purchases both direct materials (yarns, unfinished and semi-finished fabrics and all materials involved in the production cycle) and indirect materials (services, capex, maintenance, packaging and materials not directly involved in the production cycle). With regard to the first (direct) category, the geographical areas for supply include the Far East, Italy and Europe, while indirect category involves Italy and Europe.

Group purchases are almost all carried out by RATTI SPA SB while the foreign sites at Tunisia and Romania purchase negligible quantities of materials, in compliance with local regulations.

RATTI SPA SB's **Code of Ethics** and Suppliers' Code are key tools for managing relationships with suppliers. They were renewed in 2023 (see Chapter 4, paragraph 4.2 "*The bodies and the instruments that monitor corporate ethics*", and for further details the **Code of Ethics** (see the box "*The Supplier's Code*"). In addition, **RATTI SPA SB's Environmental Policy** raises the topic of supply chain, specifying that Ratti selects "suppliers and subcontractors on the basis of their ability to supply goods and services which comply with the requirements and the principles set out therein (sustainability, quality), monitoring their performance and establishing a constructive dialogue with them to ensure that the business is sustainable over time".

#### *The Suppliers' Code*

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

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

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

An **evaluation of the supplier**, therefore, must ensure that it subscribes to the Group's Suppliers' Code/Code of Ethics, it accepts the general supply conditions and adheres to the principles of social and environmental accountability. With the aim of enhancing and monitoring the accountability of its supply chain, RATTI SPA SB has implemented a **procedure for initial selection and regular assessment** in which, in addition to quality, service and competition criteria, specific parameters of suppliers' **social and environmental accountability** are monitored. To do this, the company has **launched specific audits** – both of a social and an environmental nature – of its **supply chain**. Indeed, in addition to the activities described above, in 2023 an audit plan for major suppliers – both Italian and non-Italian – was put in place. The audits were carried out by third parties onsite, the objective being to evaluate the suppliers' operations from a social point of view and to identify any incidences of non-compliance. This activity was carried out for a reduced number of suppliers identified as strategic and will be broadened in the years to come. At 31 December 2023 RATTI SPA SB had **1,252 suppliers**; of these **87.70% are from Italy**, 7.75% from other

European countries, 3.67% from Asia, 0.64% from North America and 0.24% from Africa. With regard to Italian suppliers, **65.03% are located in the Lombardy region** and, specifically, **27.24% are in the Como area**.

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1,252	TOTAL SUPPLIERS OF RATTI SPA SB
87.70%	ITALY
7.75%	OTHER EUROPEAN COUNTRIES
3.67%	ASIA
0.64%	AMERICA
0.24%	AFRICA

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## The social accountability of the supply chain

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

- **effectively communicate** the requirements of the standard to the management of suppliers, contractors, or private employment agencies and sub-suppliers;
- **evaluate** significant risks of non-compliance by suppliers, contractors, or private employment agencies and sub-suppliers;
- **take reasonable steps** to ensure that significant risks are adequately dealt with by suppliers, contractors, or private employment agencies and sub-suppliers, and that subsequent action is taken with the appropriate priority;
- **take action** to monitor and track the performance of suppliers, contractors or employment agencies and sub-suppliers, with the aim of ensuring that their significant risks are effectively dealt with.

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

To ensure the above, the Group follows specific procedures, during the initial choice of suppliers and during **regular assessments** of whether said suppliers are complying with the standard SA8000.

With regard to procurement from **countries** considered to be **critical** in that they lack laws and regulations that protect workers – even in the area of child labour – RATTI SPA SB and its Tunisian subsidiaries have implemented a social accountability management system, certified in accordance with SA8000 by an independent third party. Suppliers are asked to fill in a self-assessment questionnaire in which the company's legal representative confirms compliance with the principles of SA8000.

In 2020 a **specific declaration on forced labour** was also drawn up. Suppliers of raw materials potentially from areas at risk were asked to sign up to this.

With regard to the Textrom site most suppliers, given that they deal with purchases from Italy, are assessed in accordance with the Group's procedures. The small number of local suppliers comply with the national legislation in force.

The indications provided by the certifying bodies, given the lack of regulations/laws protecting workers, even in the case of child labour, are in favour of limiting the use of suppliers from the following countries: Bangladesh, Kenya, Guatemala, Honduras, the Philippines, Venezuela, Laos, Bolivia, Vietnam.

Ratti has therefore limited its purchasing activities in those countries, carrying out appropriate certification activities when necessary. The only case of supply relationships with companies in a country at risk is that of a Pakistani company, whose compliance with SA8000 principles has been assessed (SA8000 certification).

In addition, Ratti has excluded from its supplier pool all businesses that operate in/use raw materials coming from the following countries: Uzbekistan, Turkmenistan, Kazakhstan, Tajikistan, Syria, Iran and the Xinjiang region.



The Ratti Group is constantly updating – in alignment with the market – the list of at-risk countries from which suppliers are not accepted.

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

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

## The environmental accountability of the supply chain

As already mentioned, the Group's purchases are almost all made by RATTI SPA SB, although purchases of chemical substances and dyes, given their crucial importance to the Group, are all made by the Parent company.

To this end, for all companies which supply chemical products, waste disposal services and textiles, RATTI SPA SB (The Prevention and Protection Service and Chemical Management) carries out a specific environmental evaluation, also applying the provisions set out in the relevant procedure and carrying out assessments of the suppliers of such products. This guarantees that, in purchases made by RATTI SPA SB, there are no substances that could lead to non-compliance with national and regional regulations and the most commonly applied certifications.

With specific reference to RATTI SPA SB, environmental policies are based on national laws and the certifications in force. Ratti is particularly careful not to include in its purchases substances that represent a high risk to the environment.

Ratti asks its suppliers of chemical products to sign a declaration of compliance with the REACH European regulation and to conform with the MSRL of ZDHC.

## Chapter 8 – Innovation and community

The contents of this section show how the Ratti Group is orientated towards Sustainable Development Goals 1, 4, 9, 10, 12 and 17. The Ratti Group:

- commits to innovation, developing projects – including partnerships – involving products, processes and services;
- invests in the future of the younger generations, working with schools and universities whether in Italy or abroad, as well as with associations which help young people to enter the world of work;
- contributes positively to the community and participates in initiatives which support those in need;
- participates in events, conferences, initiatives and programmes; collaborates with associations and institutions.



### 8.1 Green and digital innovation

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

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

Responsibility for coordinating all initiatives lies with the Innovation Board, a body which was set up in 2022 and reinforced in 2023 through the addition of key new figures from the company. The Board consists of the company’s CEO, the Business Unit Innovation Manager, the Supply Chain Manager, the IT Manager, a Business Unit Manager, the Sustainability Manager, the HR Manager, the Legal Manager and the Chief Financial Officer.

The Board directs and monitors activities and sets priorities. The drivers of Ratti’s innovation policy and the design of the business may be summarised in the words “green” and “digital” – the green transition and the digital transition. A business which is **sustainable and circular** with regard to materials, manufacturing, services, and in perennial tension between **innovation and new compliance**, attentive to the potential offered by the new frontier of **circular textiles**, but also a business which offers **digital relationship models to its customers** and which transforms manufacturing from automated to **digital and intelligent**, integrating IT and machinery, developing algorithms, using new tools and technology, on the lookout for new business models. In 2023 the Board started to consider the possible applications of artificial intelligence in the textiles environment.

When it comes to associations focusing on innovation, RATTI SPA SB is a member of the Lombardy Region clusters Associazione Fabbrica Intelligente Lombardia (Lombardy Association of Intelligent Factories) and Chimica Verde (Green Chemicals); it is a member of the ETP, the European Technology Platform of Euratex, the “Confederazione Europea delle Aziende del Tessile e dell’Abbigliamento” (the European Confederation of Fabric and Clothing Companies); it participates in the Made in Italy cluster, which is a public-private alliance which encourages cooperation between the world of research and fashion businesses. It works towards sustainable growth in the sector, in line with the strategic agenda of the EU. In addition, in 2023 RATTI SPA SB confirmed its commitment to Euratex’s Rehubs initiative (<https://euratex.eu/rehubs>). This involves upgrading recycling technologies in the relevant hubs.

Since 2020, Ratti has been in partnership with Style.it, a start-up fashiontech accelerator which develops new technology-based solutions for the fashion market. It was launched by Capital Sgr. The Style.it project is aimed at start-ups which have developed innovative products and services for the fashion, luxury and lifestyle market. In particular, it refers to enabling technologies for the sectors of environmental sustainability applicable to production processes and the distribution chain, artificial intelligence, upcycling, the Metaverse, e-commerce, blockchain and mixed or augmented reality.

## The projects

### Project dyes – product – proof of concept (POC)

During 2023 two POCs were carried out with the aim of improving the range of colours used in the dyeing and printing processes. The first POC was carried out with an Israeli start-up specialised in the cultivation of algae in vertical farms, converting vegetable material into a liquid substance. Ratti has tried to use this liquid for dyeing or printing, thereby avoiding the use of other substances. A second POC was carried out with a German company which used colours – both in digital and in traditional printing – that did not require the use of water for washing swatches after printing. Both POCs showed that the principles were correct (solution fit) but also that there were still limitations (no business fit) to industrialising the technologies.

### Project alternative fibres – product – POC

Ratti explored the printing of a new fibre with natural cellulose obtained from the upcycling of agricultural waste from cultivation for food or medicinal purposes and other crops of a non-textile nature.

### Project discolouration – product – POC

Ratti experimented with the application of a patented solvent which is able to remove a print from fabric without leaving any residue. At the current state of play this solvent can only be applied to polyesters. In the years to come Ratti will continue to test various hypotheses on the fibres it uses.

### Project SAP

Another innovation project is extending the adoption of the **SAP system** in the company. The project was born out of a need to replace the various management systems in the company, based on the AS400, with a single ERP (enterprise resource planning) system which could cover all core processes. The SAP system is already present in the areas of administration, finance and control, and will be extended to active cycle processes, passive cycle processes, operations, logistics and quality. The transition to SAP will enable the company to transition to a technology that is in step with the times, ensuring that increasingly pressing scenarios such as traceability, sustainability and supply chain integration can be addressed. At the same time, system consolidation and process standardisation will delineate a pathway towards rationalising activities, with the objective of maximising efficiency and reducing the time taken to respond to customers.

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

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

The recognition received by the Ratti Group and the opinions and views gathered from the Group's external actors who, in their different ways, are involved in the process of gathering feedback from projects, are ways of assessing the effectiveness of initiatives undertaken. Such initiatives are discussed within the permanent working group on sustainability.

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

## Ratti among the "Companies most attentive to the climate"

Since 2022, the Corriere della Sera, Pianeta 2030 has published its list of "Companies most attentive to the climate". This is a list of 130 Italian companies that have achieved the greatest reductions in the ratio between their emissions of Co2 and revenues. RATTI SPA SB, for the second year running, has been classified in the section "fashion" as among the three most virtuous companies in Lombardy which was confirmed, once again in 2023 as the most attentive region, with 39.2% of companies.

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

### Ratti acquires an artwork dedicated to Antonio

#### Ratti

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Ratti has decided to acquire "Mondo Flago" ("flag of the world" in Esperanto). This is the work of the artist Moira Ricci which was created for "Il Sogno di Antonio: un viaggio tra arte e tessuto", an exhibition organised with the aim of offering a 360° view of the Como entrepreneur through his fabrics and his passion for contemporary works of art. After separating all the elements and colours of all the flags, Moira Ricci recomposes them in a modern tapestry as if it were a single landscape in which a fantastical narration takes form. By eliminating the borders within the flags, Moira Ricci creates a map of a world finally united in a unique and true dialogue between different cultures.

Fascinated by Antonio Ratti and his extraordinary life full of culture and travel, the artist believed that working on a project that included the flags of all nations could be an excellent way to reflect on the current moment in history, as well as providing a good link to the experiences of *Cavalier* Ratti.

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## Ratti has received new WHP recognition

Health and wellbeing in the workplace: awards to the most virtuous companies, including Ratti.

Also in 2023, Ratti received recognition for being a "Luogo di lavoro che promuove la salute e il benessere dei lavoratori" (Place of work which promotes the health and wellbeing of workers). The award was received from the WHP programme, which operates in partnership with Insubria (Agency for Safeguarding Health) in Lombardy and Confindustria Como.

The main objective of the journey undertaken by Ratti is to introduce healthy practices aimed at improving the health of its workers. The aim is to identify, time and again, new topics which can be delved into in order to outline strategies and objectives that fully benefit the wellbeing of employees. This will show how every choice underlines the importance and the centrality of the people who work in the company.

Indeed, RATTI SPA SB is constantly committed to improving the wellbeing of its employees through corporate welfare initiatives, all of which are key tools used to create a positive and productive working environment. Not only does this approach seek to enhance the loyalty of its partners, it also contributes significantly to raising production standards.

Offering a vast range of services, the Ratti Group creates an environment that helps employees to develop and which promotes work-life balance. Among its newer initiatives, the company has been promoting a series of encounters centred on the culture of risk prevention. These will be run as webinars on nutrition/posture and mental health in partnership with **Sygmund** to launch a psychological help desk accessible to employees and their family members. This service is an important new development in the context of a medium-term welfare plan for the next three years. The goal is to support the psychological wellbeing and empowerment of employees. The initiative represents the start of a wider process focused on promoting the wellbeing of every person both inside and outside the company. It is evidence of the Group's continuous attention and commitment to creating a working environment which is healthy and sustainable for all its employees.

## Ratti's commitment to smart communication

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

The Group's reputational capital is created through channels of communication, which must select messages and content and identify channels and tools that are appropriate and effective, and in harmony with the development of the digital mode. In this context it is particularly important to include communication of the product, as this conveys the innovative content of the Ratti offer.

In 2023, as had been the case in previous years, the digital marketing and communication policy focused on the implementation of digital assets and new platforms supported by omnichannel communication strategies. In such an environment two working guidelines can be identified:

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

During 2023 all digital marketing and communication activities followed a precise strategy aimed at following the above-mentioned guidelines.

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

Alongside an analysis of its social media profile and any developments on the company's website, Ratti uses press coverage to monitor and assess its presence in the world of both traditional and digital communication, carrying out a monthly press review. The press review is a tool used to promote the Group's activities in magazines and newspapers. This is useful not only for measuring the Group's visibility, it also makes it possible to understand the positioning of the Ratti brand, offering insights which can be used to support sales and marketing activities.

## Schools, universities and training

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

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

Every year, Ratti throws open the doors of its premises, organising ad hoc company visits. The idea is to explain the complete production cycle: from initial design to printing the fabrics. Tours are guided directly by plant managers and are aimed at Italian and international fabric institutes as well as universities and fashion academies from around the world.

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

## "Ratti and the future" study grants

Ratti has offered, for the second year, a study grant for the children of employees who have undertaken the following secondary study courses at level II: mechanics, mechatronics and energy, electronics and electrotechnics, IT and telecommunications, chemicals, materials and biotechnologies, fashion systems, construction, environment and local regions.

The study grants were awarded on the basis of the scores obtained in examinations or diplomas. Ratti Group continues to invest in support for multidisciplinary study programmes aimed at creating a textile system which is continuously evolving. It gives direction to a positive vision of the future of the clothing textiles sector.

Apart from the study grants awarded to the children of employees, RATTI SPA SB has decided to offer 4 new study grants for the **Fabrics Innovation Design master** from the Accademia Costume e Moda in Rome, which began in November 2023 at the **Rome site**.

## Ratti supports Accademia Costume e Moda

In 2023, the association between Ratti and Accademia Costume e Moda of Rome continued with the Fabrics Innovation Design master programme. The project, involving 7 students of various nationalities, began with a precise brief released by Ratti's style office. Ratti, according to this brief, asked for an investigation into its own culture in the past, showing how this culture could have undergone a creative development which translated into a proposal for printing or a jacquard within a collection.

In addition, ACM, as always, supports the most deserving students with **24 study grants** dedicated to three-year courses, **16 study grants** for part-time masters. To this may be added the 4 study grants offered by RATTI SPA SB and **1** bestowed by **Marco Mastroianni, Responsable Création Matières LVMH** and the **Scientific Director** of the Fabrics Innovation Design master's programme. The latter grant is for training multifaceted managers and professionals who are able to rise to the new challenges posed by the market. This master's programme deals with two specific areas: the first is fabric **research and development**, the second is innovation, with a particular focus on **sustainability**. Theoretical training is accompanied by students' direct experience through carrying out projects in partnership with prestigious brands and companies in the production chain. The Fabrics Innovation Design master's programme will have the support of both RATTI SPA SB and Marco Mastroianni.

The master's is structured in a way that integrates research (both technical and conceptual) within the practical element which is the main part of the course. The mission of this specialisation is to offer graduate professionals all the tools they need to create new materials, and to use processes and techniques to generate fabrics following a sustainable and innovative approach. The companies which work together on training projects of this type will make a contribution by offering lessons on the specific characteristics and excellence of their activities in the textile area. They will provide samples for the lessons and will allow visits to the companies. They will also offer support in terms of arranging internships for the students. Ratti also participates in **industry projects**. These include the biggest companies in the sector and involve professionals and designers who track their development.

