



CLERICI TESSUTO

Sustainability Report 2021

October 2022



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Letter to Stakeholders

Although in a climate of uncertainty and great complexity, 2021 was the year covered by the first Sustainability Report for the Clerici Tessuto Group, aimed at communicating to all stakeholders our approach to sustainability, already outlined in the past and now more relevant than ever.

The year 2021 was characterised by a partial recovery of the market and the establishment of a new post-pandemic 'normality' in the society in which we live, which consequently reflected on our business, in terms of purchasing behaviour, the way people interact, the labour market, product characteristics and value system. In this context, sustainability has acquired even greater value along with the need to pursue an energy and digital transition, which are indispensable for interpreting the market and making concrete the principles that have already characterised our operations in past years.

The company has focused more on the social component of its sustainability strategy, without forgetting the environmental and product aspects. In fact, the pandemic situation has intensified focus even more on the issues of safety and care for human capital, highlighted in the activation of specific protocols suitably modified with respect to legal provisions and in the resumption of collaborations with local training institutes across the entire spectrum of forms that can be pursued, from alternating school work to internships and apprenticeships.

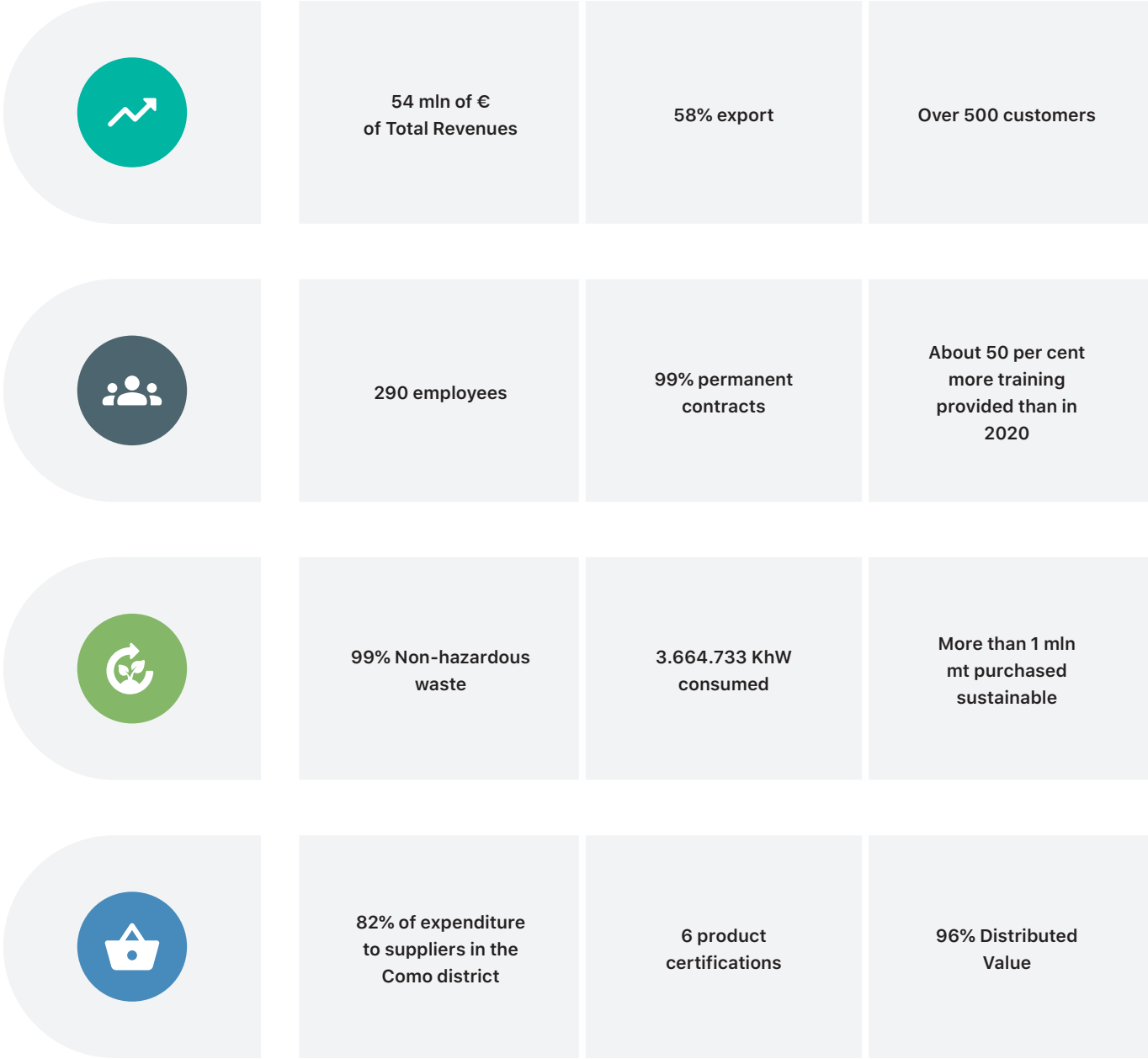
The year 2021 was also a year of planning for important future steps in the areas of certification, investment in research and development, and energy transition. Despite the obstacles, our company invested time and energy in the possibility of intensifying and expanding our spectrum of product and management system certifications. In this regard, European Flax® certification was achieved, testifying to our commitment to preserve, protect and promote a typically European fibre production, its regional specificity, its environmental and social sustainability and its intrinsic and non-delocalisable know-how.

Our collaboration with Parley for the Oceans has continued, and product innovation has focused on circular economy experiments, with particular attention to the use of recycled fibres and disposal initiatives through horizontal circular economy.

Clerici Tessuto will continue unstintingly in its commitment to promote the values of sustainability that have been fully implemented in previous years, developing new plans and implementing actions that will enable us to face the important transformation challenges that are emerging in the market and in the society in which we operate.

Today, a path opens before us characterised by challenges to be met and opportunities to be pursued, which we will face by leveraging our 'heritage', dedication and resilience experienced over the years, convinced that they will lead us to implement the small but substantial steps towards building an increasingly sustainable reality.

Clerici Tessuto Group’s 2021 in numbers





1

The Clerici
Tessuto Group

1.1 The history of Italian textile craftsmanship: from the origins to today

Who we are

The Clerici Tessuto Group¹, of which the company Clerici Tessuto & C. S.p.A is the parent company, is one of the world's most important textile companies for the luxury sector with its fabric lines for women's and men's clothing, accessories and furnishings. With a century of history behind it, the company is today a point of reference for major luxury brands.

Since 1922, Clerici Tessuto has been managing a supply chain based on its own creative and productive resources and on the best partners in the Italian textile industry: creativity, continuous training, specialisation and passion have made the company the reference supplier of the major fashion brands, producing fabrics for clothing, furnishing and accessories.

In addition to the ability to design and produce plain and jacquard fabrics, the Group also boasts know-how in digital printing. In fact, it is thanks to the acquisition of Sara Ink, a subsidiary company with headquarters in Villa Guardia and a plant in Montano Lucino, that Clerici Tessuto has specialised in the production of very high quality printed fabrics using digital technology.

To date, the Clerici Tessuto brand is appreciated and associated with quality, innovation and creativity; this has only been possible thanks to continuous investment in: materials innovation;

- product certifications;
- creativity, ability to interpret customer needs;

- customisation of services offered;
- creation of a local supply chain to reduce delivery times;
- international sourcing capacity and product design for multiple price ranges;
- sustainability strategy.

For Clerici Tessuto, the priority remains to respond promptly to external stimuli, in order to be able to meet the needs of an increasingly dynamic and global market. Furthermore, the Company is committed to ensuring that progress, implemented actions and present and future objectives are shared and communicated to its stakeholders on an ongoing basis.

Our history

The history of Clerici Tessuto is characterised by growth, innovation and new challenges. Founded in 1922 as a small weaving mill with machines and hand looms by Rachele Clerici and Alessandro Tessuto, Clerici Tessuto, now in its fourth generation, is today a leading group on the Italian and international scene for the production and marketing of luxury fabrics for clothing, women's and men's accessories and furnishings. An important step that marked the implementation of a strategy of verticalisation of the business and integration of the production chain was the acquisition in 2000 of the Sara Ink printing company, specialised in digital prints, which contributed to enriching the know-how of Clerici Tessuto. Today, the Group controls a complete micro textile mill that employs around 290 people, covering the entire finishing cycle of silk and other natural, artificial and synthetic fibres.

Founded in 1922 by Rachele Clerici and Alessandro Tessuto as a company trading in silk fabrics

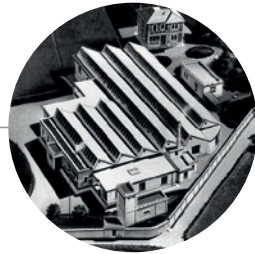


1922

The post-war period was characterised by the company's growth, thanks to investments to collaborate with leading Italian and French fashion houses and specialisation in yarn-dyed and jacquard fabrics.



1937



Construction of the Grandate factory

The group diversifies its business by producing fabrics for men's accessories and furnishings



1962



Alessandro Tessuto (third generation) introduces high-quality printed fabrics

The company enters the beachwear market and acquires the BROCHIER brand, a publisher and fine furniture manufacturer



1975

1989-95



With the start of the new century, the Group entered the industry and retail market with the Guest and New Tess divisions and verticalised digital printing with the acquisition of Sara Ink

2000

2009

The Group implements its new sustainability strategy and enters the menswear fabric segment with the TEX HOMME collection



2013

2017

Agreement with Parley for the Oceans to produce luxury fabrics with GRS-certified polyester yarns, created using plastic waste collected from the oceans



2019

2020



Acquisition of the Larusmiani Tessuti brand licence for the production and marketing of men's drapery

¹ This document describes the main economic, social and environmental results of the Clerici Tessuto Group (in the document also referred to as "Clerici Tessuto", "The Clerici Tessuto Group", "the Group", "the Society", or the "Company"), whose scope of information extends not only to the Parent Company Clerici Tessuto & C. S.p.A, also to the subsidiary Sara Ink. Any information specific to a Group company is expressly specified in the document by means of notes and/or specific references. For further details on how the document was prepared, please refer to the Methodological Note.

The market served

Clerici Tessuto partners with the world's leading brands in several market segments for womenswear, menswear, accessories and furnishings.

The company reaches the main markets from its Italian headquarters and sales branches in the United States and France, using a supply chain located in Italian textile districts, with global extensions. In particular, about 42% of Clerici Tessuto's offer is destined for the domestic market and the remaining part, 58%, for export.

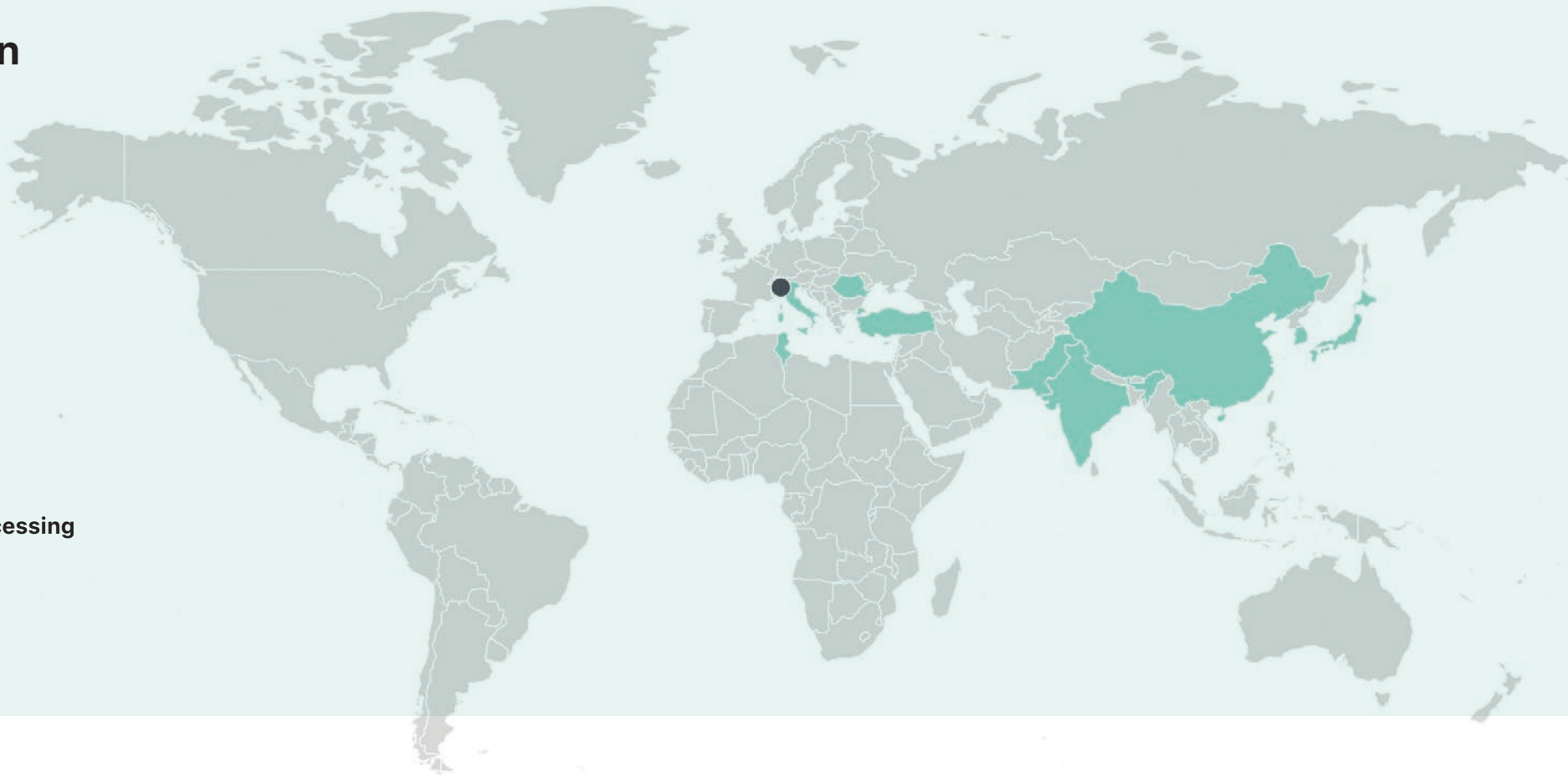
The Supply Chain

Textile production

- Grandate (Como, Italy)
- Villa Guardia (Como, Italy)
- Textile districts of Como, Varese, Biella (Italy)

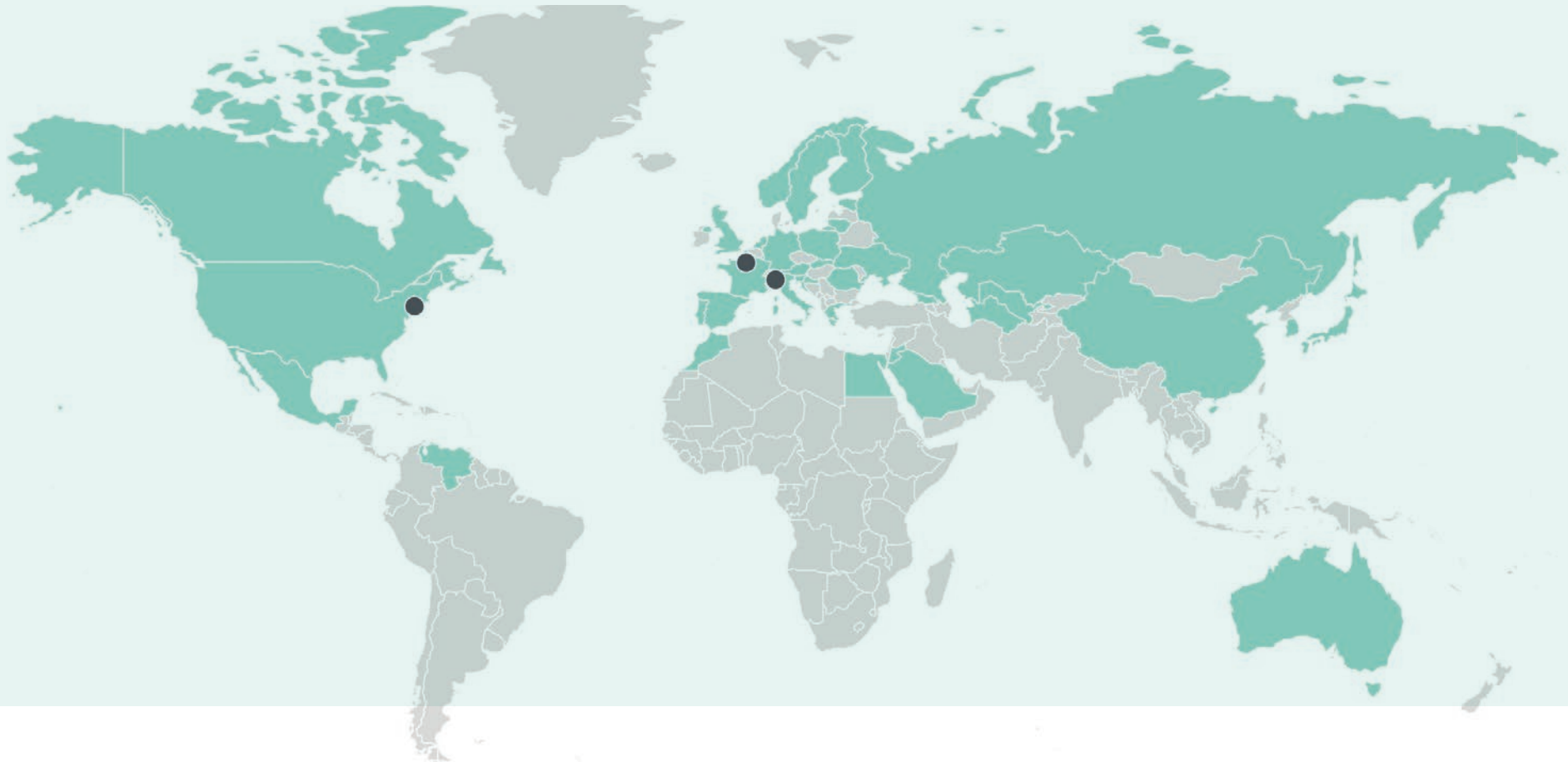
Raw materials and fabric processing

- Italy
- Asia
- North Africa



Main markets and locations

- New York (United States)
Sales Office - North America
- Paris (France)
Sales Office - France
- Grandate and Villa Guardia (Como, Italy)
Main Offices
- Milan (Italy)
Showroom



Our offer

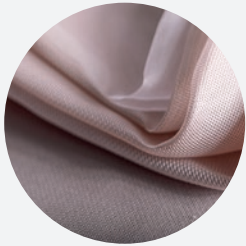
Clerici Tessuto produces fabric collections for womenswear and menswear, accessories and furnishings. All the collections, born from the hand-craft skills of the Como silk tradition and excellence, embody the result of a process of research and innovation implemented on yarns and fabrics of a variety of fibres. This process, by exploiting quality raw materials, allows the achievement of high quality standards. The collections are aimed at haute couture, ready-to-wear and the intermediate market.

Clerici Tessuto, which makes every customer request a top priority, produces not only collections but also products tailored to the specific needs of individual customers. A dedicated in-house team interfaces with the customer and ensures that the latter is offered a quality product that fully respects their preferences.



Womenswear

The womenswear collections are based on innovation, both in terms of style and product. They represent a reference for the world's leading brands, from Haute Couture and RTW (Ready To Wear) to the Bridge and Diffusion brands.



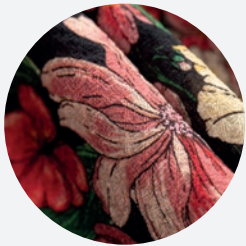
I Classici, a collection of over 200 plain fabrics. It has represented Clerici Tessuto since the company was founded in 1922.



Clerici Tessuto, trend-setting collection for the ready-to-wear market, experimenting with new finishing techniques, new natural or technical yarns and a wide choice of eco-friendly fabrics.



Brochier Paris, the excellence of silk fabrics aims to be a return to the origins of Italian and French textile craftsmanship, offering fabrics of the highest quality, obtained through artisanal techniques.



Industry, young and dynamic collection, offering both natural and sustainable technical fabrics, designed to be functional and provide comfort.

Menswear

The menswear collections are dedicated to new fashion paradigms. They combine the fresh and eclectic style of Clerici Tessuto with classic products reinvented for business casual and formal wear.

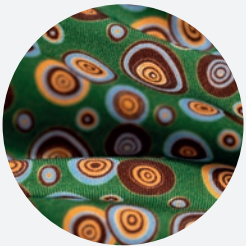


Larusmiani Tessuti, collection that is born from the transformation of the world's finest cottons and incorporates style, fibre and product structure designed to meet every need.

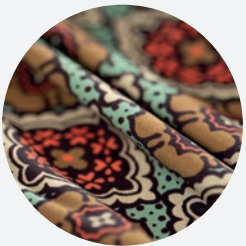


Tex Homme, collection using innovative yarns, original blends and new techniques for ultra-lightweight printed fabrics with three-dimensional effects and provocatively designed jacquards.

Accessories and Beach & Body



Accessories, line established in the early 1990s for the production of fabrics for men's accessories. Today it collaborates with the world's top brands in the production of women's scarves and scarves as well as men's scarves and ties.



Beach & Body, refined and contemporary proposal for swimwear and resort wear. It combines technical and aesthetic research, declining them on printed and jacquard fabrics that are extremely functional and at the forefront of environmental sustainability.

Furnishing

The upholstery fabrics division is an important industrial partner for leading editors worldwide. The upholstery proposal is completed by a B2C collection, which is active on the major international markets under the brand name BROCHIER Como.



Luna Home, known throughout the world for the excellence of its yarns and workmanship, for its ability to produce complex articles and for its continuous research and innovation.



Brochier Como, B2C upholstery collection offering a wide range of fabrics, colours and combinations: fine silks, large prints and jacquards, soft velvets, brocades and damasks, made of natural fibres or special technical yarns.

1.2 Corporate Governance and Integrity²

The Clerici Tessuto Group promotes at all levels of the company the values of transparency, honesty, and collaboration, which form the foundations of the Clerici Tessuto Code of Ethics, active since 2017, which both employees and suppliers are required to abide by in carrying out their daily activities.

The values underlying the company's business are not limited to what is stated in the Code of Ethics, but go further, towards the promotion of sustainable development. Indeed, the company is careful to integrate ESG³ aspects into its governance and daily operations. In fact, starting with the CEO, who sets medium and long-term sustainability goals, the Board of Directors reviews the organisation's impacts on the economy, the environment and people on a quarterly basis. The members of the highest governance body also review and approve sustainability reporting for which the Chairman, CEO and Finance and Administration Director (or 'F&A' for short) are directly involved.

The Governance Structure

The company adopts a traditional type of governance model based on three fundamental bodies: the Shareholders' Meeting, the Board of Directors for the management of activities, and the Board of Statutory Auditors for the protection of business integrity in the company:

- **The Shareholders' Meeting** comprises all the shareholders of the company and is the body competent to pass resolutions in ordinary and extraordinary sessions on matters reserved by law or by the Articles of Association, providing the Board of Directors with indications

on how to set the business strategy and guidelines on how to operate in the market. Shareholders are also responsible for selecting and appointing the members of the Board of Directors and the Board of Statutory Auditors. The main criteria taken into account during the selection process are trust, proven experience and competence.

- **The Board of Directors** is the key decision-making body, whose role is to define the Company's strategies and business directions. The Board of Directors meets quarterly through meetings, during which, among other issues, any policies/procedures to be implemented, any critical issues that have arisen during the period and points of attention raised by shareholders/employees and/or customers (main stakeholders whose perspective is always taken into account during the meetings) are discussed. Considering 2021, the management and monitoring of the pandemic in the company was the main critical issue addressed during the meetings. In the case of specific projects relating to a certain company area, the Board of Directors sometimes delegates the development of activities to 'C-level'⁴ managers who, through their skills and technical knowledge acquired over the years, support the decision-making body in this way.
- **The Board of Auditors** is fully independent and supervises the management of the company in accordance with the law and the main financial principles. It is composed of external, certified professionals, as required by Italian law.

Finally, the Company has a risk management system appropriate to its activities for the correct and transparent management of corporate processes. The procedures describing the approach to risk management and related instructions are documented by appropriate forms and include indications on operating methods, responsibilities and resources.

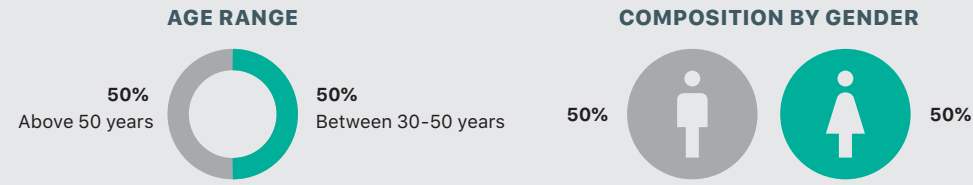


Composition of the Board of Directors in detail

The Board of Directors consists of the main shareholder and Chairperson of the Board, minority shareholders, the Managing Director and the Director of Finance & Administration.

The Chairperson of the Board of Directors is the Chairperson of the Company and the main shareholder and has been working on the Board for more than 40 years. The latter has the role of 'Employer' within the meaning of Art. 2 of Legislative Decree 81/08.

The Managing Director, who has been in the Company since 2017, manages the ordinary and extraordinary administration of the Company. He is responsible for coordinating production activities, defining company strategies, contributing to the development of the Company's style line and commercial policy, as well as guaranteeing the best compliance with all current safety and environmental laws and regulations.



Remuneration at Clerici Tessuto

The remuneration of the Chairperson of the Board of Directors, as well as that of the members of the Board of Statutory Auditors, is set annually by the Board of Directors. The CEO is the only role on the Board with a variable remuneration based on the EBITDA level. In addition, there are no entry or recruitment bonuses, termination payments, clawbacks or retirement benefits (excluding TFR under Italian law) for the highest governing body and senior executives.