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

## Ratti participates in Fashion Talent Days

As it did in 2022, RATTI SPA SB took part in the third edition of "Fashion Talent Days" promoted by Confindustria Fashion: a digital trade fair which puts talented young people in touch with the most important Made in Italy fashion houses. During these three days companies and talented young people had an opportunity to meet and get to know each other, with the emphasis on the type of encounters and dialogues that always provide opportunities for growth. Participants at the fair includes young people on their first job, coming from technical and professional institutes, fashion schools and universities throughout Italy, as well as young professionals who were already experts in their field and who were looking for enhanced opportunities for professional growth. Ratti participates in the event, opening up a number of positions.

Together with Setificio di Como, Ratti organises online courses for deepening knowledge of textiles. During 2023, RATTI SPA SB organised a number of online courses for the benefit of its employees. These ran on the company's intranet. The courses were developed in partnership with Setificio di Como and covered the following subjects: textile design, printing, dyeing, dobby and heddle weaving, jacquard weaving and finishing. Each section consists of a video lesson and a related handout. Students can choose the options that meet their needs to configure this training experience in the best way possible.

## Ratti as a training school for Setificio

Fondazione Setificio, in partnership with Como textile companies, organised training courses for Textiles Chemicals students at the Setificio school. Technical experts from the various companies, including Ratti, gave lessons on the various processes of printing and weaving.

In addition, Fondazione Setificio, in partnership with Como textile companies, designed new training courses for textile trainers at the Istituto Setificio Paolo Carcano in Como. The aim of this was to introduce updates on the production methodologies of the sector into the school, as had happened in years gone by. Textile companies from the Como region offer their support in order to offer practical lessons to teachers, directly on the production sites. These start with the weaving area, before moving on to chemical dyeing and textile printing. Courses are held both on the company's production sites and at the school. The teachers will spend a day with the company's technicians who, following an introduction of the topics of the day, will accompany the teachers in the departments so that they can follow the practical work of the various plants.

## Ratti with comON

In 2023, once again, the **comON** project continued. Born in 2008 out of the passion of a group of Como entrepreneurs who, with the support of Confindustria Como, launched a true "hub della creatività europea" (European creative hub). This hub was able to gather in Como the best talent from the most prestigious design schools and to stimulate the diffusion of ideas among local young students and the manufacturing companies of the area and, more generally, to share that typically Italian passion for the world of the arts. Thanks to the initiative, more than 100 young people have been able to get direct experience in the style offices of companies in the textile sector. This is a winning formula which brings to local companies the enthusiasm, the freshness and the creativity of the designers of the future and which enables young people to learn the secrets of the professionals in the sector.

## Ratti at the FIT in New York "Ratti and sustainability"

In New York, in 2022 and again in 2023, RATTI SPA SB decided to partner with the Fashion Institute of Technology (FIT) to organise a lecture explaining the excellence of Italian manufacturing which marries together experience and technology (e.g. sustainability and quality).

The lecture was structured to take the form of a journey that started with Ratti's historical archives, the starting point of any creative exploration, before moving on to sustainability through research, experimentation with materials and the technical aspects of production.

## Partnerships that do good

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

In 2023 there were various partnerships with players in the local region in support of projects associated with corporate social accountability. Some of these initiatives, apart from having a social impact, also seek to make a positive contribution to the environment and to the local economic and productive fabric.

## Ratti and the LILT delegation from Lomazzo

The LILT Lomazzo delegation plays an important role in the campaign to raise awareness of the prevention of breast, gynaecology and dermatology issues. Ratti contributed to the cost of acquiring a new ultrasound scanner.

## Ratti and the Andiamo a Canestro con Ultra Di association

"Andiamo a canestro con Ultra Di" is a project whose aim is to collect the funds needed to create a basketball court. This would be a court for training, for inclusion – a court which could be a home for the association's athletes. Ultra Di is an Associazione Sportiva Dilettantistica (amateur sports association) which aims at inclusion and socialisation and which helps people with disabilities. Supporting Ultra Di in this project means enabling more than 100 athletes to play, every day, the sport they love. Creating a well-equipped

court will enable the association to offer athletes a sports environment which is inclusive and sociable, as well as a safe and stimulating place where they can pass their time. Supporting Ultra Di means supporting sport, accepting "the other" and building a society which is capable of including and helping those with mental health issues to experience the rich emotions associated with growth.

## Ratti partners with Go5

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

## Ratti collaborates with the Penna Nera association

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

## Ratti as a sponsor of TEDxLakeComo

Ratti was a sponsor once again in 2003 and made 20 free tickets available for those wishing to participate in TEDxLakeComo. Participants attended talks given by invited experts who shared their ideas and experiences.

The title this year was: ILLIMITE (non-limit). Something of a neologism that seeks to tell the story of these times of forks in the road and mountainous obstacles, with so many challenges yet so many opportunities. A word like a coin, with two sides: one positive, one negative. A term which generates distinctions and separations. Right ones? Wrong ones? An invitation to reinterpret the old and explore the new. Where are we going and where *could* we go, together? A word like a window that solicits new outlooks and changes of perspective. Decentralising to know and to recognise? A boundary which orders, protects and separates, which circumscribes an inside and an outside, a before and an after. Or a porous threshold to be crossed to regenerate the future? A limit or a non-limit? Or perhaps, with today's complexity, only the ability to combine limit and non-limit in a permanently unstable equilibrium will save us.

In perfect TED style on the stage at Villa Erba 18 experts, 12 on the Saturday and 6 on the Sunday, were selected from the most interesting minds that think, research, examine, innovate, create and experiment with ideas that deserve to be shared.

## Ratti and Siticibo

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



## Ratti and Vicook for Ozanam House

For a whole year, from Monday to Friday, **Ratti** and **Vicook** have been preparing and financing 18 lunches for the residents of Ozanam House.

This is a significant gesture of solidarity. It shows how sensitive the 2 companies are to the needs of the local area through the daily activities of the Banco Alimentare (Food Bank) network to recover excess food. Since 2016 we have been donating excess food from our company canteen to Siticibo. Over the last few years reheatable meals have also been distributed – by Siticibo vans – to Ozanam, although they have not been sufficient to cover daily needs. We have therefore tried to encourage a more generous gesture and have donated – together with Vicook – the number of meals needed to provide lunch to the guests of Casa Ozanam.

## The Ethical Fashion Initiative

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Sustainability is not only a green revolution, it also contributes to social wellbeing. Social sustainability goes beyond the limits of the company and the local community and extends to the disadvantaged areas of the world. It is precisely in this environment that the partnership between Ratti and the Ethical Fashion Initiative (EFI), a programme of the International Trade Centre of the United Nations, is located. The remit of the initiative is to combine brands and global fashion talent with a tradition of textile craftsmanship which goes back hundreds of years in some of the poorest areas of the world. The goal is to support economic independence, employment of women, and the fight against poverty. "No charity, just work" is the hashtag of the initiative. The EFI has chosen Ratti for its creative capacity and its business know-how. Ratti is supporting the promotion of manufactured articles and is contributing to the transition to the "just work" of the initiative. The prospect of earning a wage from the objects they manufacture is, for the local community, becoming a reality.

In 2020 RATTI SPA SB and the EFI signed a partnership agreement based on the shared objectives of the United Nations' sustainable development goals and inspired by the principles and logic of the International Bill of Human Rights.

In particular, Ratti takes part in "The Peace Scarf", a programme featuring silk scarves from Afghanistan, the "Faso Dan Fani" programme, featuring fabric from Burkina Faso which is a symbol of national pride, and the "Bogolan" programme, featuring cotton fabric from Mali with motifs created with natural colours and fermented mud.

In detail, as a project The Peace Scarf involves more than 30 silk producers in the Shekidan district in the province of Herat. These producers follow the entire production chain from growing mulberry trees to breeding and producing silkworms, from the weaving and dyeing of fabric to the manufacturing of silk shawls, the result of the high level of craftsmanship offered by the hand looms with which each individual accessory is made.

Ratti's contribution is to add further value to the prowess of Afghan craftsmanship, ennobling the garments using the *a planche* manual printing technique. This marks a meeting between two worlds which, although they are far from each other, find in the ethics of beauty and tradition a focus on exchanging and sharing.

After completing work to fine-tune the product, in 2021 "The Peace Scarf" found its place in the collections of an Italian luxury brand. However, the difficult socio-political situation in Afghanistan has put the brakes on the project, which is still on stand-by, waiting for positive developments.

Fortunately, the project continued with Burkina Faso where the EFI is supporting 15 laboratories which produce Faso Dan Fani, the fabric made from Burkinabé cotton.

It was precisely this exploratory mission among the fashion houses of the country in 2019 which was the start of the activities of Ratti and the EFI in support of better organised production processes and the promotion of products on the international markets.

Over the years much work has been done on the colours of dyes to guarantee the quality and technical performance of the products. Dyeing processes have been studied and consultancy provided on the operational aspects, while the efficiency of the looms has been improved by adopting mechanical solutions. Colour cards have been created, the most suitable yarns have been selected to produce the product, and chemical compliance have been checked to ensure that products can be used in international markets. Finally, in 2022 the Ferragamo brand was the first brand to embrace the project, adding Burkinabé fabrics to their collections and enabling the transition from "charity" to "just work".

On 25 September, at the awards ceremony of the 2022 Sustainable Fashion Awards organised by the National Chamber for Italian Fashion, Ratti received a "Giving Hope" special mention for the programmes it has undertaken for the EFI. This was a recognition that rewarded the precious work of recent years and confirmed Ratti's commitment to social sustainability in support of the community and human rights.

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## Ratti participates in Le Primavera (The Springs) of Como on the topic of offcuts

On Friday 19 May at Collegio Gallio in Como, the first session of the 2023 edition of Le Primavera was held. This was a cultural initiative aimed at encouraging dialogue on the topic of offcuts and integral ecology, in partnership with "Il Cortile dei Gentili". Among the guests were Giuliano Amato, professor, politician, former minister and prime minister. He opened the morning session by speaking about offcuts in terms of both value and development opportunity. Our CEO **Sergio Tamborini**, together with **Aram Manoukian**, President of Confindustria Como, **Maria Porro**, President of the "Salone del mobile" and deputising for "Federlegno alla Sostenibilità", offered a new perspective on work and products. Meanwhile, the economist **Marco Magnani** spoke of change, explaining how we can respond to it without being overwhelmed.

Cardinal Gianfranco Ravasi brought the event to a conclusion.

## Ratti and the Foundation supporting culture

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

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

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

From the Kuba fabrics of the Republic of the Congo to the velvet of the Tuscan Renaissance, from the coptic fragments of the Third Century to the brocades of the Eighteenth Century, from Indian and European cashmere shawls to pattern books of companies active in the 1800s, the textile collections of the Antonio Ratti Foundation traverse the centuries and the most remote parts of the world, becoming a sources of study and awareness of the present open to **anyone who wants to go more deeply into the topic**.

Aware that successful industrial production must always have a strong cultural base, Antonio Ratti promoted fabric in all its manifestations, paying particular attention to history and to the various cultures of the world. He always remained open to new production, technological and geopolitical frontiers.

In 1995 the **Foundation** also contributed to the creation of the **Antonio Ratti Textile Center** at the **Metropolitan Museum of Art in New York**: a space of 2,300 m<sup>3</sup> housing the textile collections of the American museum.

3,300 TEXTILE FRAGMENTS  
3,000 PATTERN BOOKS

The not-for-profit organisation Fondazione Provinciale della Comunità Comasca selected and co-financed the Ratti Foundation's project to restore and digitalise the collection of Seth Siegelau. In 2022 the Foundation accepted the donation of the textile collection of Seth Siegelau. This consisted of 723 objects including utensils, fabrics, ceremonial objects and garments from all over the world, collected with the intention of investigating the sociopolitical-religious function of fabric in cultures beyond Europe. The aim of integrating this precious legacy was to expand the Foundation's textile collection, as well as to protect, enhance and share this new hub. Accepting the donation obliges the Foundation to carry out the restoration needed to protect the artefacts so that their contents and surrounding knowledge can be shared. The project will consist of three parts: (i) Conservation: cleaning, monitoring and archiving; (ii) Enhancement: a temporary exhibition and cycles of workshops/conferences, (iii) Restoration and enhancement to spread scientific knowledge: renewal activities and scientific workshops/conferences. The Antonio Ratti Foundation's success in the tender was thanks to the donation received from Ratti which, right from the

start, recognised the value of the project. Ratti lent its support by taking on a part of the costs to make financing possible.

### **Ratti as a sponsor of the Seth SiegelauB exhibition organised by the Ratti Foundation**

The exhibition entitled "Seth SiegelauB: Tessuto Arte Theory" (Fabric Art Theory) was held following the Antonio Ratti Foundation's recent acquisition of Seth SiegelauB's prestigious book collection and the subsequent donation of his fabric collection by Marja Bloem, director of the Egress Foundation.

Through artworks, fabrics and documents the exhibition reconstructs the journey of one of the most fascinating personalities in contemporary culture.

The exhibition is just the beginning of a long-term project dedicated to Seth SiegelauB and his collections of books and fabrics. It will be accompanied by an extensive public programme curated by Martina Angelotti and Lorenzo Benedetti, in conversation with Marja Bloem.

### **Ratti partners with IED**

The partnership with IED (Istituto Europeo di Design) continued in 2023 through the "Fashion Marketing programme. It consisted of "guided visits and support with the drafting of students' dissertations".

## Chapter 9 – Economic performance

### 9.1 Economic performance

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

	2023	2022	2021	Δ% 2023 on 2022
<b>Directly generated economic value</b>	<b>96,093</b>	<b>99,810</b>	<b>80,887</b>	<b>-3.72%</b>
Revenues from sales of goods and services	92,117	88,600	78,466	3.97%
Change in stock and work in progress	27	7,972	88	9.66%
Changes in fixed assets by internal works	758	513	312	47.76%
Other revenues and net income	2,438	2,451	1,617	-0.54%
Financial income	753	274	404	226.64%
<b>Economic value distributed</b>	<b>93,122</b>	<b>94,516</b>	<b>75,891</b>	<b>-1.47%</b>
Operating costs (for the acquisition of raw materials, subsidiary materials, consumables, goods, and for third-party services and leases and rentals).	59,427	60,133	45,163	-1.17%
Salaries paid to employees, including social security contributions, TFR (employee severance fund) and other costs	31,410	30,216	26,062	3.95%
Interest payable on loans and other forms of debt	1,741	690	601	152.32%
Dividends distributed <sup>5</sup>	0	2,735	2,735	-100%
Income taxes and other tax liabilities <sup>6</sup>	486	682	1,272	-28.77%
Charitable gifts and donations	58	60	58	-3.22%
<b>Economic value retained</b>	<b>2,971</b>	<b>5,294</b>	<b>4,996</b>	<b>-43.88%</b>

Table 10 – Economic value directly generated, distributed and held by the Ratti Group at 31.12 for the three year-period 2021-2023. Amounts are in thousands of euros

#### €96 MILLION OF ECONOMIC VALUE GENERATED IN 2023

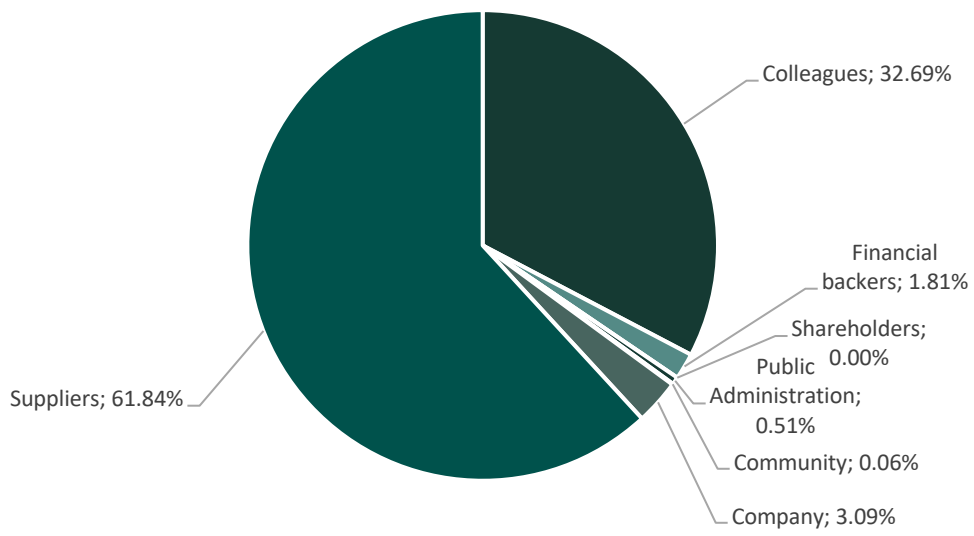
The increase in the Group's revenues (+3.97% on the previous figures for 2022) is driven mainly by a change in the mix towards products with a higher selling price.

The economic value generated, however, fell by 3.72%, mainly because of the reduction in stock levels driven by the policy implemented in 2023 to reduce acquisitions.

96.91% of this amount was distributed to the reference stakeholders. In detail, suppliers received 61.84% of this, employees 32.69%, lenders 1.81%, the Public Administration 0.51% and the community (in the form of charitable gifts and donations) 0.06%. The remaining 3.09% was retained in the Group to support future growth (5.30% in the 2022 financial year).

<sup>5</sup> As per the proposals produced by the Board of directors on 21 March 2024.

<sup>6</sup> Deferred taxes were excluded from the calculation. However, these had been included in the 2022 and 2023 totals.



Graph 5 – Breakdown of the economic value generated for the stakeholders in 2023

## 9.2 The EU taxonomy

### Introduction

The EU, in the context of the European Green Deal, delineated ambitious energy and climate objectives for 2030 and 2050, attributing a significant role to the private sector to promote sustainable and projects and activities. To support this drive, European institutions have created a taxonomy for "ecosustainable" economic activities (i.e. activities that can contribute to the EU's environmental targets). Regulation EU 2020/852 introduced a classification which provides companies, investors and public institutions with shared and reliable criteria and tools which enable them to recognise economically sustainable activities. In addition, the Regulation makes it possible to estimate the contribution of individual company actions to the aforementioned objectives, guaranteeing greater transparency for all shareholders. These objectives, defined in Article 9 of the Regulation, are: Mitigation of climate change, adaptation to climate change, sustainable use and protection of marine waters and resources, transition to a circular economy, prevention and reduction of pollution, and protection and renewal of biodiversity and ecosystems.

In particular, the Regulation distinguishes between economic activities as follows:

- **admissible:** an activity is admissible if it is listed in the delegated acts of the Regulation in relation to one or more environmental objectives. If admissible, the objective has the potential to contribute in a substantial manner to the objective in question;
- **aligned:** an economic activity is aligned if, in addition to being admissible, it is performed in compliance with:
  - criteria of a technical nature, which may be identified on the basis of criteria of **substantial contribution** (and which guarantee that the activity contributes in a significant manner to reaching at least one of the six environmental objectives) and **DNSH** (Do No Significant Harm) criteria which guarantee that the activity does no significant harm to any of the remaining five objectives;
  - **minimum safeguarding guarantees**, meaning the monitoring implemented by the Group to guarantee respect for human rights and compliance with international standards in the management of the organisation and along the supply chain.

Since it came into force in 2020, the Regulation has been added to and broadened a number of times through delegated acts which have introduced a succession of new sectors and activities.

The most recent update to the Regulation was the Environmental Delegated Act<sup>7</sup> adopted in June 2023. This contained activities contributing to non-climate objectives and also integrated previous delegated acts.

### Evaluation of compliance with the Regulation

In line with the requirements of the Regulation, the Ratti Group publishes the data required for 2023 with regard to the percentages of turnover, of capital account expenses (CapEx) and operational expenses (OpEx) linked to activities which are admissible and aligned with the taxonomy, and with reference to the Climate Delegated Act<sup>8</sup> published before June 2023. However, with regard to activities included in the Environmental Delegated Act, and those introduced in June 2023 for climate objectives, reporting is limited to admissibility.

An analysis was therefore carried out to identify any correspondence between activities carried out by the Ratti Group and those included in the Taxonomy without, however, considering any activities which could be considered to be admissible. The Group also mapped any CapEx<sup>9</sup> and OpEx<sup>10</sup> linked to the acquisition of products or services deriving from admissible economic activities and from individual measures that could enable the Group to reduce its emissions profile. The analysis made it possible to identify the following activities (as far as CapEx and OpEx is concerned) associated with the objective of **climate change mitigation**:

- **6.5 Transport by motorbike, motor car and light commercial vehicles** with regard to the costs associated with managing and maintaining the company's vehicle fleet.

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<sup>7</sup> Delegated Regulation (EU) 2023/2486

<sup>8</sup> Delegated Regulation (EU) 2021/2139

<sup>9</sup> Annex 1 of Delegated Regulation (EU) 2021/2178, paragraph 1.1.2.2, point (c)

<sup>10</sup> Annex 1 of Delegated Regulation (EU) 2021/2178, paragraph 1.1.3.2, point (c)

- **7.4 Installation, maintenance and repair of charging stations for electric vehicles**, referring to the costs associated with maintaining and repairing the charging stations for electric vehicles at the Guanzate site.
- **7.5 Installation, maintenance and repair of instruments and devices used for the measurement, regulation and control of the energy performance of buildings**, referring to the costs associated with smart meters.
- **7.6 Installation, maintenance and repair of renewable energy technologies**, referring to the costs of maintaining the photovoltaic plants at Guanzate and in Tunisia.

In order to evaluate alignment with objectives, analyses have therefore been carried out for each identified admissible activity to ascertain compliance with the criteria of substantial contribution and the "Do No Significant Harm" criteria established for each objective.

## Mitigation of climate change

### Activity 6.5 - Transport by motorbike, motor car and light commercial vehicles

#### Substantial contribution

With regard to the costs incurred for the car fleet, substantial contribution criteria require such vehicles to belong to a specific emission class, which varies on the basis of vehicle type. For the current year the Group reporting considers the activity to comply with substantial contribution requirement only in the case of the fleet's electric and hybrid vehicles.

#### DNSH

On top of the requirements for activities with regard to climate change, for Activity 6.5 there is also a DNSH criterion for the objectives of:

- the circular economy, which requires vehicles to have certain reusability and recyclability characteristics and for measures to be in place to manage waste during both the useful phase (maintenance) and the end-of-life phase of the fleet. Adopting a conservative approach, in the absence of sufficient elements to allow a full evaluation of the criterion, the Group considers the activity to be non-compliant with the DNSH criterion.
- the prevention and reduction of pollution, which requires vehicles to respect certain parameters relating to compliance, certification, emissions and efficiency. With regard to the criterion, the vehicles of the Group's fleet are compliant in that the parameters and characteristics under examination are required by the EU for all recently registered vehicles.

### Activity 7.4 - Installation, maintenance and repair of recharging stations for electric vehicles

#### Substantial contribution

With regard to the expenses incurred in relation to electric charging stations for cars, the activity satisfies the criteria of substantial contribution, given that it is included in the activities listed in the Regulation.

#### DNSH

The only criterion in the Regulation relating to Activity 7.4 is the objective of adapting to climate change. This criterion requires an analysis to be carried out to identify and evaluate vulnerability associated with acute and chronic physical climate risks that have an impact on the Group's assets. Given that a climate risk analysis has not been carried out in accordance with the requirements of the Regulation, the criterion has not been complied with.

It should be noted that the activity did not generate any costs for 2023.

### 7.5 - Installation, maintenance and repair of instruments and devices used for the measurement, regulation and control of the energy performance of buildings

#### Substantial contribution

With regard to the expenses incurred in relation to the installation of instruments and devices used to measure the energy performance of buildings, the activity satisfies the criteria of substantial contribution, given that it is included in the activities listed in the Regulation.



## DNSH

The only criterion in the Regulation relating to Activity 7.5 is the objective of adapting to climate change. This criterion requires an analysis to be carried out to identify and evaluate vulnerability associated with acute and chronic physical climate risks that have an impact on the Group's assets. Given that a climate risk analysis has not been carried out in accordance with the requirements of the Regulation, the criterion has not been complied with.

## Activity 7.6 - Installation, maintenance and repair of renewable energy technologies

### Substantial contribution

With regard to the expenses incurred in relation to the maintenance of solar photovoltaic plants, the activity satisfies the criteria of substantial contribution, given that it is included in the activities listed in the Regulation.

## DNSH

The only criterion in the Regulation relating to Activity 7.6 is the objective of adapting to climate change. This criterion requires an analysis to be carried out to identify and evaluate vulnerability associated with acute and chronic physical climate risks that have an impact on the Group's assets. Given that a climate risk analysis has not been carried out in accordance with the requirements of the Regulation, the criterion has not been complied with.

## Adapting to climate change

Although the four admissible activities are also included in the objective of adapting to climate change, the Group does not consider them to be admissible under that objective, given that they do not form part of a mitigation plan for identified climate risks.

## Minimum safeguards

The Ratti Group has also carried out an analysis of the compliance of its policies and procedures with the principles set out in Article 18 of the Regulation. These principles include the **OCSE guidelines for multinational companies**, the **Guiding principles of the United Nations for companies and human rights**, as well as the principles and rights established by the eight fundamental conventions established by the Declaration of the International Labour Organization and the Universal Declaration of Human Rights. These analyses also took into consideration the recommendations of the Platform on Sustainable Finance. This identifies competition, corruption, human rights and tax as the four key themes of the Regulation<sup>11</sup>, as well as the Communication of the European Commission of June 2023<sup>12</sup>, with regard to the "indicators of negative effects on sustainability".

The Group guarantees that these issues will be covered by the implementation of specific company policies, guidelines and organisational and operational mechanisms. In particular, this concerns:

- The Ratti Group's Code of Ethics, whose norms apply to all employees of all companies in the Group and to anyone who comes into contact with the Group or who acts in the name of or on behalf of the Group.
- Model 231 for companies in the Group and the whistleblowing procedure for any violations of the Code or the Model itself;
- The Remuneration Policy and Payments Made and the related annually published report.
- Public communication covering topics relating to human rights and gender diversity, as well as fundamental rights at work. For further information see the paragraphs "Enhancing and safeguarding diversity" and "Safeguarding human rights";
- Mechanisms for lodging complaints that are accessible through the Group's website;

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<sup>11</sup> Final Report on Minimum Safeguards, October 2022

<sup>12</sup> Communication 2023/C 211/01 of the Commission on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and its links with the regulation related to reporting on sustainability in the financial services sector.

After careful analysis, the Ratti Group confirms that it has implemented all the safeguards set out in Article 18 of the Regulation. However, Ratti recognises the need to formalise certain procedures to ensure complete compliance with the requirements of the OCSE guidelines and the United Nations guiding principles.

For further information on minimum safeguards see, in particular, the chapter entitled "Governance and monitoring of corporate ethics and risk management", as well as the paragraphs entitled "Impacts and risks of a social nature" and "Impacts and risks associated with corruption". These two paragraphs offer a detailed analysis of the protection mechanisms and the results achieved by the Group in the areas of human rights and the fight against corruption.

With regard to guaranteeing minimum safeguards on products and services acquired by the Group, and arising in particular from activities which are economically admissible (in particular activities 6.5, 7.4, 7.5 and 7.6), the company has been asked to widen its analysis of the supply chain for admissible products and services. To this end, the Ratti Group has established a series of procedures to guarantee transparency and compliance with the principles set out in the Code of Ethics along the supply chain for procurement, as described in the paragraph "A virtuous circle of good practices". However, the Group, adopting a conservative and prudent approach, does not consider that sufficient information is made available to guarantee that the current practices for supply chain management ensure that suppliers are fully aligned with the provisions of Article 8 of the Regulation.

## Accounting principles and contextual information

The Group has calculated the three indicators Turnover, CapEx and OpEx, in compliance with the indications of Annexes 1-5 of Delegated Regulation (EU) 2023/2486. In this regard Ratti has identified the activities it considers to be admissible, evaluating each specific weight with reference to the respective consolidated values.

The following paragraphs illustrate the methodological approaches used to calculate each indicator. Details are provided both for denominators and for numerators.

### Turnover KPIs

The denominator for Group turnover is €92,117,000, as reported on the consolidated balance sheet (please refer to the consolidated annual financial statements, note 10.1). In compliance with the requirements of Annexes 1-5 of Delegated Regulation (EU) 2023/2486, revenues characteristic of the Group were identified by ascertaining the balance sheet item ("Sales revenues from goods and services"). These revenues, as described in IAS, paragraph 82 and the definition of net turnover in Directive 2013/34/EU, represent the proceeds arising from the sale of goods and services, net of reimbursements, VAT and other taxes related to turnover.

In line with the requirements of Annexes 1-5 of Delegated Regulation (EU) 2023/2486, for the numerator of the turnover KPI, the Ratti Group carried out a valuation in which it considered the turnover associated with internal Group activities to be non-admissible. Therefore, in line with 2022, the Group presented a numerator value of 0 for 2023.

### OpEx KPI

Specific non-capitalised operating costs must be considered when calculating OpEx. § 1.1.3.1 of Annexes 1-5 of Delegated Regulation (EU) 2023/2486 establish the perimeter of costs to be considered, specifically:

- research and development;
- measures for refurbishing buildings;
- short-term rentals;
- maintenance and repairs;
- all other direct expenses connected to the daily maintenance of property, plant and machinery.

In order to identify these components, the Ratti Group carried out a detailed analysis of the Group's chart of accounts, isolating specific items on the profit and loss account. In particular, with regard to "all other direct expenses connected to the daily maintenance of property, plant and machinery", costs relating to cleaning the factories were taken into consideration, as suggested by FAQ No 12 of the Commission, Notice C (2022) 385/01 of 6 October 2022.

For the cost of staff involved in maintenance and research and development activities, a detailed analysis of cost centres was carried out using analytical accounting. This was because it was not possible to derive the numbers directly through an analysis of the chart of accounts. In particular, for research and development hours, the costs relating to the various assessments were matched to dedicated cost centres. Costs relating explicitly to senior management were excluded. These professional figures were involved in research projects during the organisation and maintenance phases and are therefore not in alignment with the provisions of FAQ No 12 of Commission Notice C (2022) 385/01 of 6 October 2022.

On the basis of the above, the analysis obtained a value of €9,901,000 for the denominator.

To calculate the numerator, a more detailed approach was used than that for the denominator. In this case, the numbers for identified admissible activities were extracted from the company's management system. In this phase, the Group committed itself to guaranteeing that the cost components relating to admissible activities would correspond to the items on the consolidated chart of accounts used to calculate the denominator.

All activities identified as admissible refer to Point C of § 1.1.3.2<sup>13</sup>. In particular, operational expenses relating to maintaining the photovoltaic plants and the car fleet were taken into consideration.

In particular, during the technical evaluation the following admissible activities were identified:

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<sup>13</sup> Paragraph 1.1.3.2 of Delegated Regulation (EU) 2021/2178: they relate to the acquisition of products deriving from economic activities aligned with the Taxonomy and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, in particular the activities listed in Annex I, points 7.3 to 7.6, of the delegated act on climate, as well as the other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

- 6.5 – Transport by motorbike, motor car and light commercial vehicles (Mitigation of climate change);
- 7.6 – Installation, maintenance and repair of renewable energy technologies (Mitigation of climate change).

## CapEx KPI

§ 1.1.2.1 of Annexes 1-5 of the Delegated Regulation (EU) 2023/2486 specifies that the CapEx denominator must include increases in tangible and intangible assets incurred during the year before depreciation/amortisation, devaluation or any type of revaluation, including from a redetermination or reduction of value, for the year in question, and excluding fair value variations. The denominator should also include increases in tangible and intangible assets deriving from business combinations.

Therefore, in line with the legislative requirements explained above, the Group has taken into consideration, for the denominator of the KPI, the increase relating to intangible fixed assets, tangible fixed assets and rights to the use of leased assets. In order to extract this data, those responsible for administration/accounts analysed all the gross investments made by the Group during the 2023 financial year. The value of these investments is inferred from the table showing movements for assets, isolating only the lines "acquisitions" and "acquisitions relating to IFRS16" ("Property, plant and machinery" in Note 7.1 and "Other intangible assets" in Note 7.2 of the consolidated annual financial statements).

AS suggested by § 1.1.2.1, the following were used as reference:

- IAS 16 Property, plant & equipment;
- IAS 38 Intangible assets;
- IFRS 16 Leases.

Therefore, the Group investments considered in the denominator amount to €5,850,000, as shown in the supplementary note to the consolidated financial statements. These investments were subdivided by asset type, distinguishing between increases relating to tangible goods, intangible goods and rights of use (according to IFRS 16) that occurred in 2023, and which led specifically to the following values:

- intangible assets €1,897,000;
- tangible assets €3,697,000;
- leased assets (IFRS 16) €255,000.

In order to calculate the numerator of the KPI, the Group carried out a detailed analysis of movements in assets. This made it possible to identify components associated with assets identified as admissible during the technical analysis.

All activities identified as admissible refer to Point C of § 1.1.2.1. In particular, capitalised expenses relating to the car fleet, the photovoltaic plants and improving energy efficiency were identified. Mainly investments in tangible assets were considered.

Activities identified as sources of investment in 2023 include:

- 6.5 – Transport by motorbike, motor car and light commercial vehicles (Mitigation of climate change);
- 7.3 – Installation, maintenance and repair of devices used for energy efficiency (Mitigation of climate change);
- 7.6 – Installation, maintenance and repair of renewable energy technologies (Mitigation of climate change).

## Comparison with the previous year

In accordance with Delegated Regulation (EU) 2023/2486, 2023 was the first financial year in which non-financial companies subject to the regulation had to file a comparison with the previous year.

See the tables below for details of the numerical and percentage variation in the KPIs required by the legislation.

It should be noted that the main difference from the previous year may be attributed to investments and the operating expenses incurred in 2022 in relation to "Activity 8.2 – Solutions based on data for the reduction of greenhouse gases", for which there were no new operations in 2023.