The remuneration of senior executives is determined annually by the CEO, the human resources director and the president of Clerici Tessuto. Employee remuneration is decided by the group itself based on the proposal of the unit managers, the economic situation of the company, the informal market remuneration benchmark and the value created for the company by the individual employee. The remuneration of the managing director is decided by the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors.

² The contents of this paragraph refer specifically to the Parent Company Clerici Tessuto & C. S.p.A.

³ Environmental, Social and Governance.

⁴ This term refers to the set of managerial figures with high levels of responsibility.

Corporate Compliance

As mentioned above, the company's Code of Ethics has been in place since 2017, which certifies that Clerici Tessuto always pursues business integrity in all its activities.

The Group's Ethical Foundations

The various principles listed in the document show how the company is committed to:

- ensure a healthy, safe and productive working environment,
- respect the Workers' Statute,
- apply the CCNL for the sector,
- to act in full respect of the natural environment and to reduce the impact of its work,
- comply with the laws in force on overtime work,
- not admit underage employees to work,
- prohibit all forms of forced labour,
- avoid any kind of discrimination in the employment of workers,
- respect the confidentiality of information in relations with workers, customers and suppliers,
- recognise the right of workers to join trade union representatives,
- fight against corruption in the company.

The Company also pays special attention to the issue of anti-corruption and export compliance. In fact, training courses on good conduct and on specific laws/regulations in the area of active and passive corruption have been implemented over the years, and continue to be offered with updates, to all personnel in the commercial area and supply chain area in order to prevent episodes of corruption.

It is reported that there were no ascertained cases of corruption and legal action for anti-competitive behaviour for the year 2021 as for the previous year.

Finally, the Company, attentive to the issue of non-compliance in the environmental sphere and to improving its ability to pursue environmental sustainability, adopts a strict monitoring line on the territory surrounding the production sites, periodically verifying that its activities do not negatively impact the balance of the surrounding ecosystems.

Employee Listening Initiative

Clerici Tessuto has implemented a 'suggestion box' procedure. All employees of the company can easily send any reports (anonymous or otherwise) concerning any company activity, from Health and Safety to non-compliance with the Code of Ethics and company values, to a dedicated e-mail address. The procedure also gave rise to the CGS (Committee for the Management of Reports), made up of workers' representatives and part of the management, whose task is to verify any reports received on a monthly basis. Where it is deemed necessary, the CGS proceeds to thoroughly investigate the reports and assess the preventive and/or corrective action to be taken to resolve the reported facts.

1.3 Economic performance and value distribution⁵

Clerici Tessuto's main economic results for 2021

According to data collected by the Study Centre of Sistema Moda Italia (hereinafter also “S.M.I.”) in collaboration with the Textile Production Chain Group of Confindustria Como, the turnover of the Italian silk weaving industry during 2021 grew by 14.4% in terms of value and 22.3% in terms of volume. This is a figure that, although recovering, remains well below the pre-pandemic levels of 2019.

The year 2021 was therefore a year of recovery both for the fashion industry and for Clerici Tessuto in particular, which thus confirms the good performance of the sector, with a growth rate in terms of turnover that is higher than the district average.

In 2021, the Company's realised turnover is **51,301,839**, an **increase of 22% compared to 2020**.

Overall, the sales breakdown percentages confirm that the Company's core business is the sale of fabrics for clothing (73%), followed by the furnishing centre (14%) and, lastly, the accessory centre (13%).

In general, it is evident that the luxury market grew substantially, registering an increase of 12%; the furnishing centre grew by 62%, in line with a market trend that favoured expenditure for the home over that for clothing; the Accessory Pole, on the other hand, decreased slightly.

Turnover growth was particularly strong in European countries with a growth rate of 31%. The domestic market grew by 7%. There was also a recovery in the US market, which is slowly returning to the pre-pandemic situation.

As far as the trend in expenses during the year is concerned, Clerici Tessuto recorded a 35% increase in raw material consumption costs, more than proportional to the growth in turnover. At the end of the year, there was in fact a significant increase in the prices of the various materials processed by the company, both natural and artificial fibres.

⁵ The economic data in this paragraph and throughout the text refer only to the Parent Company Clerici Tessuto & C. S.p.A. and are in line with the quantitative and qualitative information included in the Consolidated Financial Statements as of 31 December 2021: in previous years, the Parent Company made use of the option of exemption from preparing consolidated financial statements. During the financial year 2021, given the progressive increase in business volumes of the subsidiary Sara Ink, the Parent Company deemed it appropriate to also provide third parties with a representation of the Group's consolidated economic and financial situation, setting 31/12/2021 as the date of consolidation. The financial year ended 31 December 2021 represents, in short, the Clerici Tessuto Group's first financial year; however, the consolidated financial statements do not present the income statement data of the consolidated companies, since 31/12/2021 is the consolidation date. In addition, since this is the first year of the consolidated financial statements, the income statement schedules do not present comparative data with the previous year; where 2020 figures are present, they refer, again, to the Parent Company Clerici Tessuto & C. S.p.A.

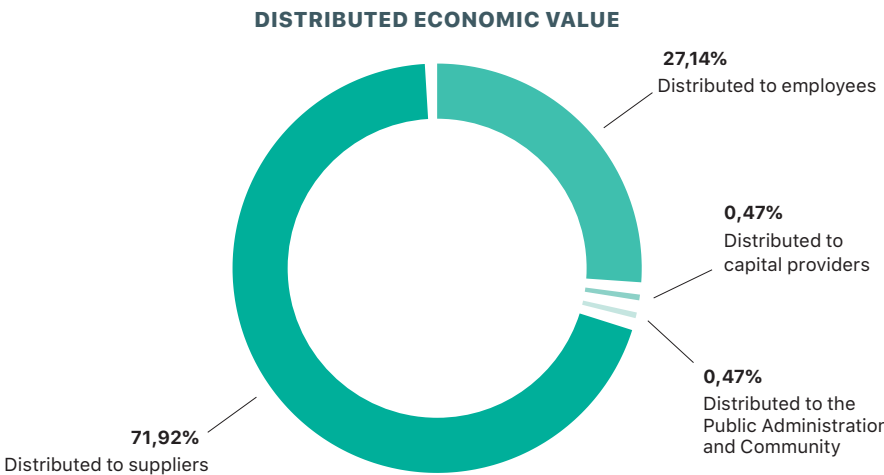
Generated and distributed value

The Group is committed to a conscious and efficient use of resources, creating and distributing wealth among the various stakeholder categories.

In 2021, the economic value generated by the Company amounted to approximately EUR 52 million, a clear increase compared to the value generated in the year 2020; the economic value distributed increased by 17% compared to the previous year (approximately EUR 50 million in 2021 vs. EUR 43 million in 2020).

DIRECTLY GENERATED AND DISTRIBUTED ECONOMIC VALUE		
	2020	2021
Directly generated economic value	42.858.414	52.295.275
Distributed economic value	43.015.333	50.321.651
of which distributed to suppliers	29.734.356	36.248.652
of which distributed to staff	12.849.735	13.603.926
of which distributed to suppliers of capital	249.375	235.453
of which distributed to the public administration and community	181.858	233.620
Economic Value Withheld ⁶	-156.919	1.973.624

6 During the year 2020, Clerici Tessuto recorded a loss of -1,173,945, mainly due to the decrease in turnover in that year. This is the main reason for the negative retained value for that year.

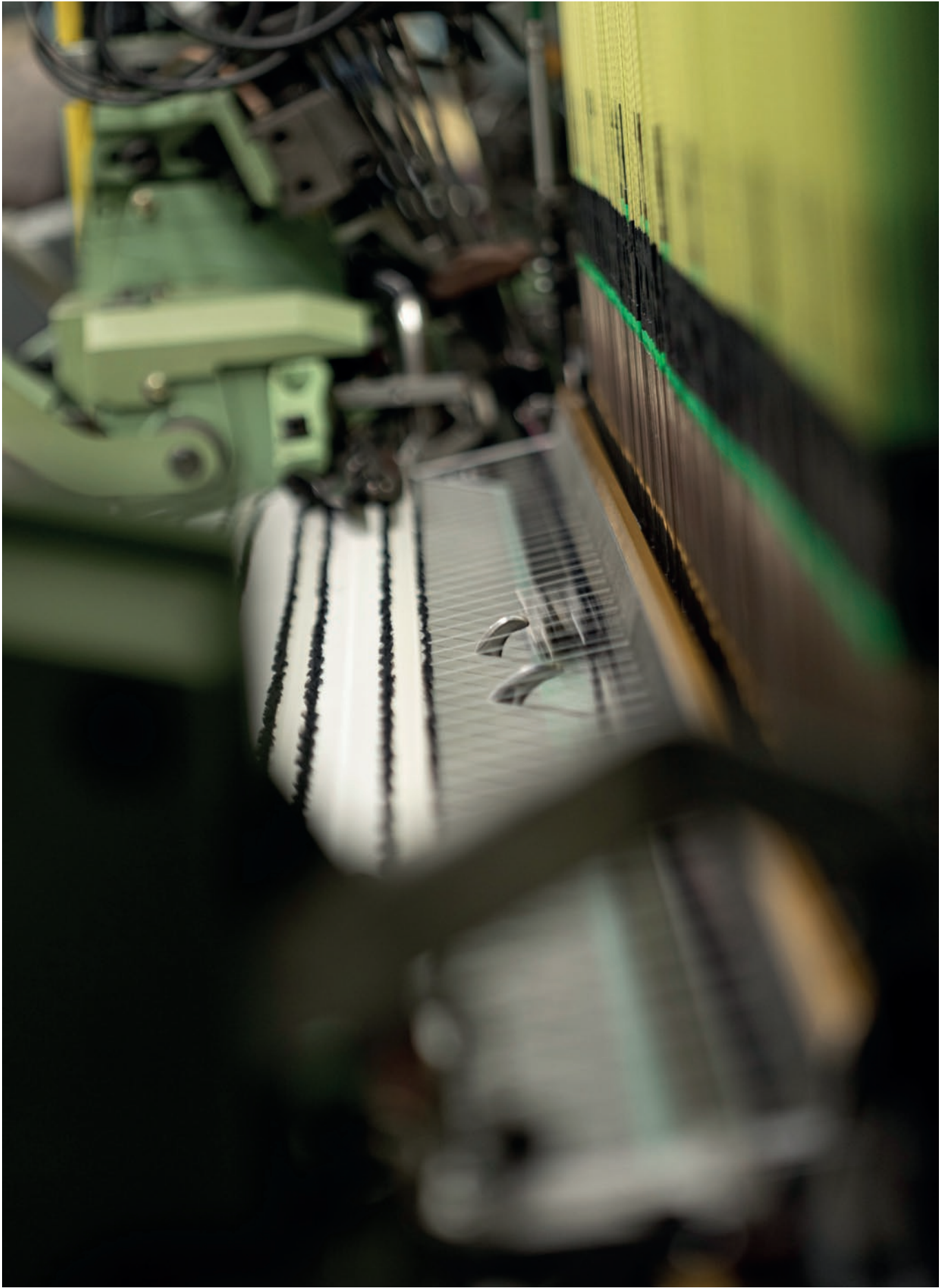


During 2021, Clerici Tessuto distributed approximately EUR 50 million, mainly divided into two categories of Stakeholders, as illustrated below:

- Clerici Tessuto allocated most of the distributed value (72%) to its **raw material and service supplier categories**;
- approximately 27% of the distributed value was instead allocated to Clerici Tessuto's **employees and collaborators**, in the form of salaries, various benefits, severance pay and other personnel costs.

Although with a less significant weight, the value the Company generated was also distributed to the following categories:

- **to lenders** for the cost of interest to creditors;
- **to the Public Administration** for the cost of direct and indirect taxes incurred during the year and to the **local communities** for donations to We World Onlus and various maintenance to public assets.





2

Sustainability
for Clerici Tessuto

2.1 The commitment to sustainability

The Clerici Tessuto Group has always inspired its activities by the principles of environmental, social and ethical sustainability.

For several years now, the company has been active in this field, providing its customers with products of the highest quality, manufactured in a responsible manner, integrating social, environmental and ethical aspects into all its activities. The Group's fabrics bear witness to how creativity, passion, quality, innovation and sustainability can be harmoniously merged in a continuous focus on beauty.

The commitment to sustainability finds expression in the corporate culture, in the respect and valorisation of people, in the protection and safeguarding of the environment, in the valorisation of the entire production chain and in the support of the local community in which they operate.

Today, Sustainability is one of the Group's main challenges. Clerici Tessuto is deeply aware of the growing importance of this issue for the reference sector and for society as a whole, as well as of the responsibility to manage and mitigate the impacts of business activities on the environment, the community and the territory in which the company operates.

HOW WE DEAL WITH CHANGE	
<p>Corporate governance and integrity</p> <p>The Group's Code of Ethics, in force since 2017, certifies how the Company is committed to ensuring a healthy, safe and productive working environment in compliance with the Workers' Statute and current labour regulations.</p>	<p>Corporate Culture and People</p> <p>Clerici Tessuto has always had a corporate culture that promotes an inclusive work environment, combating all forms of discrimination in company policies and practices and supporting projects to improve the development and updating of the skills of company personnel.</p>
<p>Community development and schools</p> <p>For more than ten years, the company has been promoting and supporting paths and projects in order to generate positive impacts on the community through collaboration with organisations and associations.</p>	<p>Product responsibility along the supply chain</p> <p>The company's commitment to sustainability goals is realised through a careful and careful choice of suppliers and high levels of product traceability.</p>
<p>Environmental Protection</p> <p>Environmental protection is one of the most important issues for Clerici Tessuto within its Sustainability path. The company's commitment to the promotion of sustainability-oriented processes is embodied in its propensity to use technologies and production methods with a low environmental impact.</p>	

An important step for Clerici Tessuto towards sustainability took place this year with the publication of its first Sustainability Report. This document, in fact, has a particular relevance both internally and externally as it represents a tool to increase both communication with respect to actions already implemented and future goals, and transparency on environmental, social and economic issues.

The publication of this report has also allowed the company, for the first time, to carry out an in-depth analysis, through which both the most important Stakeholder categories of the Clerici Tessuto Group have been identified, as well as the relevant issues within which their positive and negative impacts in terms of sustainability are manifested.

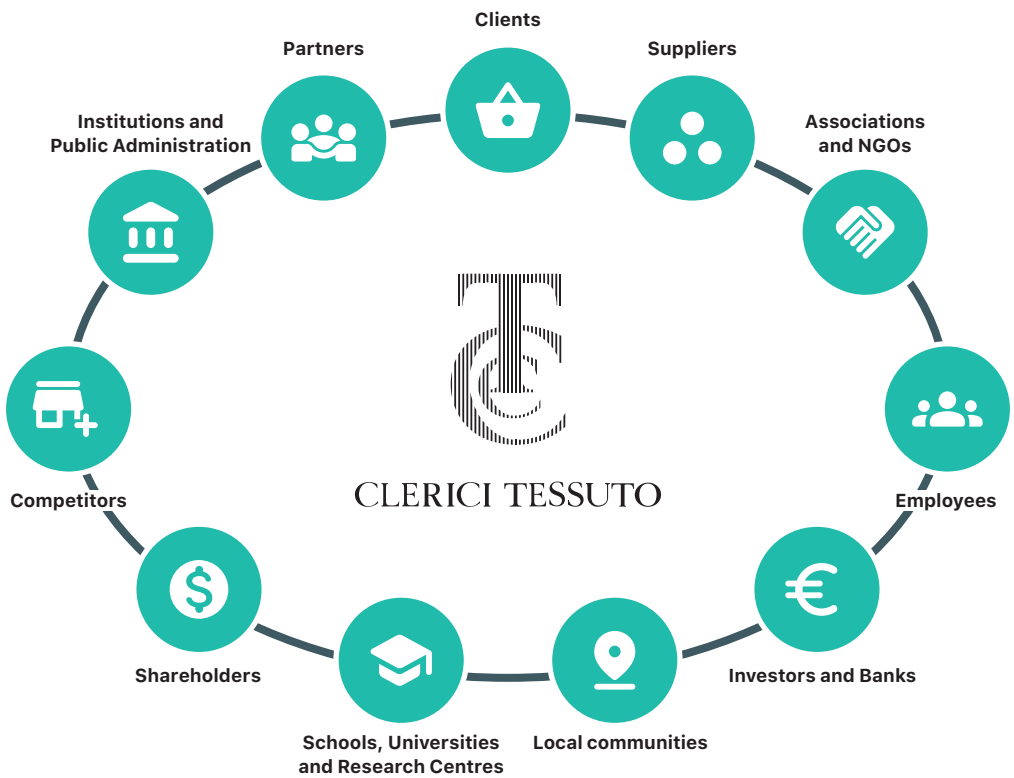


2.2 The Strategic Role of Stakeholders

In carrying out its activities, Clerici Tessuto comes into contact with a multitude of stakeholder categories, that is, all those actors that are directly and/or indirectly influenced by the activities, products and results of the organisation, or that actively influence the work of the Company.

As part of the sustainability path undertaken by Clerici Tessuto, stakeholders are of primary importance. Their identification, involvement and the inclusion of their expectations, priorities and perceptions within the definition of the Company's strategy, allows Clerici Tessuto to act in its business activities by responding not only to internal needs but also to external ones, creating value and above all strengthening the relationship and reliability between the Company and all those subjects with whom it interfaces on a daily basis.

An overview of the main Stakeholder categories is given below.



The involvement⁷ of these categories is fundamental for understanding the interests and expectations of stakeholders as well as their information needs. The involvement of the identified stakeholders mostly takes place in the course of normal business activities and is based on constant and transparent communication that allows the company to maintain a continuous, participative and constructive dialogue.

7 For more details on how stakeholders are involved, please refer to the 'Stakeholder Engagement Modalities' table in the annexes section.

2.3 Materiality Analysis

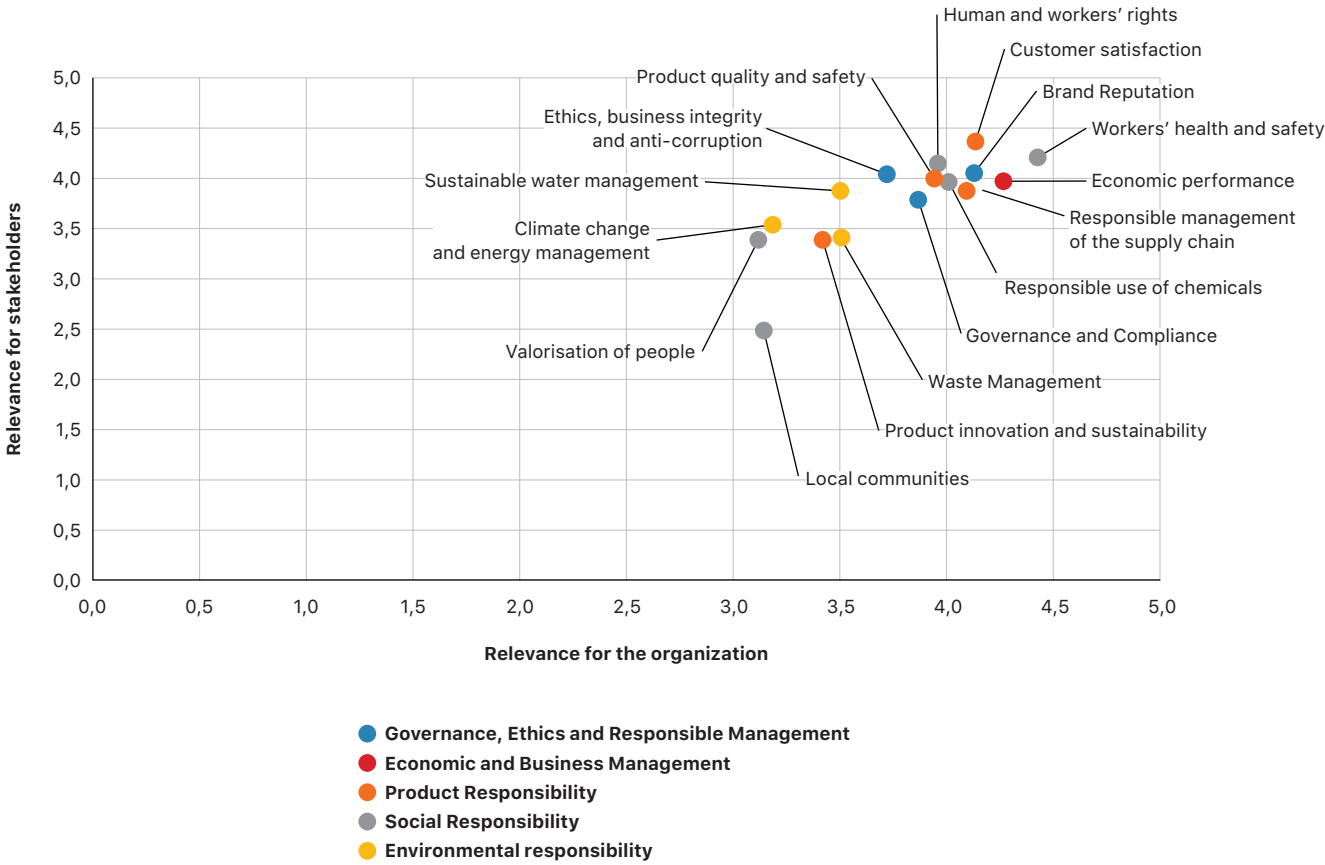
Materiality analysis is the key tool for defining material issues, i.e. aspects of economic, social and environmental sustainability that are important for the company and its stakeholders, which are reported in the Sustainability Report. In fact, 'material' is defined as those aspects that can influence both the performance and decisions of the organisation and the opinions and assessments of its stakeholders.

During the materiality analysis process, all the main stages of the Group's value chain and the most significant impacts related to them, including impacts on human rights, were considered. The process of defining material sustainability issues for Clerici Tessuto was mainly divided into two phases. In the first phase, Clerici Tessuto mapped potential material issues through benchmarking surveys of relevant issues in the textile sector. The second phase in-

involved sending a questionnaire to 22 internal figures from different company functions, in order to obtain a comprehensive assessment that took into account different perspectives and priorities according to the activity of each department and function involved.

Specifically, the participants were asked to assess the current and prospective relevance of the proposed issues from two perspectives: from the organisation's point of view and from the stakeholders' point of view, acting as their spokespersons to establish the extent to which the issue had the capacity to condition their decision-making process.

The result of this analysis consists of Clerici Tessuto's first materiality matrix, graph below, which shows the weight with which the defined material aspects influence the organisation's performance and stakeholders' opinions.



The aggregation of votes thus led to the identification of 16 material issues, described below:

MATERIAL ISSUES	DESCRIPTION
Ethics, business integrity and anti-corruption	Ethics, integrity and transparency in business activities including the adoption of a Code of Ethics, policies and procedures for compliance with applicable regulations. Adherence to national and international principles and guidelines that include areas of social and environmental responsibility.
Governance and compliance	Definition of the structure and composition (including in terms of diversity) of the organisation's governing bodies. Transparent communication of the organisation's good governance practices and adherence to international best practices/regulations.
Brand reputation	Evaluation of the perception of the organisation by its key stakeholders through collective assessments of its conduct and/or ability to deliver value.
Economic performance	Responsible management of the organisation's economic and financial resources to ensure stability and continuity in the operation of the business with the aim of creating community and stakeholder value.
Customer satisfaction	Adoption of procedures and monitoring systems to manage customer satisfaction in terms of complaints related to the reliability of deliveries, adherence to schedules and the condition of the delivered product.
Responsible use of chemicals	Minimising the use of harmful chemicals, incorporating green chemistry and dealing with legacy substances.
Product quality and safety	Offering high quality products conforming to national and international standards, considering environmental impacts throughout the life cycle and safety of use for the consumer.
Product innovation and sustainability	Research and development activities aimed at product and packaging design, with a focus on sustainable product development to promote the use of renewable and recycled source materials.
Worker health and safety	Policies and programmes that promote the protection of health and safety in the workplace in full compliance with relevant regulatory requirements, existing agreements and protocols that also include periodic monitoring activities.
Responsible supply chain management	Responsible management of procurement processes throughout the supply chain, with particular attention to the selection of suppliers according to social and environmental criteria.
Human and workers' rights	Maintenance of an internationally shared high ethical standard ensuring dignity, human rights and inclusion for all workers and people involved in the entire supply chain.
Valorisation of people	Making use of tools for continuous employee training and talent attraction. Offering employees not only financial, but also non-financial compensation and benefits. Promotion of activities aimed at involving employees and ensuring their satisfaction.
Local communities	Organisation and promotion of socio-economic and cultural development initiatives, through the provision of donations and cooperation with local organisations and associations.

MATERIAL ISSUES	DESCRIPTION
Sustainable water management	Conscientious and efficient management of water resources and definition of water use efficiency strategies. Monitoring practices for the chemical, physical and biological quality of discharges.
Climate change and energy management	Reduction of carbon dioxide emissions and offsetting those that cannot be eliminated. Focus on energy efficiency and the use of renewable energy sources.
Waste management	Conscious management of business-related waste, through the promotion of conscious management methods and practices such as: reuse, sorting and recycling of waste and scrap produced.





3

The approach
to climate change:
the responsible use
of natural resources

The Clerici Tessuto Group, aware of the significant environmental impacts generated by the textile sector, has set as a priority, along its entire value chain, the promotion of mitigation measures: in fact, the company is committed to pursuing a long-term strategy that includes investments and projects, some already underway, aimed at reducing its environmental footprint.

3.1 Use of energy resources throughout the process

Energy consumption

Energy consumption constitutes a significant aspect of Clerici Tessuto's production processes. In fact, despite innovation and technological evolution, the machinery and equipment used in fabric manufacturing processes require the use of significant amounts of energy.