Share of turnover deriving from products or services associated with economic activities which are aligned with the taxonomy – disclosure relating to 2023 (data in €k)

Financial year 2023	Year	Criteria for a substantial contribution							Criteria for 'not causing significant damage'							Amount of turnover aligned with taxonomy, 2022 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
		Share of expenses invoiced (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S / N	S / N	S / N	S / N	S / N	S / N	S / N	%	A	T
<b>A. ACTIVITIES ADMISSIBLE TO THE TAXONOMY</b>																		
<b>A.1 Ecosustainable activities (aligned with the taxonomy)</b>																		
Turnover of ecosustainable activities (aligned with the taxonomy) (A.1)		- €	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %							0.00 %		
of which enabling																0.00 %	of which transition	
of which transition																0.00 %		T
<b>A.2 Activities admissible to the taxonomy but not ecosustainable (activities not aligned with the taxonomy)</b>																		
Turnover for activities admissible to the taxonomy but not ecosustainable (activities not aligned with the taxonomy) (A.2)		- €	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %							0.00 %		
Total (A.1 + A.2)		- €	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %							0.00 %		
<b>B. ACTIVITIES NOT ADMISSIBLE TO THE TAXONOMY</b>																		
Turnover for activities not admissible to the taxonomy (B)		€ 92,117	100.00 %															
Total (A + B)		€92,117	100.00 %															

	Proportion of Turnover / Total turnover	
	Alignment with the taxonomy by objective	Admissibility to the taxonomy by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Share of capital expenditure deriving from products or services associated with economic activities which are aligned with the taxonomy – disclosure relating to 2023 (data in €k)

Financial year 2023	Year		Criteria for a substantial contribution							Criteria for “not causing significant damage”							Share of expenses in capital account aligned (A1) or admissible to the taxonomy (A2), 2022 (18)	Category (enabling activity)	Category (transition activity)
	Codes (2)	Absolute expenses in capital account (3)	Proportion of expenses in capital account (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
Economic activities (1)	€k	%	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S/ N	S/ N	S/ N	S/ N	S/ N	S/ N	S/ N	%	A	T
<b>A. ACTIVITIES ADMISSIBLE TO THE TAXONOMY</b>																			
<b>A.1 Ecosustainable activities (aligned with the taxonomy)</b>																			
Installation, maintenance and repair of renewable energy technologies	7.6 C C C M	0	0.00%	AM	N/A M					N	N	N	N	N	N	S	3.15%		
Solutions based on data for the reduction of emissions of greenhouse gases	8.2 C C C M	0	0.00%	N/A M						N	N	N	N	N	N	S	20.43%		
Capital account expenses for ecosustainable activities (aligned with the taxonomy) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								23.58%		
of which enabling																		A	
of which transition																			T
<b>A.2 Activities admissible to the taxonomy but not ecosustainable</b>																			





Proportion of expenditure in the capital account/total expenditure in the capital account		
	Alignment with the taxonomy by objective	Admissibility to the taxonomy by objective
CCM	0.00%	7.65%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Share of operational expenditure deriving from products or services associated with economic activities which are aligned with the taxonomy – disclosure relating to 2023 (data in €k)

Financial year 2023	Year		Criteria for a substantial contribution							Criteria for "not causing significant damage"							Share of expenses aligned (A1) or admissible to the taxonomy (A2), 2022 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
	Codes(s) (2)	Absolute operating expenses (3)	Share of operating expenses (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
		€k	%	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S; N; N/A M	S / N	S / N	S / N	S / N	S / N	S / N	%	A	T	
<b>A. ACTIVITIES ADMISSIBLE TO THE TAXONOMY</b>																			
<b>A.1 Ecosustainable activities (aligned with the taxonomy)</b>																			
Solutions based on data for the reduction of emissions of greenhouse gases	82 CC M	0	0.00%	N/A M						N	N	N	N	N	S	3.07%			
Operating expenses for ecosustainable activities (aligned with the taxonomy) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							3.07%			
of which enabling																	A		
of which transition																		T	
<b>A.2 Activities admissible to the taxonomy but not ecosustainable</b>																			



## Methodological note

### Perimeter, purpose and contents of the Sustainability Report and the 2023 DNF

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

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

The Ratti Group is among the subjects affected by the Decree, which is why this Sustainability Report complies with the obligations of the Decree and constitutes the 2023 Consolidated declaration of a non-financial nature. The Sustainability Report is therefore the ideal instrument for presenting to the stakeholders the activities, projects and results achieved in the 2023 financial year (1 January to 31 December 2023) in economic, social and environmental terms, as well as initiatives undertaken and the commitments made with the principal stakeholders.

On 28 April 2022 the Shareholders' Meeting of Ratti SpA approved the Board of Directors' proposal whereby the Company would take the form of "Benefit Company", in compliance with Law 208/2015. Ratti SpA effectively assumed this form, having followed the appropriate procedures, on 17 May 2022. This Sustainability Report, therefore, also complies with the obligations in the "**annual report on the pursuit of mutual benefit**", as stipulated by Law 208/2015 as it relates to Ratti SpA as a benefit company. Chapter 2 of this document is dedicated specifically to the Benefit Company. In particular, it explains the objectives and results for the last financial year and the objectives for the next financial year (2024).

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

In the 2023 DNF the materiality analysis was updated to include impacts and material issues (for details see the paragraph "Materiality Analysis"). Risks associated with identified impacts were reviewed. In addition, small adjustments have been made to the tables in the annex to this document. In particular:

- The line "Total metres of fabric produced" has been adjusted in each table in which the ratio consumption/production is present.
- Two new tables were inserted referring to electrical consumption expressed in KWh, gas consumption expressed in cubic metres, fuel consumption expressed in litres.

The **reporting perimeter** is represented by all the companies consolidated within the Ratti Group, i.e. RATTI SPA SB, Creomoda S.a.r.l. and La Maison des Accessoires S.a.r.l., S.C. Textrom S.r.l., Ratti USA Inc. and Ratti International Trading (Shanghai) Co. Ltd. e Second Life Fibers Srl.

Ratti USA and Ratti International Trading (Shanghai) are excluded from the perimeter for environmental and social matters given the small number of people they employ – 2 female employees and 1 male employee, on permanent contracts, for Ratti USA and 3 female employees on permanent contracts for Ratti International Trading (Shanghai) – as well as their negligible environmental impact, given that they do not have production activities. Second Life Fibers Srl, which declared that it had opened for business on 18 July 2023 and which has 1 employee, was also excluded from the perimeter.

This document (DNF) was approved by the Board of Directors of Ratti SPA on 21 March 2024.

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

This DNF has been subject to a limited examination ("limited assurance engagement") according to the criteria indicated by the ISAE 3000 Revised principle by Deloitte & Touche SpA who, having completed their work, released the relevant report regarding the compliance of the information provided in the consolidated declaration of a non-financial nature drawn up by the Ratti Group in accordance with Legislative Decree 254/2016. The relevant report may be consulted on page 140.

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

## Connection table Material Themes – Impacts – GRI Indicators

The list of significant impacts and associated material themes reported here has been validated by Ratti managers and the CEO of the Group. *Link with GRI*

MATERIAL THEME	IMPACTS	ASSOCIATED GRI
Circular economy	Reduction in the inflow of resources, waste management and textile scraps	301 – Materials 306 – Waste (circular economy)
Reduction of environmental impacts	Impoverishment of raw materials from inefficient and excessive consumption	301 - Materials
	Contribution to climate change from emissions of climate-changing gases	302 - Energy 305 - Emissions (climate change)
	Damage to human health and to ecosystems arising from polluting emissions	305 - Emissions (climate change)
	Contribution to water stress arising from excessive consumption	303 - Water and effluents
	Environmental damage caused by the incorrect management of waste produced	306 - Waste (circular economy)
Chemical management	Pollution from water resources arising from uncontrolled discharges and chemical substances used during the production process	303 - Water and effluents
Training and growth of talented employees	Maintaining and developing the distinctive know-how of the Group on the back of effective welfare policies which provide support to employees.	401 - Employment
	Enhancing human capital by developing technical expertise	404 - Training
Health and safety of employees	Damage to employees' health arising from accidents at work	403 - Health and safety
Safeguarding diversity and equal opportunities	Failure to respect employee diversity and equal opportunities because of inadequate inclusion practices	405 - Diversity and equal opportunities
Safeguarding human rights	Discrimination and violation of human rights	414 - Supplier social assessment 404 - Training

	arising from inadequate measures in place to safeguard human rights	
Support for the local community	Creating cultural value and supporting local communities	413 - Local communities
Economic performance	Economic value generated and distributed among the various stakeholders of the Group	201 - Economic performance
Responsible management of the supply chain	Creation of economic value for the local community	204 - Procurement
	Attractiveness to customers who pay attention to environmental issues	308 - Supplier environmental assessment 301 - Materials 305 - Emissions (climate change) 306 - Waste (circular economy)
	Attractiveness to customers who pay attention to social issues	408 - Fighting against child labour 409 - Fighting against forced or compulsory labour 414 - Supplier social assessment
Fight against corruption	Socioeconomic consequences of non-ethical business practices.	205 - Anti-corruption
Safeguarding intellectual property	Violation of intellectual property and privacy arising from inadequate IT or control systems.	-
Innovation	Process innovation and research into and development of new products	-
	The development of innovative products in terms of design and sustainability	-

Table 11 – Description of material themes for the Ratti Group

## Annex – Chapter 4

### ANTI-CORRUPTION

#### GRI 205-2 Communication and training about anti-corruption policies and procedures

Number of employees to whom anti-corruption policies and procedures at 31.12.23 have been communicated subdivided by category and region

	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	8	1	0	0	9
Middle management	43	0	0	0	43
White-collar workers	246	8	3	5	262
Intermediate/blue-collar workers	197	170	48	16	431
<b>Total</b>	<b>494</b>	<b>179</b>	<b>51</b>	<b>21</b>	<b>745</b>

The Ratti Group sent out a specific notification relating to anti-corruption policies and procedures to a total of 11 people, including interns at RATTI SPA SB. In addition, all employees of Ratti International Trading (Shanghai), Ratti USA and Second Life Fibers were informed.

Percentage of employees to whom anti-corruption policies and procedures at 31.12.23 have been communicated, subdivided by category and region, of total employees

	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	100%	100%	0%	0%	100%
Middle management	100%	0%	0%	0%	100%
White-collar workers	100%	100%	100%	100%	100%
Intermediate/blue-collar workers	100%	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Total number of employees who received training in anti-corruption issues subdivided by category and region

	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0	0	0	0	0
Middle management	4	0	0	0	4
White-collar workers	18	0	0	0	18
Intermediate/blue-collar workers	19	0	0	0	19
<b>Total</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>

The Ratti Group carried out specific training relating to anti-corruption policies and procedures for a total of 11 people, including interns at RATTI SPA SB.

Percentage of employees who received training in anti-corruption issues, subdivided by category and region, of total employees

	RATTI GROUP				
	RATTI SPA SB	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Executives	0%	0%	0%	0%	0%
Middle management	9%	0%	0%	0%	9%
White-collar workers	7%	0%	0%	0%	7%
Intermediate/blue-collar workers	10%	0%	0%	0%	5%
<b>Total</b>	<b>8%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>6%</b>

According to Ratti's procedures, all newly hired personnel should be kept informed about anti-corruption issues and, in RATTI SPA SB, training is carried out on these topics. This ensures that, over time, all the company's staff are covered. The 2023 training plan relating to the topics featured in the Organisation, Management and Control Model 231/01 and the Code of Ethics (with particular reference to the protocols for fighting corruption) involved all newly hired personnel. The training was carried out by Internal Audit on behalf of the Supervisory Body and the Ethics Committee.

Total number and percentage of commercial partners to whom anti-corruption policies and procedures have been communicated, subdivided by type of commercial partner and region.

	RATTI GROUP				
	RATTI (ITA)	CREOMODA (TUN)	LA MAISON (TUN)	TEXTROM (ROM)	TOTAL
Total suppliers	1,252	126	50	94	1,522
Total suppliers informed (number)	1,143	80	35	26	1,284
Total suppliers informed (%)	91%	63%	70%	28%	84%

In RATTI SPA SB the procedure for evaluating new suppliers involves accepting the principles of the Suppliers' Code and the Code of Ethics of the Group, thus ensuring that over time there is a high level of coverage of total suppliers informed. In addition, all purchasing orders for goods and services refer to the general conditions and policy of conduct on the website. In addition, in January and February 2024, a huge information campaign was carried out in relation to the updated Suppliers' Code.



## Annex – Chapter 5

### GENERAL DISCLOSURES

#### GRI 2-7 Employees by work contract, type of employment, gender and geographical area

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Total employees</b>	<b>752</b>	<b>715<sup>14</sup></b>	<b>711</b>	<b>494</b>	<b>501</b>	<b>466</b>	<b>230</b>	<b>185<sup>15</sup></b>	<b>217</b>	<b>21</b>	<b>23</b>	<b>22</b>
<i>Women</i>	508	463	479	265	270	258	222	170	199	16	18	17
<i>Men</i>	244	252	232	229	231	208	8	15	18	5	5	5
<b>Contract type</b>												
<b>Permanent</b>	<b>640</b>	<b>629</b>	<b>596</b>	<b>475</b>	<b>485</b>	<b>460</b>	<b>138</b>	<b>115</b>	<b>108</b>	<b>21</b>	<b>23</b>	<b>22</b>
<i>Women</i>	408	392	377	252	260	255	135	109	100	16	18	17
<i>Men</i>	232	237	219	223	225	205	3	6	8	5	5	5
<b>Fixed term</b>	<b>112</b>	<b>86</b>	<b>115</b>	<b>19</b>	<b>16</b>	<b>6</b>	<b>92</b>	<b>70</b>	<b>109</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	100	71	102	13	10	3	87	61	99	0	0	0
<i>Men</i>	12	15	13	6	6	3	5	9	10	0	0	0
<b>Employment type</b>												
<b>Full time</b>	<b>718</b>	<b>686</b>	<b>681</b>	<b>462</b>	<b>474</b>	<b>438</b>	<b>230</b>	<b>185</b>	<b>217</b>	<b>19</b>	<b>21</b>	<b>20</b>
<i>Women</i>	475	435	451	233	243	231	222	170	199	15	17	16
<i>Men</i>	243	251	230	229	231	207	8	15	18	4	4	4
<b>Part time</b>	<b>34</b>	<b>29</b>	<b>30</b>	<b>32</b>	<b>27</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>
<i>Women</i>	33	28	28	32	27	27	0	0	0	1	1	1
<i>Men</i>	1	1	2	0	0	1	0	0	0	1	1	1

Employees of the Ratti Group by contract type (fixed term and permanent), gender and geographical area as at 31.12 for the three-year period 2021-2023; at 31.12.2023 Ratti USA had 2 female employees and 1 male employee, hired on permanent contracts. Ratti International Trading (Shanghai) had 3 female employees, hired on permanent contracts, while Second Life Fibers had 1 male employee on a fixed-term contract.

Employees of the Ratti Group by employment type (full time and part time), by gender and geographical area for the three-year period 2021-2023; in Ratti USA, Ratti International Trading (Shanghai) and Second Life Fibers, all workers are full time. The figures refer to employees hired on fixed-term and permanent contracts.

Compared with 2022, the Ratti Group saw an increase in the total number of employees, which rose from 715 (as at 31.12.2022) to 752 (as at 31.12.2023).

<sup>14</sup> Total employees in 2022 increased by 1. This change was the result of a refinement of the calculation.

<sup>15</sup> Total employees in 2022 increased by 1. This change was the result of a refinement of the calculation.

## GRI 2-8 Employees by contractual relationship, gender and geographical area

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Total non-employed workers<sup>16</sup></b>	<b>18</b>	<b>32</b>	<b>15</b>	<b>18</b>	<b>32</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	10	19	7	10	19	7	0	0	0	0	0	0
<i>Men</i>	8	13	8	8	13	8	0	0	0	0	0	0
<b>Temporary</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	2	2	0	2	2	0	0	0	0	0	0	0
<i>Men</i>	1	1	0	1	1	0	0	0	0	0	0	0
<b>Project workers</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	1	2	1	1	2	1	0	0	0	0	0	0
<i>Men</i>	3	3	3	3	3	3	0	0	0	0	0	0
<b>Interns</b>	<b>11</b>	<b>24</b>	<b>11</b>	<b>11</b>	<b>24</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	7	15	6	7	15	6	0	0	0	0	0	0
<i>Men</i>	4	9	5	4	9	5	0	0	0	0	0	0
<b>Other employees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Men</i>	0	0	0	0	0	0	0	0	0	0	0	0

Workers not employed by the Ratti Group by contractual relationship (interns, project workers, apprentices and others), gender and geographical area at 31.12 in the three-year period 2021-2023.

## EMPLOYMENT

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Below 30 years</b>	<b>80</b>	<b>47</b>	<b>49</b>	<b>26</b>	<b>36</b>	<b>13</b>	<b>53</b>	<b>11</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	69	29	35	15	18	4	53	11	30	0	0	0
<i>Men</i>	11	18	14	11	18	9	0	0	4	0	0	0
<b>Between 30 and 50 years</b>	<b>47</b>	<b>55</b>	<b>29</b>	<b>16</b>	<b>41</b>	<b>16</b>	<b>31</b>	<b>9</b>	<b>14</b>	<b>0</b>	<b>5</b>	<b>1</b>
<i>Women</i>	38	32	17	9	21	5	29	7	12	0	4	1
<i>Men</i>	9	23	12	7	20	11	2	2	2	0	1	0
<b>Over 50 years</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>
<i>Women</i>	0	2	3	0	2	2	0	0	0	0	0	1
<i>Men</i>	7	5	2	6	3	1	0	0	0	0	2	0
<b>Total employees</b>	<b>134</b>	<b>109</b>	<b>83</b>	<b>48</b>	<b>82</b>	<b>32</b>	<b>84</b>	<b>20</b>	<b>48</b>	<b>0</b>	<b>7</b>	<b>2</b>
<i>Total women</i>	107	63	55	24	41	11	82	18	42	0	4	2
<i>Total men</i>	27	46	28	24	41	21	2	2	6	0	3	0

<sup>16</sup> It should be noted that the total number of non-employed workers does not include 2 working with "partita IVA" (VAT registered).

## GRI 401-1 Total number of new recruits by age range, gender and geographical area

New personnel hired by age range, gender and geographical area at 31.12 in the three-year period 2021-2023. In 2023 staff turnover was not relevant for Ratti International Trading (Shanghai) while there was 1 joiner each in Ratti USA e in Second Life Fibers. One person was hired by Ratti USA in 2021.