From the attention paid to the use of chemical products, to the care in choosing the most environmentally aware suppliers, to investments in cutting-edge and low-emission machinery, to the proposal of eco-sustainable fabrics and circular economy projects for the reuse of materials and the reduction of waste, the Group promotes environmental protection in all its forms and contributes to spreading the culture of environmental sustainability among its employees.

Use of Energy Sources within the Clerici Tessuto Group

Natural gas

Both Group companies use methane for both space heating and production processes. The largest energy requirement is generated by the processes carried out at the Montano Lucino site of the printing plant.

At this site, methane fuels two large industrial steam generators, which allow the operation of:

- fabric washing machines (the steam line heats the water used in washing);
- steaming machines, which exploit the thermal energy directly produced by the generators.

In addition to washing and steaming operations, natural gas is required for fabric preparation and finishing operations.

Electricity

The Clerici Tessuto Group uses Electrical Energy, not only to satisfy the normal needs related to the management of the offices, but also and above all in the production process, in particular for the operation of:

- frames and warpers in the Warping and Weaving phases;
- washing machines, steamers and printing machinery in the fabric finishing phase.

Diesel and Petrol

The company uses diesel and gasoline fuels exclusively for the movement of a limited fleet of vehicles (cars and vans) owned and leased, mainly dedicated to moving goods from the headquarters in Grandate (weaving mills) to Villa Guardia (warehouses) and of the products between processing suppliers (printing works, dye-works, etc.) in the Como area. Logistics is in fact integrated internally as far as production is concerned, while it is entrusted to external companies for deliveries to customers of the finished product. Clerici Tessuto is currently engaged in activities to improve the efficiency of the daily routes of the vans, trying to reconcile attention to the environment with the needs of the customer.

ENERGY CONSUMPTION 2021 IN DETAIL:



Natural Gas

1.196.964 m³ | 41.040 GJ



Electricity

3.664.733 kWh | 13.193 GJ



Diesel

74.676 l | 2.684 GJ



Petrol

7.177 l | 227 GJ

A total energy consumption of 57,144 GJ was recorded in 2021, an increase of 20% compared to 2020 (47,661 GJ). The increase in consumption is related to the gradual recovery of production to pre-pandemic rates from Covid-19. More in detail, the main consumption is due to the use of natural gas, amounting to 1,196,964 m³ (995,854 m³ in 2020); this is followed by the consumption of electricity amounting to 3,664,733 kWh (3,072,191 kWh in 2020), entirely from non-renewable sources. These energy sources mentioned so far are those used for normal production and office activities, together with which should be considered the consumption of the car fleet, whose recorded consumption was 74,676 l for diesel (61,355 l in 2020) and 7,177 l for petrol (7,835 l in 2020).

Energy efficiency actions

With a view to continuous improvement, since 2015, following an initial energy audit, Clerici Tessuto has started important investments for energy efficiency operations including:

- the renovation of buildings;
- the renovation of air conditioning systems;
- technical choices regarding the production systems installed;
- the partial reconditioning of the lighting systems with low energy consumption bulbs (led);
- the efficiency of electric motors.

In recent years, following a further energy audit carried out in 2019, the Company has continued to pursue various initiatives to increase the energy efficiency of its premises. In fact, the energy audit procedure has allowed Clerici Tessuto to increase even more its awareness regarding the consumption of the Company's offices and to identify and quantify energy saving opportunities from a cost-benefit perspective.

The commitment of Clerici Tessuto towards the reduction of its energy consumption is confirmed not only by the installation of inverters and power factor correction systems, but also by the advanced monitoring systems that the company has implemented, especially in the weaving and warping plants. These monitoring systems make it possible, in fact, to become aware of one's own consumption, an indispensable factor for being able to set effective and realistic medium-long term objectives.

The commitment undertaken in recent years towards energy efficiency is also confirmed by certain economic investments that the Group has made. These include, the replacement of a Rameuse in 2019, the installation of heat exchangers for recovering thermal energy in the washing water heating processes that take place in the textile washing and steaming machines, particularly energy-intensive equipment, and the replacement of one of the steaming machines in 2021.

Monitoring air emissions

For the Clerici Tessuto Group, the containment of atmospheric emissions is an issue of particular relevance, the commitment in fact translates not only into the monitoring of direct and indirect emissions of GHG, but also into the monitoring of further significant emissions that some production plants produce in the phases of:

- preparation of fabrics for printing;
- fabric finishing.

These phases of the production process and the operation of the machinery involved are in fact regulated through the specific environmental authorisations provided for by current national environmental protection legislation (Legislative Decree 152/06, Consolidated Environmental Act).

The Group's printing plant is in possession, for both locations, of a Single Environmental Authorization (AUA), introduced by D.P.R. 13 March 2013, n. 59, relating to discharges into the sewage system of industrial wastewater and emissions into the atmosphere.

The regulated pollutant emissions within the AUAs are specifically:

- Volatile Organic Compounds (VOCs) produced by drying and burning equipment;
- Nitrogen Oxide (NOx) and Carbon Monoxide (CO) emitted by industrial heat generators.

GHG EMISSIONS 2021 IN DETAIL:

Direct emissions
GHG scope 1
2.588 tCO₂

Indirect emissions
GHG scope 2
(location based)
952 tCO₂



The Group recorded approximately 102 million litres of water withdrawal in 2021 (83 million in 2020)

3.2 Sustainable management of water resources

Water is an indispensable resource for the planet Earth, as well as for the life of the human beings who inhabit it. At the same time, water is also one of the most important elements in textile processing, as it allows not only the dyeing of the fabric but also its finishing and finishing.

Clerici Tessuto, aware of the preciousness of the resource, tries to apply a responsible and parsimonious use of water, both in terms of consumption and in terms of discharges emitted after use.

Water is drawn mainly from aqueducts operated by the Municipality of Grandate and the Municipality of Villa Guardia, and from an industrial aqueduct (Acquedotto Industriale del Lago di Como) for the Montano Lucino location of the Group's printing plant.



The Acquedotto Industriale del Lago di Como is a Limited Liability Cooperative Company that, since the Como area is home to many textile companies that need large quantities of water for their production processes, provides water supplies to most of the production fabric of the Como area, rationalizing the water supply and ensuring the rebalancing and restoration of the water table.



The geographical location of the Group's offices allows water to be withdrawn without altering the natural balance of the resource, since the areas from which it is withdrawn are not classified as water stress areas.

The use of water by the company's Grandate and Villa Guardia sites is limited to civil uses, with the exception of humidification of the warping and weaving sites (in particular the loom room), places that house production activities for which it is necessary to maintain a humid microclimate. This humidification is necessary mainly to preserve the quality of the fabrics and to ensure the well-being of the employees working in the weaving and warping premises.

Sara Ink and in particular the Montano Lucino site, on the other hand, uses a much more significant amount of water, as it is needed for fabric washing, finishing and printing activities. Part of the water is directly consumed by the machinery without being treated, while the remainder is softened before being used. Once the production cycle is over, the water that is not transformed into steam is equalized as much as possible and then discharged and treated by the public purification plant.

Sara Ink's commitment against pollution impact

The printing house tries to reduce its impact on the consumption of water resources through the use of state-of-the-art machinery that allows it to efficiently reduce the amount of water withdrawn, minimizing waste: an example is the fabric washing machines, equipped with an internal water recovery process.

Sara Ink carries out continuous monitoring activities on the discharge of industrial waste water into the sewage system for both sites: by means of six-monthly laboratory analyses, Sara Ink verifies that the

characteristics of the waste water comply with the legal requirements and in particular with the prescriptions defined within the AUA.

As part of the controls, the Group's printing plant is subject to further checks by the purification service managers in order to ascertain compliance with certain parameters of maximum concentrations of pollutants in the discharge such as COD, BOD5, Total Nitrogen, Surfactants and others. To comply with these parameters, Sara Ink pays particular attention to the selection of chemical products used in the production processes.



3.3 Sustainable waste management

Waste management is a key element on which Clerici Tessuto pays more and more attention. For every textile company the management of production waste is in fact a critical element for its sustainable performance but at the same time an opportunity for the development of circular economy. The type of waste due to the civil and production activities of both legal offices qualifies almost all of the waste (99%) as non-hazardous (they do not have any of the hazardous characteristics according to Annex III of Directive 91/689/EEC), compared to a total waste produced of about 192 tons for 2021, a 35% reduction compared to the waste produced in the previous year, when large quantities of printing frames were disposed of.

The Group's waste is delivered to external companies authorised to handle it, subject to prior checks. The Company prefers local companies and companies that carry out recovery rather than disposal in landfills or incineration.

The waste produced is mainly cardboard packaging, mixed materials relating to production processes and textile rag (waste from the production process). Materials such as cardboard, wood, used oil and iron are sent to recovery plants. On the other hand, containers or other materials that cannot be recovered are handled by authorised disposers.

Circular Economy in the Company

With a view to continual improvement, the Group has undertaken various circular economy initiatives in recent years. In fact, the Company recovers part of its production waste, such as frame scraps, also known as "selvedge", to give it to external collaborators who reuse this material in other productions, for example for car seats.

Clerici Tessuto is also committed to giving a second life to production surpluses and second-grade finished products, reconditioning them and placing them in the customer's own store, with the customer's authorization, looking for solutions to recycle them and generate a new recycled yarn.

In addition to this, with a selection of clients and influencers, Clerici Tessuto has been involved in upcycling activities, facilitating for some years now the recovery of obsolete raw fabrics and their reuse in clothing collections of clients strongly committed to sustainability issues. The Company has set itself the objective of increasing the percentage of waste destined for this type of project and to do this, on the one hand, it is extending the collection of fabric waste to other departments, which previously were not involved (for example the prototype department).

One of Clerici Tessuto's objectives is to reduce the amount of mixed waste going to landfills to a minimum, committing itself on a daily basis to increasing and improving the management of separate waste collection of plastic and paper. With this in mind, the Company requires, for example, the use of sustainable packaging from all suppliers of the meals home service.

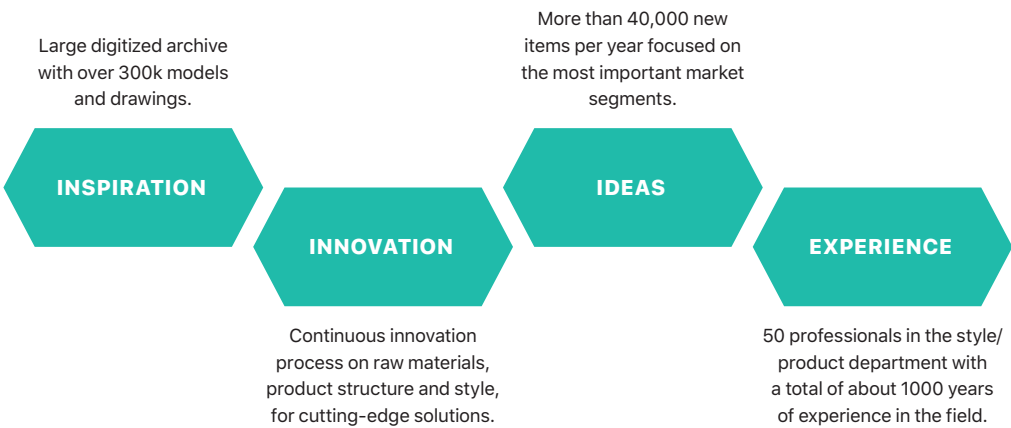


4

Our product
and customer
relations

4.1 The product at the centre of our attention

The strategy of Clerici Tessuto towards a unique product on the market and quality has at its base elements such as ideas, innovation, inspiration and experience, which are applied in the textile production of the products and services made by the Company.



Thanks to these strengths, Clerici Tessuto offers its customers the excellence of textile production, distinguishing itself for the wide range of innovative, sustainable and quality products and services, and at the same time keeping alive the ancient traditions and craftsmanship.

Product innovation and sustainability

Through the implementation of strategies based on product innovation, the company has established itself in its sector as a dynamic and proactive reality, in search of the best performance for the customer and the environment.

Clerici Tessuto works to provide customers with products of the highest quality, made in Italy in a responsible manner, integrating social, environmental and ethical aspects in all activities. The Group's fabrics testify how creativity, passion, quality, innovation and sustainability can blend harmoniously in a continuous attention to beauty.

The orientation and priority given to product innovation led to the creation of the **Innovation Committee**, consisting of a working group that brings together the product office, the style office, production managers and external consultants, aimed at developing applied research and experimentation projects.

Product innovation and sustainability have always represented a challenge that Clerici Tessuto continues to take up.

Of particular relevance is the collaboration, started in 2019, with **Sustainable Angle**, a non-profit organization whose goal is to support projects aimed at reducing the environmental impact of the fashion and textile industry in society. Sustainable Angle engages in the research of sustainable materials and provides educational information in the textile industry through workshops and information events.

Since the beginning of the collaboration, Clerici Tessuto has participated in more than one event and also for 2022, the company has renewed its membership to the event organized at Magazine London near the O2 Arena on the Thames.

The participation of Clerici Tessuto in these events allows it to share its commitment to the constant integration of sustainability within its strategy.




Also in the year 2021, Clerici Tessuto Group invested in research and study activities that led to the elaboration of new ideas and the start of new collaborations for the development of innovative products.