## GRI 401-1 The total number of personnel that terminated or interrupted their employment, by age range, gender and geographical area.

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Below 30 years</b>	<b>33</b>	<b>31</b>	<b>29</b>	<b>11</b>	<b>8</b>	<b>7</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Women</i>	25	28	25	6	5	3	19	23	21	0	0	0
<i>Men</i>	8	3	4	5	3	4	3	0	0	0	0	0
<b>Between 30 and 50 years</b>	<b>38</b>	<b>41</b>	<b>31</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>13</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>1</b>
<i>Women</i>	26	35	22	13	17	14	11	<b>16</b>	8	2	2	1
<i>Men</i>	12	6	9	10	4	8	2	1	1	0	1	0
<b>Over 50 years</b>	<b>26</b>	<b>28</b>	<b>53</b>	<b>21</b>	<b>18</b>	<b>50</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>
<i>Women</i>	<b>11</b>	<b>13</b>	23	10	7	22	0	5	0	0	1	1
<i>Men</i>	15	15	30	11	<b>11</b>	<b>28</b>	4	2	<b>0</b>	0	2	2
<b>Total employees</b>	<b>97</b>	<b>100</b>	<b>113</b>	<b>55</b>	<b>47</b>	<b>79</b>	<b>39</b>	<b>47</b>	<b>30</b>	<b>2</b>	<b>6</b>	<b>4</b>
<i>Total women</i>	62	76	70	29	29	39	30	44	29	2	<b>3</b>	2
<i>Total men</i>	35	24	43	26	18	40	9	3	1	0	3	2

Personnel that interrupted/terminated their employment, by age range, gender and geographical area at 31.12 in the three-year period 2021-2023. The figures refer to employees hired on fixed-term and permanent contracts. In Ratti International Trading (Shanghai), during the three-year period 2021-2023, no employee interrupted their employment while in Ratti USA 1 female worker interrupted her their employment.

GRI 401-1 Rate of turnover by age range, gender and geographical area

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Total employee turnover rate</b>	30.72	29.23	27.57	20.85	25.75	23.82	53.48	36.22	35.94	9.52	56.52	27.27
<b>Employee turnover rate (incoming)</b>	17.82	15.24	11.67	9.72	16.37	6.87	36.52	10.81	22.12	0.00	30.43	9.09
<i>Women</i>	21.06	13.61	11.48	9.06	15.19	4.26	36.94	10.59	21.11	0.00	22.22	11.76
<i>Men</i>	11.07	18.25	12.07	10.48	17.75	10.10	25.00	13.33	33.33	0.00	60.00	0.00
<b>Below 30 years</b>	42.11	28.48	26.52	27.66	40.45	17.57	55.79	14.47	32.08	0.00	0.00	0.00
<i>Women</i>	46.94	23.97	23.78	29.41	37.50	9.52	55.79	15.07	29.70	0.00	0.00	0.00
<i>Men</i>	25.58	40.91	36.84	25.58	43.90	28.13	0	0.00	80.00	0.00	0.00	0.00
<b>Between 30 and 50 years</b>	13.99	17.13	9.81	8.42	20.71	8.04	23.66	8.65	14.00	0.00	33.33	7.14
<i>Women</i>	15.45	14.16	7.83	8.11	18.10	4.00	23.39	7.37	13.19	0.00	33.33	9.09
<i>Men</i>	10.00	24.21	15.12	8.86	24.39	14.86	28.57	22.22	22.22	0.00	33.33	0.00
<b>Over 50 years</b>	3.10	3.06	1.87	2.86	2.34	1.55	0.00	0.00	0.00	0.00	25.00	12.50
<i>Women</i>	0.00	1.72	2.83	0.00	1.89	2.20	0.00	0.00	0.00	0.00	0.00	16.67
<i>Men</i>	6.31	4.42	0.93	5.61	2.78	0.98	0.00	0.00	0.00	0.00	100.00	0.00
<b>Employee turnover rate (outgoing)</b>	12.90	13.99	15.89	11.13	9.38	16.95	16.96	25.41	13.82	9.52	26.09	18.18
<i>Women</i>	12.20	16.41	14.61	10.94	10.74	15.12	13.51	25.88	14.57	12.50	16.67	11.76
<i>Men</i>	14.34	9.52	18.53	11.35	7.79	19.23	112.50	20.00	5.56	0.00	60.00	40.00
<b>Below 30 years</b>	17.37	18.79	15.47	11.70	8.99	9.46	23.16	30.26	19.81	0.00	0.00	0.00
<i>Women</i>	17.01	23.14	16.78	11.76	10.42	7.14	20.00	31.51	20.79	0.00	0.00	0.00
<i>Men</i>	18.60	6.82	10.53	11.63	7.32	12.50	0.00	0.00	0.00	0.00	0.00	0.00
<b>Between 30 and 50 years</b>	11.31	12.77	10.13	12.11	10.61	11.06	9.92	16.35	9.00	18.18	20.00	7.14
<i>Women</i>	10.57	15.49	10.00	11.71	14.66	11.20	8.87	16.84	8.79	25.00	16.67	9.09
<i>Men</i>	13.33	6.32	11.47	12.66	4.88	10.81	28.57	11.11	11.11	0.00	33.33	0.00
<b>Over 50 years</b>	11.50	12.23	24.77	10.00	8.41	25.91	100.00	140.00	0.00	0.00	37.50	37.50
<i>Women</i>	9.57	11.21	21.70	9.71	6.60	24.18	0.00	250.00	0.00	0.00	16.67	16.67
<i>Men</i>	13.51	13.27	27.78	10.28	10.19	27.45	400.00	66.67	0.00	0.00	100.00	100.00

Total annual turnover rate, subdividing employees by age range, gender and geographical area for the three-year period 2021-2023. The overall turnover rate is calculated as the relationship between: (Number incoming in the year + Number outgoing in the year)/permanent and fixed-term workforce at 31/12) \*100; the turnover rate (incoming) is calculated as: (Number incoming in the year/permanent and fixed-term workforce at 31/12) \*100; the turnover rate (outgoing) is calculated as: (Number outgoing in the year/permanent and fixed-term workforce at 31/12) \*100.

## OCCUPATIONAL HEALTH AND SAFETY

### GRI 403-9 Number of injuries at work for employees and sub-contractors by geographical area

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Number of injuries recorded</b>	7	6	9	6	3	4	1	2	5	0	1	0
<i>of which occurred to employees</i>	7	6	9	6	3 <sup>17</sup>	4	1	2	5	0	1	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Number of injuries with serious consequences</b>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to employees</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Rate of deaths following injuries at work</b>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to employees</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which occurred to contractors</i>	0	0	0	0	0	0	0	0	0	0	0	0

In the three-year period 2021-2023 no work-related accidents were reported with serious or fatal consequences. As for contractors, there are no external workers who work continuously for the company. The calculation for other incidents, which do not have serious consequences, excludes injuries sustained when travelling to/from work, with the exception of injuries sustained during business trips where a worker is carrying out activities on behalf of the employer, and injuries sustained when travelling to/from work when transport is organised by the Group. The term "serious injuries" implies injuries from which the worker cannot recover, does not recover or if it is not realistic to forecast that they will recover completely, i.e. return to their state of health before the injury within 6 months.

### GRI 403-9 Rate of injuries at work and hours worked for employees and sub-contractors by geographical area

	GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Rate of recordable injuries at work</b>	5.45	4.82	7.68	6.85	3.58	5.31	2.62	5.42	12.93	0	26.82	0.00
<i>of which occurred to employees</i>	5.79	5.18	8.10	7.35	3.87	5.78	2.73	5.78	12.93	0	26.82	0.00
<i>of which occurred to contractors</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total number of hours worked</b>	1,284,637	1,243,938	1,172,458	876,050	837,615	752,772	381,333	369,038	386,601	27,254	37,285	33,085
<i>Total hours worked by employees</i>	1,209,491	1,158,131	1,111,354	815,949	774,955	691,668	366,288	345,891	386,601	27,254	37,285	33,085
<i>Total hours worked by contractors</i>	75,146	85,807	61,104	60,101	62,660	61,104	15,045	23,147	0.00	0.00	0.00	0.00

<sup>17</sup> The data has been modified since last year's reporting as the calculation has been refined

Rate of injuries relating to recordable accidents at work in the three-year period 2021-2023, including RATTI SPA SB, Creomoda and La Maison des Accessoires and Textrom. In Ratti USA and Ratti International Trading (Shanghai), in the three-year period 2021-2023, no injuries were reported for employees and there were no external workers offering their services on an ongoing basis. No figures are available for the hours worked at Ratti USA and Ratti International Trading (Shanghai). The rate of recordable injuries at work is calculated as the relationship between: (number of recordable injuries at work/number of hours worked) \* 1,000,000. In the three-year period 2021-2023, for all companies in the Group there were no accidents with serious consequences or any deaths at work, so the relevant rate of accidents at work with serious consequences and the rate of deaths resulting from accidents at work are zero.

## TRAINING AND EDUCATION

### GRI 404-1 Average annual hours of training carried out for employees, subdivided by category, gender and geographical area

	RATTI GROUP			RATTI SPA SB			TUNISIA			ROMANIA		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Executives</b>	16	48	9	16	48	10	0	0	0	0	0	0
<i>Women</i>	8	50	6	8	50	6	0	0	0	0	0	0
<i>Men</i>	20	47	11	20	47	12	0	0	0	0	0	0
<b>Middle management</b>	19	24	10	20	25	10	0	0	0	0	0	0
<i>Women</i>	39	19	8	39	21	9	0	0	0	0	0	0
<i>Men</i>	12	27	11	12	27	11	0	0	0	0	0	0
<b>White-collar workers</b>	20	12	5	21	12	5	14	10	8	6	6	6
<i>Women</i>	21	12	5	22	12	5	14	10	8	5	5	5
<i>Men</i>	18	13	5	19	13	5	0	10	8	7	7	7
<b>Blue-collar workers or equivalent</b>	9	7	6	8	5	5	9	9	7	12	12	13
<i>Women</i>	8	8	6	4	4	3	9	9	7	12	12	12
<i>Men</i>	10	5	7	9	5	6	28	7	6	12	14	16
<b>Total</b>	14	11	6	15	11	6	10	9	7	11	11	11
<i>Total women</i>	14	10	6	18	11	5	9	10	7	11	11	11
<i>Total men</i>	13	11	7	12	11	7	25	7	6	11	11	13

Annual average training hours per employee, by category of employee, by gender and geographical area for the three-year period 2021-2023. No training was planned for employees of Ratti USA and Ratti International Trading (Shanghai) in the three-year period. In Textrom (Romania) there were no employees in the executive and middle management categories. At the Tunisian offices there is one male senior manager. The figures refer to employees hired on fixed-term and permanent contracts.

**DIVERSITY AND EQUAL OPPORTUNITY**

GRI 405-1 Percentage of employees of the Ratti Group by professional category, gender and age range for the three-year period 2021-2023

	GROUP 2023			GROUP 2022			GROUP 2021		
	Wome n	Men	Total	Wome n	Men	Total	Wome n	Men	Total
<b>Executives</b>	<b>30.00</b>	<b>70.00</b>	<b>100.00</b>	<b>33.33</b>	<b>66.66</b>	<b>100.00</b>	<b>36.36</b>	<b>63.64</b>	<b>100.00</b>
<i>age below 30 years</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	0.00	28.57	20.00	0.00	20.00	11.11	0.00	28.57	18.18
<i>age above 50 years</i>	100.00	71.43	80.00	100.00	80.00	88.89	100.00	71.43	81.82
<b>Middle management</b>	<b>27.27</b>	<b>72.73</b>	<b>100.00</b>	<b>28.26</b>	<b>71.74</b>	<b>100.00</b>	<b>38.10</b>	<b>61.90</b>	<b>100.00</b>
<i>age below 30 years</i>	0.00	0.00	0.00	0.00	3.03	2.18	0.00	0.00	0.00
<i>age between 30 and 50 years</i>	58.33	62.50	61.36	53.85	57.58	56.52	50.00	57.69	54.76
<i>age above 50 years</i>	41.67	37.50	38.64	46.15	39.39	41.30	50.00	42.31	45.24
<b>White-collar workers</b>	<b>77.53</b>	<b>22.47</b>	<b>100.00</b>	<b>78.18</b>	<b>21.82</b>	<b>100.00</b>	<b>80.24</b>	<b>19.76</b>	<b>100.00</b>
<i>age below 30 years</i>	18.84	13.33	17.60	16.28	15.00	16.00	16.26	12.00	15.42
<i>age between 30 and 50 years</i>	45.89	41.67	44.94	48.37	40.00	46.55	53.20	44.00	51.38
<i>age above 50 years</i>	35.27	45.00	37.45	35.35	45.00	37.45	30.54	44.00	33.20
<b>Workers</b>	<b>66.36</b>	<b>33.64</b>	<b>100.00</b>	<b>60.00</b>	<b>40.00</b>	<b>100.00</b>	<b>63.21</b>	<b>36.79</b>	<b>100.00</b>
<i>age below 30 years</i>	37.76	24.14	33.18	36.80	22.08	30.91	42.97	21.48	35.06
<i>age between 30 and 50 years</i>	50.35	29.66	43.39	49.78	33.12	43.12	44.53	31.54	39.75
<i>age above 50 years</i>	11.89	46.21	23.43	13.42	44.81	25.97	12.50	46.98	25.19
<b>Total</b>	<b>67.55</b>	<b>32.45</b>	<b>100.00</b>	<b>64.71</b>	<b>35.29</b>	<b>100.00</b>	<b>67.37</b>	<b>32.63</b>	<b>100.00</b>

	RATTI SPA SOCIETÀ BENEFIT - 2023		
	Women	Men	Total
<b>Executives</b>	<b>3</b>	<b>5</b>	<b>8</b>
<i>age below 30 years</i>	0	0	0
<i>age between 30 and 50 years</i>	0	2	2
<i>age above 50 years</i>	3	3	6
<b>Middle management</b>	<b>12</b>	<b>31</b>	<b>43</b>
<i>age below 30 years</i>	0	0	0
<i>age between 30 and 50 years</i>	7	19	26
<i>age above 50 years</i>	5	12	17
<b>White-collar workers</b>	<b>188</b>	<b>58</b>	<b>246</b>
<i>age below 30 years</i>	36	8	44
<i>age between 30 and 50 years</i>	82	23	105
<i>age above 50 years</i>	70	27	97
<b>Workers</b>	<b>62</b>	<b>135</b>	<b>197</b>
<i>age below 30 years</i>	15	35	50
<i>age between 30 and 50 years</i>	22	35	57
<i>age above 50 years</i>	25	65	90
<b>Total</b>	<b>265</b>	<b>229</b>	<b>494</b>

Employees of RATTI SPA SB by professional category, gender and age range in 2023

#### GRI 405-1 Number and percentage of employees belonging to protected categories by professional category and gender

	RATTI SPA SOCIETÀ BENEFIT - 2023					
	Women		Men		Total	
	number	% of total	number	% of total	number	%
Executives	0	0	0	0	0	0
Middle management	0	0	0	0	0	0
White-collar workers	6	66.67	3	33.33	9	42.86
Workers	4	33.33	8	66.67	12	57.14
<b>Total</b>	<b>10</b>	<b>47.62</b>	<b>11</b>	<b>52.38</b>	<b>21</b>	<b>100.00</b>

At 31.12.2023, people belonging to protected categories were present only in RATTI SPA SB.

Data for employees belonging to protected categories was published for the first time in the 2022 DNF. The Group is committed to continuing its current level of monitoring of this information so it can provide a full overview every year.



## GRI 405-1 Composition of the BoD of RATTI SPA SB by age range and gender

	2023	2022	2021
<b>Between 30 and 50 years</b>	<b>10.00%</b>	<b>10.00%</b>	<b>0.00%</b>
<i>Women</i>	100.00%	100.00%	0.00%
<i>Men</i>	0%	0.00%	0.00%
<b>Over 50 years</b>	<b>90.00%</b>	<b>90.00%</b>	<b>100.00%</b>
<i>Women</i>	33.33%	33.33%	33.33%
<i>Men</i>	66.67%	66.67%	66.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Total women</i>	40.00%	40.00%	33.33%
<i>Total men</i>	60.00%	60.00%	66.67%

### SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITIES

#### GRI 405-2 Ratio of basic remuneration of women to men by professional category, for the most important operational sites

	RATTI SPA SOCIETÀ BENEFIT – 2023
Executives	69.15
Middle management	98.65
White-collar workers	90.65
Blue-collar workers or equivalent	94.51

The value is calculated as the ratio between the average gross annual remuneration (only considering basic pay) of the female to the male population, for each professional category covered by the Contract. As the most important operational site, only RATTI SPA SB was considered.

The ratio of basic remuneration of women to men was measured for the first time for the 2022 DNF. The Group is committed to continuing its current level of monitoring of this information so it can provide a full overview every year.

#### GRI 405-2 Ratio of remuneration of women to men by professional category, for the most important operational sites

	RATTI SPA SOCIETÀ BENEFIT – 2023
Executives	66.96
Middle management	97.65
White-collar workers	90.80
Blue-collar workers or equivalent	94.51

The value is calculated as the ratio of the average gross annual remuneration (adding the theoretical bonus for reaching objectives) of the female to the male population, for each professional category covered by the Contract (no bonus is included for the category of blue-collar workers and equivalent). As the most important operational site, only RATTI SPA SB was considered. The ratio of basic remuneration of women to men was measured for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year.