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Collaborations launched in 2021 on innovation and sustainability



The “Regenerated Polyester for Outdoor” project testifies to the company's commitment and work to reconcile sustainability, innovation and technical performance.

The research started by Clerici Tessuto has led to the use of regenerated polyester for outdoor applications. The outdoor products, so far on the market, are mainly made of polypropylene or acrylic, yarns that have some limitations, including the impossibility to apply decorative prints.

The study conducted by the company has allowed not only an improvement in technical performance (e.g. fireproof characteristics) but also the possibility of using the fabric as a printing base, responding to the many requests from customers to be able to customize the product.



One of the latest collaborations launched by the Group was with Parley for the Oceans, a leading environmental non-governmental organisation that works to protect the oceans.

Parley defines itself as “a space where creators, thinkers and leaders come together to raise awareness about the beauty and fragility of the oceans and collaborate on projects that can end their destruction by synchronizing humanity's economic system with nature's ecosystem”.

Clerici Tessuto and Parley for the Oceans have signed an agreement to produce luxury fabrics using a GRS (Global Recycled Standard) certified polyester yarn made from marine plastic waste collected from beaches, islands and coastal communities.

As part of this collaboration, Clerici Tessuto has contributed with its fabrics to the first beachwear capsule of an important French maison: a prestigious project that combines fashion, innovation and sustainability and that marks an important step towards a new vision of the fashion world.

The French fashion house's team also used recycled polyester developed by Parley to create, again in collaboration with Clerici Tessuto, innovative eco-sustainable fabrics, including a jacquard, a mesh knit and a technical canvas.



In collaboration with Directa Plus, one of the world's leading manufacturers and suppliers of graphene-based products, Clerici Tessuto has applied an innovative lamination with graphene membranes to fashion and luxury fabrics. Through this collaboration, the company has explored new possibilities to combine factors such as luxury, comfort and high technical performance.

This project has allowed Clerici Tessuto to approach the world of intelligent and cutting-edge fabrics. It has been able to combine, in fact, high-end fabrics (both plain and Jacquard) with cutting-edge technologies for the creation of "high end" garments that guarantee excellent performance in any condition.

Graphene Plus membranes ensure:

- thermoregulation of body heat;
- impermeability;
- antistatic effect;
- bacteriostatic properties;
- breathability;
- high resistance to wear and abrasion.







Clerici Tessuto Group - Voluntary Certifications

Innovation and product sustainability are increasingly important issues for Clerici Tessuto. In fact, the company, over time, has built a solid path that has led to obtaining multiple certifications related to product responsibility in the textile industry.

The following is an explanatory outline of Clerici Tessuto's path towards achieving product quality certification⁸:

8 The scheme summarising the certifications obtained in the last ten years refers specifically to the Parent Company Clerici Tessuto & C. S.p.A. The Sara Ink printing company holds GOTS certification.

Year	Certification	Description
2004		Certification system based on a Disciplinary whose application has as objective to ensure high standards in the production process, in accordance with the principles of quality, on the textile product and on the chemical product.
2013		<p>STANDARD 100 by OEKO-TEX® is an internationally uniform and independent testing and certification system for raw materials, semi-finished and finished products in the textile industry at all processing levels, as well as for the auxiliary products used.</p> <p>The aim of OEKO-TEX® is to create a consumer label and a single standard for the control of harmful substances for manufacturers in the textile and clothing industry.</p>
2017		International standard for the sustainable production of garments and textile products made with natural fibres from organic farming (at least 70%) such as cotton, silk and wool. The standard envisages the issue of a third-party verified environmental declaration certifying the content of natural fibres from organic farming in intermediate and finished products, the maintenance of traceability throughout the production process, restrictions on the use of chemical products and compliance with environmental and social criteria at all stages of the production chain.
2018		The certification guarantees that the product with the FSC® label comes from a responsibly managed forest and supply chain. In the case of Clerici Tessuto the viscose is certified and comes from conifers in the Nordic countries. The company also adheres to the Canopy project, sourcing its rayon and viscose only from companies assessed as having a low risk of impact on ancient and endangered forests (top 10 of the “Hot Button Ranking”).

In recent years, as evidence of how product quality and sustainability certifications are central to the activities of Clerici Tessuto, the latter is increasingly directing its purchases towards certified fabrics (increasing from 12% in 2020 to 31% in 2021). These, thanks to the certifications obtained by the company in the last decade with respect

to the processing methods of the fabrics and the responsible use of chemicals, maintain their certification until the sale. Clerici Tessuto, in fact, succeeds in guaranteeing the respect of the necessary requirements foreseen by the standards also along the entire chain of the fabric⁹.

9 For more details on the type of raw material purchased and the integrated supply chain, see Chapter 5.

Year	Certification	Description
2019		International standard for the sustainable production of garments and textile products made from recycled materials (at least 20%). The standard requires certification of the entire supply chain, from production to labelling. With the project in collaboration with Parley for the Oceans, luxury fabrics are produced using GRS-certified polyester yarn made from marine plastic waste.
2019		A platform that promotes both environmental and social sustainability in cotton farming in low-income countries through corporate membership. Farmers who are members of BCI implement crop protection practices (from responsible use of water to preserving soil and fibre quality). The system, given the critical economic and political conditions in which it operates, is also committed to ensuring decent working conditions for its farmers.
2021		This certification guarantees the traceability of premium quality flax fibre grown in Western Europe (France, Belgium, the Netherlands). A vegetable fibre, grown without irrigation (99.9% guaranteed by CELC) and without GMOs. European Flax® aims to respond to consumer expectations by enhancing the social and environmental sustainability characteristics of flax, a natural, local and traceable fibre that is innovative and high-performance. European Flax® is a registered trademark owned by the European Confederation of Linen and Hemp (CELC).
2021		Zero Discharge of Hazardous Chemicals is an international program based on the principles of transparency and management of chemicals according to an integrated approach of prevention and precaution.

As evidence of this trend, the Company's percentage of sales relating to certified fabrics is also steadily increasing (21% in 2021, an increase of 12 percentage points over 2020). In particular, the realization of this positive trend is due in part to higher sales

of FSC® certified fabrics, as well as the increase in sales recorded for GRS, GOTS and OEKO-TEX® certified fabrics, as well as the sale, for the first year ever, of European Flax® certified fabric.

Sustainable packaging

Clerici Tessuto is committed to respecting sustainability criteria not only in its production, but also in the packaging of its certified products, which is in fact FSC® certified, and the envelopes used as packaging for customer pieces are completely made of paper. Finally, since 2020, the company has been using recycled plastic bags for GOTS fabric samples.

Product quality and safety: responsible use of chemicals

Quality and “durability” are the characteristics that most distinguish the products of Clerici Tessuto: from the choice of raw materials to the controls carried out in the various stages of processing, the Company constantly ensures high standards of quality and safety, meeting the high expectations of customers, as well as the requirements of technical specifications.

Although certification of the Quality Management System is still in progress, the commitment and constant dialogue between Customers and the Company make it possible to monitor performance and customer satisfaction.

One of the pillars of the quality strategy of the Clerici Tessuto Group is the extreme attention paid to the individual processes, combined with careful planning of controls throughout the entire production process. The controls are frequent and take place:

- at the entrance of the unbleached fabric and yarn;
- at each production step that the fabric undergoes, both internally and externally at third-party processing suppliers;
- to the final pre-shipment inspection to customers.

The checks that the Group carries out are many and varied, such as visual inspections, execution of physical-chemical analyses in accordance with the requirements of the various regulations in force in the markets to which the product is destined and the specific needs of the customer.

The activities carried out, the initial pre-controls and the subsequent controls, make it possible to monitor the quality of all the goods that enter the plants in order to certify their compliance with the standards required by the regulations and by the customers themselves, as well as to promptly map defect indices.

The responsible use of chemicals

The relevance of chemicals in the textile sector is fundamental both in terms of consumer health and safety and in terms of product management in the disposal phase. The risk associated with the use of chemicals has a particular impact on the Group's printing plant, Sara Ink, as these substances are used exclusively for processes that take place here (printing, finishing and washing). To mitigate the risk, the Company uses only products that comply with the principles of standards such as GOTS, ZDCH¹⁰ and REACH¹¹.

In any case, Clerici Tessuto, regularly carries out chemical tests in order to verify that the fabrics comply with the requirements of the MRLS sheets (list of chemical substances banned by the ZDHC to ensure that the substances used do not harm people's health).

This aspect has always been of primary importance for the Company, committing itself ever since it became Seri.Co certified in 2004.

10 Zero Discharge of Hazardous Chemicals is an international program based on the principles of transparency and management of chemicals according to an integrated approach of prevention and precaution.

11 REACH is a European Union regulation adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.



4.2 Customer satisfaction¹²

Clerici Tessuto boasts a heritage of almost a century and has always served the best brands in the world. For the company, the customer's point of view is a top priority and for this reason it is committed to constantly improve its customer experience. Every day, Clerici Tessuto works on three pillars that form the basis of the process that makes customer satisfaction possible:

- customer satisfaction monitoring;
- loyalty;
- reports.

CUSTOMER SATISFACTION MONITORING

The company's management system foresees formal moments involving the commercial, artistic and production areas, in which an analysis of Clerici Tessuto's performance towards customers is carried out. During the meetings various KPIs relating to Customer Satisfaction are analysed so that it is possible to highlight any margins for improvement and take immediate corrective action in this regard. In this context, we highlight the performance related to the level of delivery service (e.g. punctuality, days of delay), the number and extent of customer complaints and the quality indicators of the products supplied.

The monitoring of KPIs is carried out with the utmost attention and is aimed at defining increasingly challenging objectives to improve performance.

In fact, considering a time span of four years, Clerici Tessuto can boast of having recorded, for example, a significant reduction in delivery days, a clear sign of the dedicated commitment.

LOYALTY

Clerici Tessuto believes that satisfying the needs and expectations of its customers is a process, not a point of arrival, and it is for this reason that it works from the first contact until the moments following the sale, offering throughout the entire experience expertise, availability and immediate management of every need. This approach has allowed over time to create stable relationships and trust.

In fact, the Company can boast of very satisfactory customer retention indices. As a confirmation of this, the customers that in the years 2018-2021 have interrupted the sales relationship, represent only on average 6% of the turnover¹³.

Customer loyalty is an objective that Clerici Tessuto has achieved above all thanks to its strategy based on very high standards of product quality and service. However, the company also considers fundamental the support to the customer after the sale, through the immediate resolution of problems caused by any non-compliance found subsequently.

Approximately 80% of the turnover comes from customers with whom Clerici Tessuto has had continuous relations for at least 4 years.



% Complaints from Customers
3% in 2020 vs 1.84% 2021

Thanks to an increasingly precise and accurate non-conformity management system, the percentage of complaints from customers has fallen significantly over the last year.

However, the monitoring activities carried out by Clerici Tessuto also take into consideration the non-conformities found:

- in the warehouse during the specula check;
- by external control centres;
- as a result of rework.

With respect to the overall non-quality index, the Group has also seen an overall decrease.

With a view to responsible management of production that avoids waste, the company tries to recover defective fabrics by reworking them. Customers are much more sensitive to this issue than in the past, which is why, at times, agreement is made to reuse the fabric rather than discard it.

In order to define corrective actions and certify progress, Clerici Tessuto keeps track of all non-conformities and draws up statistics at least monthly. This information is also shared with suppliers to promote a comparison and generate improvement actions.

REPORTS

Clerici Tessuto believes that maintaining a relationship with customers is of primary importance: creating moments of confrontation allows the company to collect the needs and expectations of stakeholders, a valuable and indispensable contribution to be able to direct a product strategy in line with customer expectations.

In order to bring customers closer to Clerici Tessuto, the Company has carried out the complete digitalization of the Company's archives. The archive has given life to a collection that is the fruit of 100 years of history with 10,000 hand-drawn sketches and 20,000 books, a textile collection of 200,000 jacquard caps and 180,000 printed caps, 40,000 accessories, 7,000 finished garments and 2,000 embroidered items. Through this digital archive, it was possible to expand the offer to customers by speeding up the search process through a cutting-edge algorithm, which took customers on a virtual tour through a dedicated app.

More than a year after the start of the project, Clerici Tessuto can say that customers are particularly curious and interested in the introduction of this tool that has made the sharing of information faster and more effective. The use of the digital archive, which accompanies visits to the company, allows customers to live a unique and complete experience.

12 The contents of this paragraph refer specifically to the Parent Company Clerici Tessuto & C. S.p.A.

13 The analysis on loyalty indexes was conducted exclusively for the apparel and accessories segment.



5

Responsibility
along the
supply chain

5.1 An integrated supply chain: the relationship with our suppliers

Our suppliers

The high standards of quality, reliability and sustainability that distinguish Clerici Tessuto, are guaranteed, among other things, by the actions taken on the entire production chain that contributes to the realization of the finished product.

Constantly, the Company aims at creating solid, long-lasting relationships based on mutual respect and trust with its collaborators, companies and national and international groups. The search for a product of excellence pushes the Group to pursue objectives, not only in terms of relationships, but also in terms of quality, for which, from the very beginning of the production process, a careful and careful selection of its suppliers takes place.