## Annex – Chapter 6

### MATERIALS – FABRICS

#### GRI 301-1 Materials used by the Ratti Group and by RATTI SPA SB

PRINTED FABRICS	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. fabric printed	m	2,838,955	3,429,523	3,581,970	-17.22%
<i>of which certified fabric/sustainable brands</i>	m	1,112,064	1,474,438	1,222,706	-24.58
Percentage of certified fabric/sustainable brands of total metres of fabric printed		39.17%	42.99%	34.14%	-8.89%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties and including printing for samples.

PRINTED FABRICS	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. fabric printed	m	2,512,500	2,961,366	3,125,452	-15.16%
<i>of which certified fabric/sustainable brands</i>	m	968,784	1,200,982	1,070,594	-19.33%
Percentage of certified fabric/sustainable brands of total metres of fabric printed		38.56%	40.56%	34.25%	-4.93%

Total fabric printed at the Italian site at Guanzate, including printing for samples.

GRI 301-1 Materials used by the Ratti Group and by RATTI SPA SB, divided into renewable materials and non-renewable materials

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. printed fabric, excluding samples	m	2,771,045	3,367,333	3,527,222	-17.71%
- of which 100% renewable articles	m	1,767,320	1,873,952	2,080,939	-5.69%
- of which mixed renewable articles (with renewable fibre composition ≥ 50%)	m	411,353	660,443	605,385	-37.72%
- of which renewable articles (with renewable fibre composition < 50%) and non-renewable articles	m	592,372	832,938	840,898	- 28.88%
Percentage of 100%-renewable articles of total metres of printed fabric	%	63.78%	55.65%	59.00%	14.61%
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total metres of printed fabric	%	14.84%	19.61%	17.16%	-24.32%
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabric	%	21.38%	24.74%	23.84%	-13.58%

Total for fabrics printed at sites in Italy and Romania, including fabrics commissioned to third parties, but excluding printing on samples (in 2023 67,910 metres out of a total of 2,838,955 metres). 100%-renewable printed articles include: 100% cotton, 100% silk, 100% viscose, 100% linen, 100% wool, 100% cupro, 100% modal, 100% hemp and, from 2022, 100% Lyocell. Printed articles categorised as mixed renewable include all articles which have a percentage composition of renewable fibre equal to or higher than 50%. The third category includes articles with a percentage composition of renewable fibre which is lower than 50%, as well as non-renewable articles, including polyester, polyamides, leather or ramie. From 2022 to 2023, there was an increase of 14.61% for the proportion of 100% renewable articles of total metres of fabric printed.

RENEWABLE AND NON-RENEWABLE PRINTED FABRICS	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. printed fabric, excluding samples	m	2,445,403	2,899,985	3,072,144	-15.68%
- of which 100% renewable articles	m	1,732,109	1,848,674	N/D	-6.31%
- of which mixed renewable articles (with renewable fibre composition ≥ 50%)	m	410,800	657,820	N/D	-37.55%
- of which renewable articles (with renewable fibre composition < 50%) and non-renewable articles	m	302,494	393,491	N/D	-23.13%
Percentage of 100%-renewable articles of total metres of printed fabric	%	70.83%	63.75%	N/D	11.11%
Percentage of mixed renewable articles (with renewable fibre composition ≥ 50%) of total metres of printed fabric	%	16.80%	22.68%	N/D	-25.93%
Percentage of renewable articles (with renewable fibre composition < 50%) of total printed fabric	%	12.37%	13.57%	N/D	-8.84%

Total for fabrics printed at the Italian site at Guanzate, excluding printing on samples (in 2023 this was 67,097 metres out of a total of 2,512,500 metres). The data for RATTI SPA SB compared with the total for the Group was collected for the first time for the 2022 DNF. The Group is committed to continue its current level of monitoring of this information so it can provide a full overview every year. From 2022 to 2023, there was an increase of 11.11% for the proportion of 100% renewable articles of total metres of fabric printed.

#### GRI 301-1 Materials used by the Ratti Group and by RATTI SPA SB

FABRIC PRODUCED	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%

"Metres of fabric produced" represents the total fabric produced internally at the sites in Italy (printing and weaving) and Romania (printing), excluding printing outsourced to third parties and including printing for samples. This data is used as the denominator to determine the ratio between the consumption of environmental materials/resources and fabric produced by the Ratti Group.

FABRIC PRODUCED	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%

"Metres of fabric produced" represents the total fabric produced internally at the site in Guanzate (Italy), including printing for samples. This data is used as the denominator to determine the ratio between the consumption of environmental materials/resources and fabric produced by the RATTI SPA SB.

GRI 301-1 Materials used by the Ratti Group and by RATTI SPA SB obtained from recycling

RECYCLED FABRIC	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2022 on 2023
Tot. Printed fabrics, excluding samples	m	2,771,045	3,367,333	3,527,222	-17.71%
<i>of which recycled articles</i>	m	218,981	444,034	N/D	-50.68%
Percentage of recycled articles of total metres of printed fabric		7.90%	13.19%	N/D	-40.11%

Total for recycled fabrics printed at sites in Italy and Romania, including fabrics outsourced to third parties. The category of recycled articles includes GRS and RCS-certified fabric as well as sustainable brands like New Life, Econyl and Qnova.

RECYCLED FABRIC	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. Printed fabrics, excluding samples	m	2,445,403	2,899,985	3,072,144	-15.68%
<i>of which recycled articles</i>	m	92,142	196,177	N/D	-53.03%
Percentage of recycled articles of total metres of printed fabric		3.77%	6.76%	N/D	-44.23%

Total recycled fabrics printed at the Guanzate site in Italy.

## MATERIALS – PACKAGING

GRI 301-1 and 301-2 Materials used by the Ratti group and by RATTI SPA SB, with details for recycling

MATERIALS FOR PACKAGING		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
PAPER	Tot. Paper packaging	kg	11,295	11,756	N/D	-3.92%
	<i>of which recycled paper</i>	kg	58	76	N/D	-23.68%
	<i>% recycled of total</i>	%	0.51%	0.65%	N/D	-21.54%
CARDBOARD	Tot. paper packaging	kg	53,921	75,442	N/D	-28.53%
	<i>of which recycled cardboard</i>	kg	39,239	874	N/D	4389.59%
	<i>% recycled of total</i>	%	72.77%	1.16%	N/D	6173.28%
PLASTIC	Tot. plastic packaging	kg	14,311	18,075	13,011	-20.82%
	<i>of which recycled plastic</i>	kg	67	372	381	-81.99%
	<i>% recycled of total</i>	%	0.47%	2.06%	2.93%	-77.18%
PALLETS	Tot. Pallets	kg	21,045	26,178	27,664	-19.61%
	<i>of which pallets recycled</i>	kg	12,810	17,700	18,935	-27.63%
	<i>% recycled of total</i>	%	60.87%	67.61%	68.45%	-9.97%
Tot. PACKAGING	Tot. Packaging	kg	100,572	131,451	N/D	-23.49%
	<i>of which recycled</i>	kg	52,174	19,022	N/D	174.28%
Total metres of fabric produced		m	2,825,198	3,266,160	3,370,380	-13.50%
Tot. packaging over metres of fabric produced		kg/m	0.03560	0.04025	N/D	-11.55%
The percentage of sustainable packaging of total packaging			51.88%	14.47%	N/D	258.53%

The figures in the table in relation to paper, cardboard and pallets should be understood as relating to renewable materials, while plastic is considered to be a non-renewable material.

It is worth noting the significant increase in the consumption of recycled cardboard and the improvement in the ratio of packaging to total metres produced.

MATERIALS FOR PACKAGING		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
PAPER	Tot. paper packaging	kg	11,295	11,756	N/D	-3.92%
	<i>of which recycled paper</i>	kg	58	76	N/D	-23.68%
	<i>% recycled of total</i>	%	0.51%	0.65%	N/D	-21.54%
CARDBOARD	Tot. paper packaging	kg	43,551	68,469	N/D	-36.39%
	<i>of which recycled cardboard</i>	kg	28,870	874	N/D	3,203.20%
	<i>% recycled of total</i>	%	66.29%	1.28%	N/D	5,078.21%
PLASTIC	Tot. plastic packaging	kg	13,883	17,658	12,481	-21.38%
	<i>of which recycled plastic</i>	kg	67	372	381	-81.99%
	<i>% recycled of total</i>	%	0.48%	2.11%	3.05%	-77.25%
PALLETS	Tot. Pallets	kg	19,550	24,400	25,685	-19.88%
	<i>of which pallets recycled</i>	kg	12,810	17,700	18,935	-27.63%
	<i>% recycled of total</i>	%	65.52%	72.54%	73.72%	-9.68%
Tot. PACKAGING	<b>Tot. Packaging</b>	<b>kg</b>	<b>88,279</b>	<b>122,283</b>	N/D	<b>-27.81%</b>
	<i>of which recycled</i>	<b>kg</b>	<b>41,805</b>	<b>19,022</b>	N/D	<b>119.77%</b>
Total metres of fabric produced		m	2,797,906	3,238,247	3,342,975	-13.60%
Tot. packaging over metres of fabric produced		kg/m	0.03155	0.03776	N/D	-16.45%
The percentage of sustainable packaging of total packaging			47.36%	15.56%	N/D	204.37%

The figures in the table in relation to paper, cardboard and pallets should be understood as relating to renewable materials, while plastic is considered to be a non-renewable material. RATTI SPA SB also saw a significant increase in the consumption of recycled cardboard and the improvement in the ratio of packaging to total metres produced.

GRI 301-1 and 301-2 Materials used by the Ratti Group and by RATTI SPA SB, with details for recycling

RENEWABLE MATERIALS FOR OFFICES		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
PAPER	Tot. paper	kg	11,542	14,077	N/D	-18.01%
	<i>of which recycled</i>	kg	8,808	10,126	N/D	-13.02%
Percentage of recycled paper of total consumption of paper used in the offices			76.31%	71.93%	N/D	6.09%

There was improvement in the percentage of recycled paper of total consumption of paper used in the offices.

RENEWABLE MATERIALS FOR OFFICES		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
PAPER	Tot. paper	kg	11,050	13,756	N/D	-19.67%
	<i>of which recycled</i>	kg	8,650	10,027	N/D	-13.73%
Percentage of recycled paper of total consumption of paper used in the offices			78.28%	72.89%	N/D	7.39%

RATTI SPA SB also saw an improvement in the percentage of recycled paper of the total consumption of paper used in the offices.



## Annex – Chapter 7

### CHEMICALS AND DYES

#### GRI 301-1 Materials used by the Ratti Group

ADDITIVES	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. additives	kg	481,254	523,698	553,550	-8.10%
of which dyes	kg	47,724	54,113	58,694	-11.81%
of which chemical products	kg	433,530	469,585	494,856	-7.68%

### ENERGY

#### GRI 302-1 Aggregate energy consumption, relative to the use of the Company's equipment, offices and car fleet for the Ratti Group and for RATTI SPA SB

		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
METHANE GAS	Consumption by offices and factories	m <sup>3</sup>	2,943,823	3,099,163	3,288,466	-5.01%
ENERGY ELECTRICAL	Consumption by offices and factories	kWh	8,318,700	8,455,185	8,503,952	-1.61%
	<i>of which electricity purchased</i>	kWh	7,174,149	7,284,632	7,321,206	-1.52%
	<i>of which produced and self-consumed, from photovoltaic systems</i>	kWh	1,144,551	1,170,553	1,182,746	-2.22%
	Produced and released to the grid from photovoltaic systems	kWh	162,215	95,413	44,280	70.01%
COMPANY CAR FLEET	Consumption of diesel	l	64,949	67,778	71,369	-4.17%
	Consumption of petrol	l	17,932	11,545	5,329	55.32%
Total metres of fabric produced		m	2,825,198	3,266,160	3,370,380	-13.50%
Tot. consumption of methane over total metres of fabric produced		m <sup>3</sup> /m	1.0420	0.9489	0.9757	9.81%
Tot. consumption of electricity over total metres of fabric produced		kWh/m	2.9445	2.5887	2.5231	13.74%

		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
METHANE GAS	Consumption by offices and factories	m <sup>3</sup>	2,841,489	2,998,680	3,183,336	-5.24
ENERGY ELECTRICAL	Consumption by offices and factories	kWh	7,943,484	8,106,560	8,150,523	-2.01%
	<i>of which electricity purchased</i>	kWh	6,872,575	6,988,539	7,029,114	-1.66%
	<i>of which produced and self-consumed, from photovoltaic systems</i>	kWh	1,070,909	1,118,021	1,121,409	-4.21%
	Produced and released to the grid from photovoltaic systems	kWh	139,118	74,479	44,280	86.79%
COMPANY CAR FLEET	Consumption of diesel	l	64,949	67,398	70,509	-3.63%
	Consumption of petrol	l	17,051	10,402	4,634	63.92%
Total metres of fabric produced		m	2,797,906	3,238,247	3,342,975	-13.60%
Tot. consumption of methane over total metres of fabric produced		m <sup>3</sup> /m	1.0156	0.9260	0.9522	9.68%
Tot. consumption of electricity over total metres of fabric produced		kWh/m	2.8391	2.5034	2.4381	13.41%

		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
METHANE GAS	Consumption by offices and factories	GJ	106,537	111,213	117,858	-4.20%
ENERGY ELECTRICAL	Consumption by offices and factories	GJ	29,947	30,439	30,614	-1.62%
	<i>of which electricity purchased</i>	GJ	25,827	26,225	26,356	-1.52%
	<i>of which produced and self-consumed, from photovoltaic systems</i>	GJ	4,120	4,214	4,258	-2.23%
	Produced and released to the grid from photovoltaic systems	GJ	584	343	159	70.26%
COMPANY CAR FLEET	Consumption of diesel	GJ	2,320	2,444	2,579	-5.07%
	Consumption of petrol	GJ	595	382	177	55.76%
<b>Tot. Energy consumption</b>		<b>GJ</b>	<b>139,399</b>	<b>144,478</b>	<b>151,228</b>	<b>-3.52%</b>
Total metres of fabric produced		m	2,825,198	3,266,160	3,370,380	-13.50%
Tot. consumption of methane over total metres of fabric produced		GJ/m	0.03771	0.03405	0.03497	10.75%
Tot. consumption of electricity over total metres of fabric produced		GJ/m	0.0106	0.00932	0.00908	13.73%

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

To convert m<sup>3</sup> into GJ of methane gas, kWh into GJ of electricity and litres of diesel and petrol into GJ, the values reported by DEFRA were used (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom.

Consumption of electricity by photovoltaic system included the plant at the Guanzate site and the plant at the Creomoda (Tunisia) site. Consumption related to the car fleet only applies to the Italy and Romania sites, given that there are no company cars at the Tunisian offices.

		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
METHANE GAS	Consumption by offices and factories	GJ	102,833	107,607	114,090	-4.44%
ENERGY ELECTRICAL	Consumption by offices and factories	GJ	28,597	29,184	29,342	-2.01%
	<i>of which electricity purchased</i>	GJ	24,742	25,159	25,305	-1.66%
	<i>of which produced and self-consumed, from photovoltaic systems</i>	GJ	3,855	4,025	4,037	-4.22%
	Produced and released to the grid from photovoltaic systems	GJ	501	268	159	86.94%
COMPANY CAR FLEET	Consumption of diesel	GJ	2,320	2,431	2,548	-4.57%
	Consumption of petrol	GJ	566	345	153	64.20%
<b>Tot. Energy consumption</b>		<b>GJ</b>	<b>134,316</b>	<b>139,567</b>	<b>146,133</b>	<b>-3.76%</b>
Total metres of fabric produced		m	2,797,906	3,238,247	3,342,975	-13.60%
Tot. consumption of methane over total metres of fabric produced		GJ/m	0.03675	0.03323	0.03413	10.59%
Tot. consumption of electricity over total metres of fabric produced		GJ/m	0.01022	0.00901	0.00878	13.43%

To convert m<sup>3</sup> into GJ of methane gas, kWh into GJ of electricity and litres of diesel and petrol into GJ, the values reported by DEFRA were used (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom.

## WATER AND DISCHARGES

### GRI 303-3, 303-4 Water withdrawal and discharge by the Group and by RATTI SPA SB

		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
WATER WITHDRAWAL	Tot. water withdrawal	m <sup>3</sup>	333,458	357,508	311,981	-6.73%
	from well counters	m <sup>3</sup>	330,818	355,300	310,443	-6.89%
	<i>-of which freshwater (≤1000 mg/l of total dissolved solids)</i>	m <sup>3</sup>	330,818	355,300	310,443	-6.89%
	<i>-of which other types of water (&gt; 1,000 mg/l of total dissolved solids)</i>	m <sup>3</sup>	0	0	0	0
	from aqueduct (bill)	m <sup>3</sup>	2,640	2,208	1,538	19.57%
	<i>-of which freshwater (≤1000 mg/l of total dissolved solids)</i>	m <sup>3</sup>	2,640	2,208	1,538	19.57%
	<i>-of which other types of water (&gt; 1,000 mg/l of total dissolved solids)</i>	m <sup>3</sup>	0	0	0	0
	Total metres of fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%

	Tot. water withdrawal over total metres of fabric produced	m <sup>3</sup> /m	0.11803	0.10946	0.09257	7.83%
WATER DISCHARGES	Tot. water discharges into the sewerage system	m <sup>3</sup>	302,000	309,860	266,616	-2.54%
	- of which freshwater (≤1000 mg/l of total dissolved solids)	m <sup>3</sup>	4,577	5,485	5,056	-16.55%
	-of which other types of water (> 1,000 mg/l of total dissolved solids)	m <sup>3</sup>	297,423	304,375	261,560	-2.28%
	Total metres of fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%
	Tot. water discharges over total metres of fabric produced	m <sup>3</sup> /m	0.10689	0.09487	0.07911	12.68%

		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
WATER WITHDRAWAL	Tot. water withdrawal	m <sup>3</sup>	328,881	352,023	306,925	-6.57%
	from well counters	m <sup>3</sup>	326,241	349,815	305,387	-6.74%
	-of which freshwater (≤1000 mg/l of total dissolved solids)	m <sup>3</sup>	326,241	349,815	305,387	-6.74%
	-of which other types of water (> 1,000 mg/l of total dissolved solids)	m <sup>3</sup>	0	0	0	0
	from aqueduct (bill)	m <sup>3</sup>	2,640	2,208	1,538	19.57%
	-of which freshwater (≤1000 mg/l of total dissolved solids)	m <sup>3</sup>	2,640	2,208	1,538	19.57%
	-of which other types of water (> 1,000 mg/l of total dissolved solids)	m <sup>3</sup>	0	0	0	0
	Total metres of fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%
	Tot. water withdrawal over total metres of fabric produced	m <sup>3</sup> /m	0.11755	0.10871	0.09181	8.13%
WATER DISCHARGES	Tot. water discharges into the sewerage system	m <sup>3</sup>	297,423	304,375	261,560	-2.28%
	- of which freshwater (≤1000 mg/l of total dissolved solids)	m <sup>3</sup>	0	0	0	0

	-of which other types of water (> 1,000 mg/l of total dissolved solids)	m <sup>3</sup>	297,423	304,375	261,560	-2.28%
	Total metres of fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%
	Tot. water discharges over total metres of fabric produced	m <sup>3</sup> /m	0.10630	0.09399	0.07824	13.10%

The Guanzate site is situated in an area with a water stress < 10% (according to data provided by the Aqueduct Water Risk Atlas).

#### GRI 303-5 Total water consumption and storage of water in the Ratti Group and in RATTI SPA SB

		RATTI GROUP				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
WATER CONSUMPTION	Tot. water consumption	m <sup>3</sup>	31,458	47,648	45,365	-33.98%
	Total metres of fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%
	Tot. water consumption over total metres of fabric produced	m <sup>3</sup> /m	0.01113	0.01459	0.01346	-23.71%
WATER STORAGE	Change in water storage	m <sup>3</sup>	0	0	N/D	0
	Water storage at the beginning of the reporting period	m <sup>3</sup>	300	300	N/D	0
	Water storage at the end of the reporting period	m <sup>3</sup>	300	300	N/D	0

GRI 303-5 requires water consumption to be shown as the difference between water drawn and water discharged.

		RATTI SPA SOCIETÀ BENEFIT				
		u.m.	2023	2022	2021	Δ% 2023 on 2022
WATER CONSUMPTION	Tot. water consumption	m <sup>3</sup>	31,458	47,648	45,365	-33.98
	Total metres of fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%
	Tot. water consumption over total metres of fabric produced	m <sup>3</sup> /m	0.01124	0.01471	0.01357	-23.59%
WATER STORAGE	Change in water storage	m <sup>3</sup>	0	0	N/D	0

	Water storage at the beginning of the reporting period	m <sup>3</sup>	300	300	N/D	0%
	Water storage at the end of the reporting period	m <sup>3</sup>	300	300	N/D	0%

## EMISSIONS

### GRI 305-1, 305-2 Direct and indirect emissions of the Group and of RATTI SPA SB (Scopes 1 and 2)

CO <sub>2</sub> EMISSIONS	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
<b>SCOPE 1 - DIRECT ENERGY EMISSIONS</b>	tCO <sub>2</sub> e	6,455	6,640	7,001	-2.79%
<i>from consumption of methane gas</i>	tCO <sub>2</sub> e	6,046	6,296	6,691	-3.97%
<i>from emission of refrigerant gas from air conditioning equipment</i>	tCO <sub>2</sub> e	194	134	105	45.13%
<i>from company car fleet - consumption of diesel cars</i>	tCO <sub>2</sub> e	173	183	193	-5.57%
<i>from company car fleet - consumption of petrol cars</i>	tCO <sub>2</sub> e	42	27	12	55.67%
<b>SCOPE 2 - INDIRECT ENERGY EMISSIONS</b> <i>Location-based</i>	tCO <sub>2</sub> e	2,279	2,314	2,321	-1.51%
<i>from electricity bought for offices and factories</i>					
<b>SCOPE 2 - INDIRECT ENERGY EMISSIONS</b> <i>Market-based</i>	tCO <sub>2</sub> e	114	113	104	0.88%
<i>from electricity bought for offices and factories</i>					
<b>Tot. SCOPE 1 and SCOPE 2 Location-based emissions</b>	tCO <sub>2</sub> e	8,734	8,954	9,322	-2.46%
Total metres of fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%
Tot. SCOPE 1 and SCOPE 2 Location-based emissions over metres of fabric produced	tCO <sub>2</sub> e/m	0.00309	0.00274	0.00277	12.77%
Emissions avoided thanks to the photovoltaic system in RATTI SPA SB	tCO <sub>2</sub> e	381	376	367	1.47%
Emissions avoided thanks to the photovoltaic system in Creomoda	tCO <sub>2</sub> e	46	35	29	31.68%
<b>Tot. emissions avoided thanks to the photovoltaic system</b>	tCO <sub>2</sub> e	427	411	396	3.89%
Emissions avoided by purchasing energy with a Guarantee of Origin in RATTI SPA SB	tCO <sub>2</sub> e	2,165	2,201	2,214	-1.66%

To calculate SCOPE 1 equivalent tons of CO<sub>2</sub>, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom. In particular, to calculate CO<sub>2</sub> emissions from the vehicle fleet, starting from the 2021 data the Ratti Group has decided to use the DEFRA figure, no longer starting from the total number of km driven by the Group's cars, but instead from litres of fuel – separately with the related coefficient for gasoline and diesel cars – consumed during the reporting year. This will make the reported data more accurate and reliable. The calculation of electricity emissions using the location-based method is based on emission factors published by Terna SpA, while the market-based method calculates emissions based on emission factors published by the Association of Issuing Bodies.



CO <sub>2</sub> EMISSIONS	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
<b>SCOPE 1 - DIRECT ENERGY EMISSIONS</b>	tCO <sub>2</sub> e	6,243	6,432	6,784	-2.94%
<i>from consumption of methane gas</i>	tCO <sub>2</sub>	5,836	6,092	6,477	-4.20%
<i>from emission of refrigerant gas from air conditioning equipment</i>	tCO <sub>2</sub> e	194	134	105	44.78%
<i>from company car fleet - consumption of diesel cars</i>	tCO <sub>2</sub> e	173	182	191	-5.04%
<i>from company car fleet - consumption of petrol cars</i>	tCO <sub>2</sub> e	40	24	11	64.30%
<b>SCOPE 2 - INDIRECT ENERGY EMISSIONS</b> <i>Location-based</i> <i>from electricity bought for offices and factories</i>	tCO <sub>2</sub>	2,165	2,201	2,214	-1.64%
<b>SCOPE 2 - INDIRECT ENERGY EMISSIONS</b> <i>Market-based</i> <i>from electricity bought for offices and factories</i>	tCO <sub>2</sub>	0	0	0	0
<b>Tot. SCOPE 1 and SCOPE 2 Location-based emissions</b>	tCO <sub>2</sub> e	8,408	8,633	8,998	-2.61%
Total metres of fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%
Tot. SCOPE 1 and SCOPE 2 Location-based emissions over metres of fabric produced	tCO <sub>2</sub> e/m	0.00301	0.00267	0.00269	12.73%
<b>Emissions avoided thanks to the photovoltaic system in RATTI SPA SB</b>	tCO <sub>2</sub> e	381	376	367	1.33%
<b>Emissions avoided by purchasing energy with a Guarantee of Origin in RATTI SPA SB</b>	tCO <sub>2</sub> e	2,165	2,201	2,214	-1.64%

To calculate SCOPE 1 equivalent tons of CO<sub>2</sub>, the transformation coefficients were updated. This made it possible to align the sources and, in all cases, use the values reported by DEFRA (Department for Environment, Food and Rural Affairs) of the government of the United Kingdom. In particular, to calculate CO<sub>2</sub> emissions from the vehicle fleet, starting from the 2021 data the RATTI SPA SB has decided to use the DEFRA figure, no longer starting from the total number of km driven by the Group's cars, but instead from litres of fuel – separately with the related coefficient for gasoline and diesel cars – consumed during the reporting year. This will make the reported data more accurate and reliable.

The calculation of electricity emissions using the location-based method is based on emission factors published by Terna SpA, while the market-based method calculates emissions based on emission factors published by the Association of Issuing Bodies (AIB).



## WASTE

GRI 306-3 Total weight of waste produced, subdividing total weight on the basis of waste composition (hazardous and non-hazardous) for the Ratti Group and RATTI SPA SB

WASTE PRODUCED	RATTI GROUP				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. waste produced	kg	500,857	564,375	631,098	-11.25%
Hazardous waste	kg	25,882	24,012	24,831	7.79%
Non-hazardous waste	kg	474,975	540,363	606,268	-12.10%
Total metres of fabric produced	m	2,825,198	3,266,160	3,370,380	-13.50%
Total waste over total metres of fabric produced	kg/m	0.17728	0.17279	0.18725	2.60%
Hazardous waste over total metres of fabric produced	kg/m	0.00916	0.00735	0.00737	24.63%
Non-hazardous waste over total metres of fabric produced	kg/m	0.16812	0.16544	0.17988	1.62%

Starting from the 2021 DNF, the reporting of waste produced by Ratti has been updated on the basis of the new GRI 306 of 2020. The Ratti Group, in line with the stipulations of previous DNFs, has maintained the subdivision of waste on the basis of whether it is hazardous or non-hazardous, considering the sites in Italy, Romania and Tunisia to be within the perimeter.

WASTE PRODUCED	RATTI SPA SOCIETÀ BENEFIT				
	u.m.	2023	2022	2021	Δ% 2023 on 2022
Tot. waste produced	kg	491,593	534,763	606,574	-8.07%
Hazardous waste	kg	24,582	23,203	23,969	5.94%
Non-hazardous waste	kg	467,011	511,560	582,605	-8.71%
Total metres of fabric produced	m	2,797,906	3,238,247	3,342,975	-13.60%
Total waste over total metres of fabric produced	kg/m	0.1757	0.16514	0.18145	6.39%
Hazardous waste over total metres of fabric produced	kg/m	0.00879	0.00717	0.00717	22.59%
Non-hazardous waste over total metres of fabric produced	kg/m	0.16691	0.15797	0.17428	5.66%

RATTI SPA SB, in line with the stipulations of previous DNFs, has maintained the subdivision of waste on the basis of whether it is hazardous or non-hazardous, considering the sites in Italy, Romania and Tunisia to be within the perimeter.

GRI 306-4 and 306-5 Waste destined for disposal and waste diverted from disposal of the Ratti Group, subdivided by individual companies: RATTI SPA SB, Tectrom, Creomodà and La Maison des Accessoires

In the reporting of the destination of waste it is noted that for the GRI, "incineration of waste with energy recycling" is a disposal practice. By contrast, according to European legislation it is a recycling practice (Directive 2008/98 EC of the European Parliament and of the Council of 19 November 2008 on waste and subsequent modifications and additions: Article 4, paragraph 15 and Annex II).

In order to understand the reporting shown below it is necessary to distinguish between:

- Information of the type "quantity (kg) per destination". In such cases (with reference to a CER code), the following are known: (a) the destination or destinations of the waste and (b) the quantity of waste allocated to a single destination or the allocation of the amount of waste across various destinations;
- Information of the type "destinations". In such cases (with reference to a European Waste Code or EWC) the destination of the waste is known but not the quantity allocated across various destinations.

The Group provides the information "quantity (kg) per destination" for the

- waste, hazardous and non-hazardous, of the companies Creomoda, La Maison Des Accessoires and Textrom;
- the hazardous waste of RATTI SPA SB
- Ratti's non-hazardous waste up to an amount of 217,281kg of the total of 467,011 for products in 2023.

For the remaining 249,730kg (467,011kg - 217,281kg), part of the EWCs "Waste from textile fibres" (EWC 040222), "Bricks and ceramics" (EWC 170103), "Paper and cardboard packaging" (EWC 150101) and "Packaging in mixed materials" (EWC 150106), the Company is able to provide destination-type, but not quantity-per-destination information. The latter is not made available by the intermediary A2A when it aggregates waste (for the same EWC) retrieved from various producers, in order to carry out subsequent recycling/disposal.

It is therefore considered necessary to produce two tables on the destination of waste produced by RATTI SPA SB. One refers to waste reported under "quantity per destination" (all hazardous waste and 217,281kg of non-hazardous waste) while the other refers to non-hazardous waste reported under "destinations" (249,730kg).

		RATTI SPA SOCIETÀ BENEFIT- 2023			
		u.m.	AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
<b>WASTE DIVERTED FROM DISPOSAL</b>					
HAZARDOUS WASTE	<b>Total hazardous waste diverted from disposal</b>	kg	0.00	1,204.00	1,204.00
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	635.00	635.00
	Other recycling operations	kg	0.00	569.00	569.00
NON-HAZARDOUS WASTE	<b>Total non-hazardous waste diverted from disposal</b>	kg	0.00	91,504.00	91,504.00
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	91,504.00	91,504.00
	Other recycling operations	kg	0.00	0.00	0.00
<b>WASTE DESTINED FOR DISPOSAL</b>					

HAZARDOUS WASTE	<b>Total hazardous waste destined for disposal</b>	<b>kg</b>	0.00	<b>23,378.00</b>	<b>23,378.00</b>
	Incineration with energy recycling	kg	0.00	21,194.00	21,194.00
	Incineration without energy recycling	kg	0.00	1,594.00	1,594.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	590.00	590.00
NON-HAZARDOUS WASTE	<b>Total non-hazardous waste destined for disposal</b>	<b>kg</b>	0.00	<b>125,777.00</b>	<b>125,777.00</b>
	Incineration with energy recycling	kg	0.00	11,029.00	11,029.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	114,748.00	114,748.00

NON-HAZARDOUS WASTE WITH MULTIPLE DESTINATIONS FOR RATTI SPA SOCIETÀ BENEFIT - 2023						
Description with EWC code	R1 – Energy	R3 – Recycling	R13 – Recovery	D1 – Landfill	D5 – Landfill	TOT. kg
Waste from textile fibre (EWC:040222) 040222)	X	X	X	X		73,890
Bricks and ceramics (EWC:170103)			X	X		160
Paper and cardboard packaging (EWC:150101)	X	X	X			128,560
Packaging in mixed materials (EWC: 150106)	X	X	X	X	X	47,120
Total non-hazardous waste with multiple destinations						<b>249,730</b>

		TEXTROM (ROMANIA)- 2023			
		u.m.	AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
<b>WASTE DIVERTED FROM DISPOSAL</b>					
HAZARDOUS WASTE	<b>Total hazardous waste diverted from disposal</b>	<b>kg</b>	0.00	0.00	0.00
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	0.00	0.00
	Other recycling operations	kg	0.00	0.00	0.00
NON-HAZARDOUS WASTE	<b>Total non-hazardous waste diverted from disposal</b>	<b>kg</b>	<b>0.00</b>	<b>741.00</b>	<b>741.00</b>
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	741.00	741.00
	Other recycling operations	kg	0.00	0.00	0.00

WASTE DESTINED FOR DISPOSAL					
HAZARDOUS WASTE	Total hazardous waste destined for disposal	kg	0.00	1,239.00	1,239.00
	Incineration with energy recycling	kg	0.00	1239.00	1239.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	0.00	0.00
NON-HAZARDOUS WASTE	Total non-hazardous waste destined for disposal	kg	0.00	0.00	0.00
	Incineration with energy recycling	kg	0.00	0.00	0.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	0.00	0.00

		CREOMODA (TUNISIA)- 2023			
		u.m.	AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
WASTE DIVERTED FROM DISPOSAL					
HAZARDOUS WASTE	Total hazardous waste diverted from disposal	kg	0.00	54.00	54.00
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	54.00	54.00
	Other recycling operations	kg	0.00	0.00	0.00
NON-HAZARDOUS WASTE	Total non-hazardous waste diverted from disposal	kg	0.00	4,236.00	4,236.00
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	4,236.00	4,236.00
	Other recycling operations	kg	0.00	0.00	0.00
WASTE DESTINED FOR DISPOSAL					
HAZARDOUS WASTE	Total hazardous waste destined for disposal	kg	0.00	0.00	0.00
	Incineration with energy recycling	kg	0.00	0.00	0.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	0.00	0.00
	Total non-hazardous waste destined for disposal	kg	0.00	2,347.00	2,347.00

NON-HAZARDOUS WASTE	Incineration with energy recycling	kg	0.00	0.00	0.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	2,347.00	2,347.00
	Other disposal operations	kg	0.00	0.00	0.00