The Group sources mainly from four types of suppliers:

- raw material suppliers supplying semi-finished fabric (including crude) and yarn;
- suppliers of fabric processing (subcontractors) such as printing, dyeing and packaging companies;
- suppliers of production and auxiliary chemicals (particularly for the print shop);
- other suppliers (packaging, stationery, etc.).

Raw materials come mainly from Europe and the Far-East. However, Clerici Tessuto's direct suppliers are mainly local distributors¹⁴ who purchase abroad.

As far as the processing of fabrics is concerned, Clerici Tessuto has implemented a 100% Made in Italy strategy, collaborating mainly with

Italian suppliers and, in particular, about 85% of which belong to the Como district.

In order to guarantee high quality standards, as previously mentioned, all suppliers undergo a selection process. The choice is made in full respect of the principles of competition and on the basis of objective assessments of production performance such as:

- quality,
- price,
- delivery times,
- presence and possible evaluation of the Code of Ethics,
- compliance with the principles of sustainability.

Most of its suppliers are located in the Como district or in Italy, and the Group mainly works with suppliers who are subject to Italian regulations on health and safety, the environment and human and civil rights.

Moreover, as far as the external processing of the fabric is concerned, Clerici Tessuto can boast, among other things, a fully certified supply chain, where most of the suppliers are also certified e.g. Seri.Co and GOTS, always ready to respond to any customer requirement, with extreme attention to the respect of technical specifications.

Integrated supply chain

In order to obtain the fabric ready for packaging, the yarn and the raw fabric, which arrive at the Clerici Tessuto plants, undergo various processing phases. Some of these stages are carried out by the companies of the Clerici Tessuto group or by suppliers located mainly in the Como district, with which the Company has corporate relationships or has consolidated network contracts over time, implementing an integrated supply chain strategy. Of particular importance is the adhesion of the Company to the Filiera del Filo d'Oro (network of legal entity companies) through which a high level of product traceability is guaranteed.



354 total suppliers in 2021, of which 95% local

92% of annual expenditure is towards local suppliers

~85% of suppliers belong to the Como district



For 84% of the semi-finished GRS and GOTS fabrics the company requires TC

For 91% of GRS and GOTS yarns, the company requires the TC

Monitoring and control of the entire supply chain

Clerici Tessuto, together with its main suppliers, is subject to continuous external audits carried out either on behalf of its main customers or by the certifying bodies GOST, FSC®, GRS, European Flax®, etc., which verify compliance with the requirements necessary to continue to hold the relevant product certifications; in the year 2021 alone, about 25 audits were carried out considering the entire Group.

All the reports with the results of the audits carried out are kept in an archive in order to be able to keep track of the evolution and so far, the results have shown positive results certifying compliance with the applicable criteria/standards, sometimes presenting possible points for improvement.

Clerici Tessuto can boast to collaborate more and more with suppliers who are also certified: this aspect allows the company to maintain the certifications of fabrics and yarns it purchases, along the entire supply chain until its sale, allowing the increase of the percentage of certified products sold.

	CERTIFIED EXTERNAL MACHINING SUPPLIERS		CERTIFIED RAW MATERIALS SUPPLIERS	
Certifications	2020	2021	2020	2021
European Flax®	0	2	0	3
FSC®	6	10	7	10
GOTS	7	9	10	20
GRS	5	10	10	18
OEKO-TEX®	1	2	4	10
Total suppliers	19	33	31	61

The Company's commitment to the integration of environmental and social aspects linked to the world of fabric production and processing is evident, just compare the number of certified suppliers with whom it had dealings in 2021 compared to the year 2020; in fact, it can be said that the number of suppliers with product certifications has almost doubled overall, particularly for GOTS, GRS and OEKO-TEX® certifications.

Being part of an integrated supply chain allows Clerici Tessuto, finally, to guarantee a high level of product traceability, responding more and more to the requests for transparency coming from the market and consumers. The steps of the supply chain, starting from the collection of fibre in the field, spinning, weaving, up to the finished and marketed product, are numerous and often involve the involvement and transfer of goods between several specialized companies.

In recent years, the Company's commitment to achieving complete product traceability has increased, improving the process of collecting and storing product information.

With regard to certified products, Clerici Tessuto has developed a management system aimed at maintaining complete traceability and meeting the requirements of the certifying bodies. In detail, the GOTS and GRS certified articles are monitored through the registration on its own systems of the Transaction Certificate or also “TC”, a document that proves the certified purchase and that is requested to the supplier after the sale. Clerici Tessuto requires its suppliers to send the document when placing an order; at present, more than 80% of GOTS and GRS certified products are linked to a TC; articles for which the TC is not archived are purchased in insignificant quantities.

14 The term “local” refers to all those suppliers who have their registered office in the Italian territory.

Companies of excellence united by a golden thread

Clerici Tessuto is proud to have contributed to the birth and to be part of the “FILO D'ORO” supply chain. The latter represents in fact a network of companies which allows the creation of a real micro-fashion industry within the Como silk textile sector.

Being part of this supply chain allows the company to benefit from the skills, reliability and flexibility of the other companies involved in the project as they are specialized in all phases of yarn and fabric processing up to the realization of the final product: warping, weaving, finishing processes, dyeing and finishing, printing.

The exchange of know-how, the collaboration between these companies and the geographical proximity allow Clerici Tessuto, and the other components of the business network, to respond more adequately and immediately to the ever-changing needs of customers. One of the first steps taken by Filo d'Oro was the creation of a chemical laboratory which carries out both a research activity functional to the activity of the dye works and a development and research activity functional to product innovation.

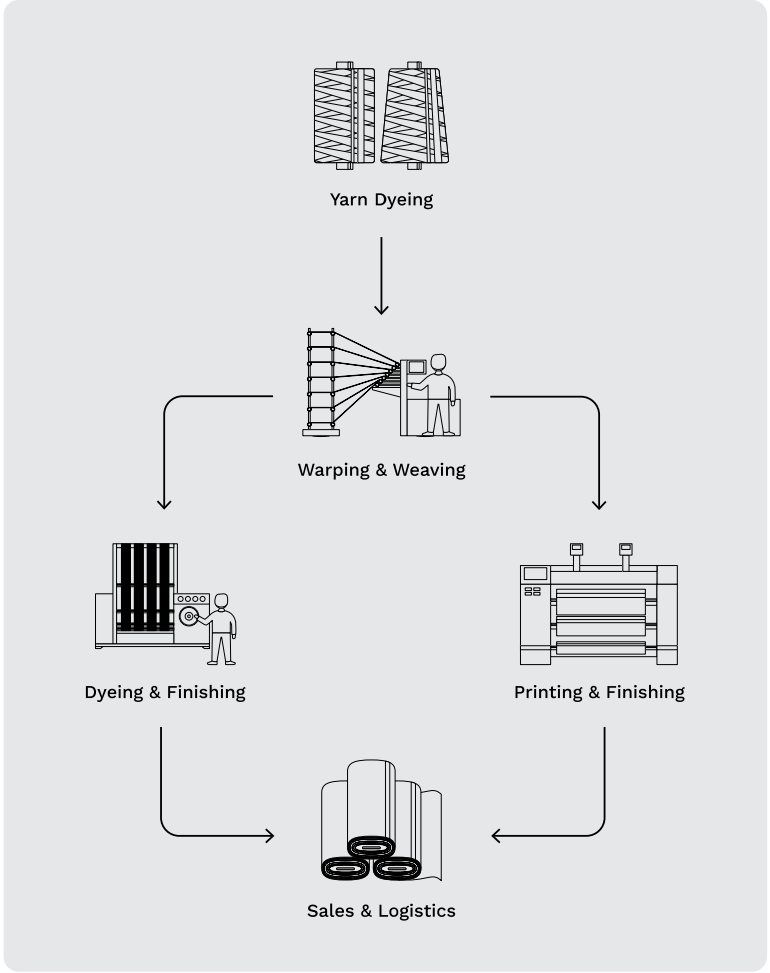


5.2 The production process: from raw material to finished product

The production process: the art of creating a fabric

Every single step of the production process contributes to the realization of products with intrinsic characteristics of quality and excellence. The steps for the creation of the final product are harmoniously coordinated and each task is carried out with the utmost precision and care by the staff of Clerici Tessuto and its production chain.

The production process of Clerici Tessuto is divided into different phases depending on the type of product, from yarn-dyed to piece-dyed, from printed fabric to finished accessory. It is therefore always characterised by a dyeing or printing phase which can take place on the yarn or on the fabric depending on the type of product, a warping and weaving phase and an additional finishing phase. These three elements are present in each of Clerici Tessuto's creations, declined through the creativity that characterizes the company and together with other functional or specific phases of the single product, they contribute to satisfy the customer's needs.



The procurement of raw materials

For the Company, quality is an important aspect along the entire value chain, with particular attention to the raw material procurement process, which is selected and certified in compliance with sustainability and traceability criteria.

It is in fact from the choice of yarn and raw fabric that Clerici Tessuto creates and produces luxury fabrics for clothing and furnishings, combining the excellence of the high textile craftsmanship of Como with creativity, innovation and sustainability. The purchasing choices always follow the customers' requests and the market trends, always ensuring the highest quality without neglecting the environmental and social aspects related to supply.

The main raw materials used in the production process by the Company are:

- unbleached and/or semi-finished fabric¹⁵;
- yarn;
- production chemicals and auxiliaries for the Sara Ink printer.

¹⁵ Semi processed fabric is divided into two categories: 1. unbleached fabric which has already undergone initial processing. These are purged (obtained by processing the unbleached fabric by removing slag and impurities), ready to print and ready to dye (obtained by processing which prepares the unbleached fabric for dyeing or printing); 2. crude oil that hasn't been processed yet.

	RAW MATERIALS PROCUREMENT	
	2020	2021
Semi - woven fabric (metres)	~ 1,7 million	~ 3,6 million
Yarn (Kg)	~ 87 thousand	~ 110 thousand
Chemicals (kg)	~ 309 thousand	~ 319 thousand

	THE PROCUREMENT OF FABRICS AND YARNS IN DETAIL			
	FABRICS (QT)		THREADS (QT)	
Fibre type	2020	2021	2020	2021
Natural fibre	54%	50%	65%	58%
Synthetic fibre	20%	36%	16%	25%
Artificial fibre	26%	14%	7%	5%
Mixed fibres	0,12%	0,09%	12%	13%

Clerici Tessuto has always privileged the use of **natural fibres**¹⁶ both for raw materials and for yarns, representing more than half of the raw material supply. Natural fibre, in particular, is made up of all those materials that already exist in nature and come from renewable sources and are processed through processes that do not modify their structure.

The main fibres used by Clerici Tessuto are vegetable and animal fibres such as **Cotton, Silk and 100% Linen**. Wherever possible, the company prefers organically grown and certified fibres, in order to ensure a product that is environmentally friendly and attentive to consumer safety.

Other animal fibres, such as **wool and cashmere**, also account for a very small percentage of natural fibres. The use of such raw material is however very limited. Clerici Tessuto opts for the selection of suppliers with the relevant certifications and is committed to signing agreements with customers in order to ensure the welfare of animals and avoid any form of mistreatment.

In addition to natural fibres, Clerici Tessuto also supplies synthetic fibres¹⁷, artificial fibres¹⁸, and a low percentage of mixed fibres¹⁹, for which there is no prevailing material.

Artificial fibres, which are mainly present in the sourcing of fabrics, represent a use that has seen a decrease in 2021. Almost all the artificial fibres that Clerici Tessuto uses are **100% viscose** and, by adhering to the **Canopy project**, it only sources from companies assessed as having a low risk of impact on ancient and endangered forests.

Finally, as far as synthetic fibres are concerned, the products purchased by Clerici Tessuto are mainly made of **polyester or mixed recycled polyester**.

In the area of synthetic fibres, Clerici Tessuto is increasingly directing its purchases towards GRS certified recycled synthetic yarns and fabrics. In particular, the procurement of products composed of GRS certified recycled synthetic fibres has almost tripled in 2021 (147 thousand metres vs 557 thousand metres), demonstrating the great commitment that the Company implements to support its sustainability strategy and meet market demands.

In 2021, Clerici Tessuto committed to purchasing certified fibres:

- GOTS and European Flax for about 16% (compared to 4% in 2020)
- FSC for about 41% (compared to 5% in 2020)
- GRS and OEKO-TEX for about 47% (constant percentage compared to 2020)



¹⁶ Natural fibres can be of plant or animal origin. Fibres of plant origin can be derived from crops grown in fields (such as cotton and flax), or in plantations or forests (such as latex (rubber)) or from wild plants (such as nettles). Fibres of animal origin are derived from farmed/domesticated animals (such as sheep, goats, cows, and some waterfowl) or from wild animals (such as coyotes, opossums, crocodiles) for their hides, furs, hair, and wool (Textile Exchange, 2020. *"Materials Terminology Guide"*).

¹⁷ Synthetic fibres are made from polymers that do not occur naturally, but are produced entirely in a chemical plant or laboratory, almost always from petroleum or natural gas by-products. These polymers include polyamides (nylon), polyethylene terephthalate (polyesters), acrylics, polyurethanes, and polypropylene (Textile Exchange, 2020. *"Materials Terminology Guide"*).