		LA MAISON DES ACCESSOIRES (TUNISIA) - 2023			
		u.m.	AT COMPANY SITE	AT EXTERNAL SITE	TOTAL
<b>WASTE DIVERTED FROM DISPOSAL</b>					
HAZARDOUS WASTE	<b>Total hazardous waste diverted from disposal</b>	<b>kg</b>	<b>0.00</b>	<b>7.00</b>	<b>7.00</b>
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	7.00	7.00
	Other recycling operations	kg	0.00	0.00	0.00
NON-HAZARDOUS WASTE	<b>Total non-hazardous waste diverted from disposal</b>	<b>kg</b>	<b>0.00</b>	<b>412.00</b>	<b>412.00</b>
	Preparation for reuse	kg	0.00	0.00	0.00
	Recycling	kg	0.00	412.00	412.00
	Other recycling operations	kg	0.00	0.00	0.00
<b>WASTE DESTINED FOR DISPOSAL</b>					
HAZARDOUS WASTE	<b>Total hazardous waste destined for disposal</b>	<b>kg</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Incineration with energy recycling	kg	0.00	0.00	0.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	0.00	0.00
	Other disposal operations	kg	0.00	0.00	0.00
NON-HAZARDOUS WASTE	<b>Total non-hazardous waste destined for disposal</b>	<b>kg</b>	<b>0.00</b>	<b>228.00</b>	<b>228.00</b>
	Incineration with energy recycling	kg	0.00	0.00	0.00
	Incineration without energy recycling	kg	0.00	0.00	0.00
	Taken to landfill	kg	0.00	228.00	228.00
	Other disposal operations	kg	0.00	0.00	0.00

## PROCUREMENT

### GRI 204-1 Percentage of procurement budget spent on local suppliers for significant sites of operations

	Percentage of procurement budget spent on local suppliers (% ITALY OF TOTAL)	Percentage of procurement budget spent on local suppliers (% LOMBARDY OF TOTAL)
2023	89.97%	65.03%
2022	81.25%	66.58%

Local suppliers means Italian suppliers. In order to provide more details, Ratti has decided to provide data for suppliers located in Lombardy. Generally speaking, the calculation considers only suppliers for the Guanzate site, the only really significant site for the Ratti Group.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

### GRI 308-1 Percentage of new suppliers of RATTI SPA SB evaluated on the basis of environmental criteria

2023	Of the total of 238 new suppliers of RATTI SPA SB, the 7 suppliers assessed in accordance with environmental criteria (2.9% of the total) represented 30.7% of the value of purchases generated by new suppliers during the year.
2022	Of the total of 253 new suppliers of RATTI SPA SB, the 6 suppliers assessed in accordance with environmental criteria (2.4% of the total) represented 4.4% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SPA, the 11 suppliers assessed in accordance with environmental criteria (4.7% of the total) represented 19.2% of the value of purchases generated by new suppliers during the year.

Ratti SpA carried out an environmental evaluation for suppliers considered to be significant among the companies that supply chemical products and dyes, raw materials and ennoblement processes for the yarn/fabric (preparation, dyeing, printing and finishing).

### GRI 308-2 Negative environmental impacts in the supply chain

	2023
Number of suppliers evaluated in relation to environmental impacts	157
Number of suppliers that have significant current environmental impacts and potential negative environmental impacts	157
Percentage of suppliers that have significant current environmental impacts and potential negative environmental impacts with which improvements have been agreed following the evaluation	0%
Percentage of suppliers that have significant current environmental impacts and potential negative environmental impacts with which relations have been terminated following the evaluation	0%

Of the total of 1,252 suppliers of RATTI SPA SB active in 2023, 157 were considered sufficiently strategic to warrant an environmental valuation. Of these, RATTI SPA SB has not reported any critical concerns on the part of the suppliers. For further details of the environmental impacts evaluated for Ratti suppliers see Chapter 5, paragraph 5.4 "A virtuous circle of good practices"

## SUPPLIER SOCIAL ASSESSMENT

### GRI 414-1 Percentage of new suppliers of RATTI SPA SB evaluated on the basis of social criteria

2023	Of the total of 238 new suppliers of RATTI SPA SB, the 14 that were assessed in accordance with social criteria as per the Manual of Social Accountability (5.9% of the total) represented 45.4% of the value of purchases generated by new suppliers during the year.
2022	Of the total of 253 new suppliers of RATTI SPA SB, the 17 that were assessed in accordance with social criteria as per the Manual of Social Accountability (6.7% of the total) represented 27.0% of the value of purchases generated by new suppliers during the year.
2021	Of the total of 235 new suppliers of Ratti SpA, the 13 that were assessed in accordance with social criteria as per the Manual of Social Accountability (5.5% of the total) represented 56.9% of the value of purchases generated by new suppliers during the year.

It has now become standard practice for RATTI SPA SB to ensure that suppliers who are considered significant sign up to the principles of the Group's Code of Ethics, which contain specific clauses relating to human rights. In compliance with the SA8000 standard, RATTI SPA SB has ensured compliance with social accountability in its supply chain, requiring, for significant suppliers in that context, the sending out and subsequent evaluation of a questionnaire dedicated to these themes, so that the reliability of the supplier can be determined.

### GRI 414-2 Negative social impacts in the supply chain

	2023
Number of suppliers evaluated in relation to social impacts	244
Number of suppliers that have significant current social impacts and potential negative social impacts	244
Percentage of suppliers that have significant current social impacts and potential negative social impacts with which improvements have been agreed following the evaluation	0%
Percentage of suppliers that have significant current social impacts and potential negative social impacts with which relations have been terminated following the evaluation	0%

Of the total of 1,252 suppliers of RATTI SPA SB active in 2023, 244 were considered sufficiently strategic to warrant a social evaluation. Of these, RATTI SPA SB has not reported any critical concerns on the part of the suppliers. For further details of the social impacts evaluated for Ratti suppliers see Chapter 5, paragraph 5.4 "A virtuous circle of good practices"

## GRI Content Index

<b>Declaration of use</b>	The Ratti Group has presented a report which complies with GRI Standards for the period 1 January – 31 December 2023
<b>GRI used</b>	GRI 1 - Fundamental Principles - version 2021
<b>Relevant GRI Standards for the sector</b>	Not present at the moment this report was approved

DISCLOSURE	PARAGRAPH	OMISSION <i>(requirements omitted, reason and explanation)</i>
<b>GRI 2 – GENERAL DISCLOSURES – VERSION 2021</b>		
<b>General disclosures</b>		
2-1 Organisational details	Chapter 1, paragraph 1.1 A story with deep roots, paragraph 1.2 The Ratti Group today	
2-2 Entities included in the organisation's sustainability reporting	Methodological Note, Perimeter paragraph, purpose and contents of the 2023 Sustainability Report and DNF	
2-3 Reporting period, frequency and point of contact	Methodological Note, Perimeter paragraph, purpose and contents of the 2023 Sustainability Report and DNF	
2-4 Restatements of information	Methodological Note, Perimeter paragraph, purpose and contents of the 2023 Sustainability Report and DNF	
2-5 External assurance	Chapter 4 paragraph 4.1 The governance structure of the Group Declaration of external assurance	
<b>Activities and workers</b>		
2-6 Activities, value chain and other business relationships	Chap. 1 paragraph 1.2 The Ratti Group today Chap. 7, paragraph 7.6 A virtuous circle of good practices	
2-7 Employees	Chap. 5 paragraph 5.1 The Ratti Group's employees Annex Chap. 5	
2-8 Non-employed workers	Chap. 5 paragraph 5.1 The Ratti Group's employees Annex Chap. 5	
<b>Governance</b>		
2-9 Governance structure and composition	Chap. 4 paragraph 4.1 The governance structure of the Group	
2-10 Nomination and selection of the highest governance body	The process of nominating and selecting the BoD of RATTI SPA SB is described in Articles 16 and 17 of the Company's by-laws Chap. 4 paragraph 4.1 The governance structure of the Group	
2-11 Chair of the highest governance body	The Chair of RATTI SPA SB is not an executive	
2-12 Role of the highest governance body in overseeing the management of impacts	Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-13 Delegation of responsibility for managing impacts	Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-14 Role of the highest governance body in sustainability reporting	Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-15 Conflicts of interest	Chap. 4, paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-16 Communication of critical concerns	No significant critical concerns emerged in 2023 Chap. 4, paragraph 4.3 Managing risks to include sustainability	
2-17 Collective knowledge of the highest governance body	Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	



2-18 Evaluation of the performance of the highest governance body	As things currently stand no indications of amendments to the composition of the highest governance body have been reported. Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-19 Remuneration policies	Chap. 4 paragraph 4.1 The governance structure of the Group	
2-20 process to determine remuneration	Chap. 4 paragraph 4.1 The governance structure of the Group	
2-21 Annual total compensation ratio	The ratio between the total annual compensation of the person who receives the maximum amount and the total annual average remuneration of Ratti Group employees is 21.96. This figure is affected by the very high number of employees who belong to the contractual category "blue-collar workers", as well as an increase in this category for the Tunisian operation. The ratio between the percentage increase of the average annual compensation of the person who receives the maximum amount and the total annual (average) amount for all employees of the Ratti Group is 0. This is because the person who receives the maximum amount did not receive any increase. Total annual compensation takes into consideration: Annual gross salary, theoretical MBO, bonuses, benefits and performance-based bonuses.	
<b>Strategy, policies and practices</b>		
2-22 Statement on sustainable development strategy	Letter from the Chairman Letter from the CEO Chap. 2 paragraph 2.3 Objectives and results 2023, Objectives 2024	
2-23 Policy commitments	Documents containing commitments in terms of policy are approved by the Shareholders' Meeting. Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-24 Embedding policy commitments	Chap. 4, paragraph 4.1 The governance structure of the Group; paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
2-25 Processes to re-mediate negative impacts	Chapter 4, paragraph 4.3 Managing risks to include sustainability	
2-26 Mechanisms for seeking advice and raising concerns	Chap. 4, paragraph 4.3 Managing risks to include sustainability	
2-27 Compliance with laws and regulations	During 2023 no cases were reported of significant non-compliance with laws and regulations, or of any significant monetary sanctions paid by the Group.	
2-28 Membership of associations	Chap. 1 paragraph 1.1 A story with deep roots	
<b>Involvement of the stakeholders</b>		
2-29 Approach to stakeholder engagement	Stakeholders and the process of involvement	
2-30 Collective bargaining agreements	In RATTI SPA SB, Textrom, Maison des Accessories and Creomoda 100% of employees are covered by collective bargaining agreements In Ratti USA and in Ratti International Trading (Shanghai) there are individual contracts and agreements for the 6 employees overall.	
<b>GRI 3 – MATERIALS – 2021 VERSION</b>		
<b>Material themes</b>		
3-1 process to determine material topics	Cap.3	
3-2 List of material topics	Cap.3	

201: Economic performance – 2016		
3-3 Management of material topics	Chap. 9	
201-1 Directly generated and distributed economic value	Chap. 9	
204: Procurement practices		
3-3 Management of material topics	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
204-1 Proportion of spending on local suppliers	Chap. 7, paragraph 3.2 A virtuous circle of good practices Annex Chap. 7	
205: Anti--corruption – 2016		
3-3 Management of material topics	Chap. 4, paragraph 4.3 Managing risks to include sustainability	
205-2 Communication and training about anti-corruption policies and procedures	Chap. 4, paragraph 4.2 The bodies and the instruments that monitor corporate ethics	
205-3 Verified episodes of corruption and action taken	In 2023 no incidents of any type were reported for the Ratti Group in relation to corruption	
301: Materials – 2016		
3-3 Management of material topics	Chap. 6, paragraph 4.3 A commitment anchored in the most advanced standards, paragraph 6.4 Ratti's sustainable offer, paragraph 6.5 Ratti's circular textiles: the PHORIA brand Chap. 7, paragraph 7.1 Sustainability in textiles: challenge accepted	
301-1 Materials used by weight or volume	Annex Chap. 6 Annex Chap. 7	
301-2 Recycled input materials used	Annex Chap. 6 Annex Chap. 7	
302: Energy – 2016		
3-3 Management of material topics	Chap. 7, paragraph 7.4 Less resources consumed, a better future	
302-1 Energy consumption within the organisation	Annex Chap. 7	
303: Water and wastewater – 2018		
3-3 Management of material topics	Chap. 7, paragraph 7.1 Sustainability in textiles: challenge accepted; paragraph 7.4 Less resources consumed, a better future	
303-1 Interaction with water as a shared resource	Chapter 7, paragraph 7.1 Sustainability in textiles: challenge accepted; paragraph 7.4 Less resources consumed, a better future	
303-2 Management of water-discharge related impacts	Chapter 7, paragraph 7.1 Sustainability in textiles: challenge accepted; paragraph 7.4 Less resources consumed, a better future	
303-3 Water withdrawal	Annex Chap. 7	
303-4 Water discharge	Annex Chap. 7	
303-5 Water consumption	Annex Chap. 7	
305: Emissions – 2016		
3-3 Management of material topics	Chap. 7, paragraph 7.4 Less resources consumed, a better future	
Direct emissions of greenhouse gasses (SCOPE 1)	Annex Chap. 7	
305-2 Energy indirect (SCOPE 2) GHG emissions	Annex Chap. 7	
306: Waste – 2020		
3-3 Management of material topics	Chap. 7 paragraph 7.5 The circular economy and waste management	
306-1 Waste generation and significant waste-related impacts	Chapter 7 paragraph 7.5 The circular economy and waste management	

306-2 Management of significant waste-related impacts	Chapter 7 paragraph 7.5 The circular economy and waste management	
306-3 Waste produced	Annex Chap. 7	
306-4 Waste diverted from disposal	Annex Chap. 7	
306-5 Waste directed to disposal	Annex Chap. 7	
<b>308: Supplier environmental assessment – 2016</b>		
3-3 Management of material topics	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
308-1 New suppliers that were screened using environmental criteria	Annex Chap. 7	
308-2 Negative environmental impacts in the supply chain and actions taken	Chap. 7, paragraph 5.4 A virtuous circle of good practices, Annex Chap. 7	
<b>401: Employment – 2016</b>		
3-3 Management of material topics	Chap 5 paragraph 5.1 The workforce of the Ratti Group; paragraph 5.4 The welfare of our employees	
401-1 New employee hires and employee turnover	Chap. 5, paragraph 5.1 The workforce of the Ratti Group Annex Chap. 5	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 5 paragraph 5.4 The welfare of our employees	
<b>403: Occupational health and safety – 2018</b>		
3-3 Management of material topics	Chap. 5, paragraph 5.2 Health and safety	
403-1 Occupational health and safety management system	Chap. 5, paragraph 5.2 Health and safety	
403-2 Hazard identification, risk assessment, and incident investigation	Chap. 5, paragraph 5.2 Health and safety Chap. 4, paragraph 4.3 Managing risks to include sustainability	
403-3 Occupational health services	Chap. 5, paragraph 5.2 Health and safety	
403-4 Worker participation, consultation, and communication on occupational health and safety	Chap. 5, paragraph 5.2 Health and safety	
403-5 Worker training on occupational health and safety	Chap. 5, paragraph 5.2 Health and safety, paragraph 5.3 Training and developing talent	
403-6 Promotion of worker health	Chap. 5 paragraph 5.2 Health and safety; paragraph 5.4 The welfare of our employees	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chap. 5, paragraph 5.2 Health and safety	
403-8 Workers covered by an occupational health and safety management system	Chap. 5, paragraph 5.2 Health and safety	
403-9 Work-related injuries	Chap. 5, paragraph 5.2 Health and safety Annex Chap. 5	
<b>404: Training and education – 2016</b>		
3-3 Management of material topics	Chap. 5, paragraph 5.3 Training and developing talent	
404-1 Average hours of training per year per employee	Chap. 5, paragraph 5.3 Training and developing talent Annex Chap. 5	
404-2 Programs for upgrading employee skills and transition assistance programs	Chap. 5, paragraph 5.3 Training and developing talent	
<b>405: Diversity and equal opportunity – 2016</b>		
3-3 Management of material topics	Chap. 5 paragraph 5.1 The workforce of the Ratti Group, Paragraph 5.4 The welfare of our employees	
405-1 Diversity of governance bodies and employees	Chap. 5, paragraph 5.1 The workforce of the Ratti Group Annex Chap. 5	
405-2 Ratio of basic salary and remuneration of women to men	Annex Chap. 5	
<b>408: Child labor – 2016</b>		

3-3 Management of material topics	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
408-1 Operations and suppliers at significant risk for incidents of child labour	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
<b>409: Forced or compulsory labor</b>		
3-3 Management of material topics	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
409-1 Activities and suppliers at significant risk for incidents of forced or compulsory labour	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
<b>414: Supplier social assessment – 2016</b>		
3-3 Management of material topics	Chap. 7, paragraph 7.6 A virtuous circle of good practices	
414-1 New suppliers which were screened using social criteria	Annex Chap. 7	
414-2 Negative social impacts in the supply chain and actions taken	Chapter 7, paragraph 3.2 A virtuous circle of good practices Annex Chap. 7	

# Assurance

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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of  
Ratti S.p.A. Società Benefit

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Ratti S.p.A. Società Benefit and its subsidiaries (hereinafter "Ratti Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 21, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".

### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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

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#### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Ratti Group as of December 31, 2023;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Ratti S.p.A. Società Benefit, as well as carrying out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Ratti S.p.A. Società Benefit, which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out remote calls, during which we have met its management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

#### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Ratti Group as of December 31, 2023 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "The European Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by  
Stefano Marnati  
Partner

Milan, Italy  
April 5, 2024

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