¹⁸ Artificial fibres are defined as those from plant cellulosic matter (usually trees or bamboo) or recovered raw materials that are processed into pulp, melted and then regenerated into staple or filament through a chemical process. Viscose (rayon) and acetate are the most common man-made cellulosic fibres (Textile Exchange, 2020. *"Materials Terminology Guide"*).

¹⁹ Blended fibres include all those fabrics and yarns that are the result of combinations of fibres.



6

The people
at the heart of
our business

6.1 Working in the Clerici Tessuto Group

For Clerici Tessuto, human resources represent an essential element for the performance of its activities. The Company acts guided by the priority of creating wellbeing and promoting an inclusive working environment, aimed at combating all forms of discrimination in its policies and business practices. Human assets are valued and protected in every aspect, from the preservation of the quality of work related to safety, to the promotion of initiatives aimed at creating a climate of high cooperation among employees.

All employees and collaborators are required to respect the values described in the Code of Ethics of Clerici Tessuto, a document in which respect for the rights of the person and the worker are the absolute protagonists.

During 2021, Clerici Tessuto's attentions focused heavily on the management of the healthcare emergency. The latter has inevitably influenced the composition of human resources, in fact, at December 31, 2021, the total number of employees in the company was 290, a slight decrease compared to 2020 where, instead, it was 308. This was due to the pandemic situation, which lasted throughout 2021, causing a slowdown in selection processes, some organisational changes and an increase in exits due to early retirements chosen by employees.

In 2021, the Group achieves an outbound turnover of 8.62%, up from 2020 (4.55%), and an inbound rate of 2.41%, down slightly from 2020 (3.57%).

To complete the total number of staff, Clerici Tessuto has 16 working relationships with non-employee collaborators (in 2020 there were 8), including mainly 3 VAT-registered workers, 2 workers hired by temporary agencies and 9 interns. The to internship collaboration, in particular, is carried out so that young students can increase their

knowledge and skills techniques in parallel with theoretical study paths, as well as for the preparation of theses.

In 2021 there will be 8 Clerici Tessuto employees belonging to protected categories (9 in 2020); for these employees the company pays the utmost attention, especially in the last two years in view of the risks related to Covid-19, during which it has promoted several prevention measures, such as the possibility to work remotely and the availability to consult the competent company doctor for any need.

With regard to the type of contracts, Clerici Tessuto has always preferred the stipulation of permanent contracts, demonstrating the desire to follow a line of “long-term” retention and investment in its people; also this year, in fact, the percentage of employees with permanent contracts is expected to be 99%.

Moreover, the Company hires all its employees in compliance with national and regional regulations. For this reason, the employees are hired with the C.C.N.L. Textile Clothing Fashion and C.C.N.L. Tertiary and Services, and for interns, curricular and extra curricular, specific agreements are stipulated involving the training institution or the certified institution.

As further confirmation of Clerici Tessuto's values and commitment to the well-being of its employees, as part of the supply chain audits carried out in 2020 by a certifying body on behalf of one of the Company's clients, the Company met all the requirements for the **Workplace Condition Assessment (WCA) Achievement Award**, and was therefore awarded, in the same year, for its efforts in the management of Human Resources. Specifically, during the audit, the certifying body assessed a number of indicators relating to the following areas:

- respect for human rights;
- wages and working hours;
- Health and Safety in the Workplace;

61%

of the staff is composed of female personnel

99%

of contracts are open-ended

34%

female executives



~ 50%

of additional hours provided in the year 2021 compared to 2020

Training hours in 2021 were **2006**, compared to 1357 in 2020

- Management Systems;
- the environmental impact of the company.

This important recognition certifies how Clerici Tessuto is dedicated to the creation of well-being for its employees and to increasing the quality and safety of the working environment as well as of its products. The indicators on which Clerici Tessuto was awarded in 2020, are aspects fully integrated within its corporate culture and represent for the company its way of acting towards a healthy and safe working environment.

Staff Development and Training

Clerici Tessuto has always had a corporate culture based on the enhancement of its human capital, with the conviction that only a highly qualified staff can cultivate and maintain the craftsmanship and, at the same time, the excellence typical of the Italian industrial fabric. The development and updating of personnel skills are therefore fundamental for the Company, which is committed to supporting life-long learning projects in various training areas.

Each employee, according to his or her role and position within the company, is accompanied by training courses that aim at growth and specialization. Clerici Tessuto carries out an annual analysis of training needs, involving the heads of departments so that the requests and aspirations of individual employees are also taken into account. The results are the starting point for the planning of specific training courses during the year.

The Company guarantees multiple specific training courses depending on the company role covered: the courses provided to the company population have a wide range of application, from teaching Information Technology skills and in-depth knowledge of foreign languages, to technical training courses for specific tasks such as computerised warehouse management and quality courses.

During 2021, both in terms of hours and resources, Clerici Tessuto dedicated a great deal of effort to the development of “soft skills”, to the expansion of managerial skills for the first and second line, to updating on safety issues and to providing language courses. In fact, despite the difficulties caused by the epidemiological emergency, the total number of training hours provided increased. The objective was to provide more skills and knowledge to address the organizational and business changes imposed by changing market conditions and the new requirements of customers and suppliers.

Specifically, while still managing training mainly through telematics, the companies within the Clerici Tessuto Group were able to significantly increase the hours of training provided in 2021 (2,006 hours) compared to those provided in 2020 (1,357 hours), keeping training in Health and Safety active, of particular relevance during the year 2021 characterized by the health emergency.

In 2021, the Company continued to invest in sustainability also through training, offering 4 Sara Ink employees the opportunity to take advantage of a 36-hour course entitled “Efficiency and sustainability in business processes”. The main topics covered in the course concerned the efficiency of the production system and the improvement of the environmental impact of the industrial activities connected with an increasingly sustainable use of resources; the path taken by the company is moving towards the need to increasingly improve responses to customer requirements and to efficiently manage consumption and production times.

The theme of professional growth remains for Clerici Tessuto a subject on which to invest and to which to give maximum attention, one of the future objectives of the Company is to evaluate more accurately and objectively the effectiveness of the training programs implemented. This will enable the Company to set increasingly

ambitious and challenging training targets, with the aim of meeting all training needs and enabling the achievement of the aspirations of the group's employees.

During 2021 Clerici Tessuto participated in the “**StiLLLearning Project** (Innovative Training Solutions for Learning at Work in Disruptive Industries)” promoted by Cometa Formazione and three other European partners. The project aims to collect the training needs of companies with respect to innovations and COVID impact for the training of current and future employees. Since the launch of the program, the Company has participated in May 2021 in the collection of training needs through the administration of questionnaires and interviews with employees and managers of Clerici Tessuto. In November 2021, the Company took part in the presentation of the results obtained from the interviews and questionnaires and the subsequent workshop to design training solutions for the companies.

Wellbeing and Welfare Tools

In order to ensure the centrality of human resources and the constant improvement of relations with its employees, Clerici Tessuto has developed over time a corporate welfare structure to ensure well-being, collaboration and create a sense of belonging.

The company is a member of the Sanimoda health care fund, a form of contribution provided for by the national collective labour agreement for the sector (textiles, clothing and industry). The fund offers employees the possibility of requesting reimbursement for bills relating to medical services paid with National Health Service co-payments and medical services incurred in private facilities. Secondly, the Company provides meal vouchers to various categories of employees. Moreover, in order to widen the range of benefits, Clerici Tessuto has reserved further conventions for its employees, both through agreements

with local shops/places (e.g. Teatro Sociale Como) and through a company card offered by Confindustria Como, a confederation of which the Company is a member. Through Confindustria, in fact, employees have the opportunity to access discounts and benefits for the purchase of goods and services (e.g. clothing, food, insurance, purchase of books, agreements with banks, etc.). Finally, as a welfare tool, Clerici Tessuto offers the management of flexible working hours through the offer of part-time contract types that meet the needs of employees, in particular those of employees who are parents. In fact, during 2021, 25 employees took advantage of a part-time contract.

In order to encourage professional growth, Clerici Tessuto has activated an MBO (Management By Objectives) incentive system, i.e., a method of evaluating human resources based on the achievement of pre-established objectives (e.g., financial measures such as revenues or quality-related measures such as % of non-compliance and delivery times). Given the positive results obtained within the commercial area, during 2021, the Company extended the application of this system to a greater number of employees, in particular involving employees dealing with production.

Clerici Tessuto believes in the effectiveness and relevance of the MBO system, as it allows to actively involve employees and to empower them, increasing job satisfaction and commitment. At the same time it guarantees a meritocratic and rewarding evaluation system.



6.2 Protecting workers' health and safety

The protection of the health and safety of personnel in the workplace is fundamental for Clerici Tessuto; in fact, in the interest of its employees and of the Group itself, the Company acts for the creation of safe and comfortable working environments, spreading the “culture of safety”. This is also proven by the presence of the Code of Ethics, formal procedures and other internal documentation concerning Health and Safety shared with workers and visitors at the production sites through the company notice board.

Safety management in the company

For safety management, in the Company, there is a system that complies with the requirements of Legislative Decree 81/08, which is coordinated by a dedicated team composed of RSPP, safety managers and supervisors, RLS and the Doctor and is based on the following pillars

- risk assessment and management;
- accident monitoring and management;
- worker training and involvement.

RISK ASSESSMENT AND MANAGEMENT

The company constantly identifies and assesses risks to the health and safety of workers, involving specialized professionals, department heads and workers' representatives.

Risk assessment activities and their results are formalised in the Risk Assessment Document (DVR). The Document is prepared for each plant and, in addition to complying with the provisions of current regulations, lays the foundations for continuous improvement of the level of safety in the workplace and is subject to constant review.

Finally, the assessment of specific risks is accompanied by the activity of Health Surveillance carried out by the Competent Doctor by means of preventive medical examinations to assess the worker's suitability for carrying out the specific task, and periodic medical examinations aimed at checking the worker's state of health and the continuation of the requirements of suitability for carrying out the specific task.

WORKER TRAINING AND INVOLVEMENT

Widespread awareness among workers and employers of the risks associated with work activities is one of the main pillars of Health and Safety management within the Clerici Tessuto Group. Training in this area, promoted by the Company and provided by qualified personnel, sometimes even external, is in fact the first tool for raising awareness and effective prevention and protection from possible harmful events.

Clerici Tessuto, in fact, trains its employees with compulsory refresher courses in the field of Health and Safety as well as providing specific training for the use of equipment.

The active involvement of workers is also an important element of the process. Workers are always allowed and encouraged to report hazardous situations that have or may have negative impacts on health and safety.

ACCIDENT MONITORING AND MANAGEMENT

Accident management is supported by written procedures, drawn up in 2014 by Clerici Tessuto through the support of external consultants, which comply not only with laws and regulations but also with the main international standards in the field of health and safety. The procedures set out the roles, responsibilities, actions to be taken to report injuries (as well as accidents or near misses) by employees and, finally, the activities to be carried out following the reports; these activities mainly consist of specific investigations with recognition of any non-compliance and corrective and preventive actions.

Since the first adoption of the procedure to date, the investigations have always been concluded without the need for external intervention and, where necessary, corrective measures have been taken immediately, including, for example, specific training for the personnel involved in order to avoid the recurrence of the event.



The Clerici Tessuto Group's focus on health and safety protection and training is confirmed by the accident frequency index²⁰ of 0.46²¹ (down from 0.99 in 2020). In fact, in 2021, only one accident was recorded (compared to two in 2020) that could be classified as an accident that occurred without serious consequences. Lastly, it should be noted that, in 2021, no accidents occurred among the external collaborators used by the Company.

The monitoring of compliance with national regulations and best practices in terms of health and safety is carried out not only internally by the persons in charge and the procedures described above, but also externally, in particular through periodic audits carried out by third parties on behalf of the Company's main customers. These audits have always received positive results accompanied by suggestions for improvement, which the Company is committed to following and implementing with a view to increasing safety in its workplaces, to the benefit of workers first and foremost, but also of the relationship of trust established with customers.

²⁰ It should be noted that both the rate of deaths due to occupational injuries and the rate of occupational injuries with serious consequences are equal to 0, since the injury that occurred in 2021 does not concern either of the two cases. For further details on the indices and the calculation method, reference should be made to the section "Attachments" GRI sheet 403-9.

²¹ The accident frequency index was calculated using the 200,000 multiplier. The accident frequency index was 2.28 using the 1,000,000 multiplier.

Clerici Tessuto's response to the health emergency from Covid-19

2021 was also a challenging year from the perspective of the unexpected and complex environment caused by the health emergency. Clerici Tessuto immediately worked to provide a timely and tangible response, strengthening its resilience model in order to protect the health and safety of employees and the business project.

The Company has created a Health Emergency Committee to monitor the trend of contagions in the company and has involved the Medical Officer for the management of suspected cases. Through these two measures Clerici Tessuto has been able to ensure accurate traceability of positive and potential cases and the containment of contagions in the workplace.

In addition, a Covid-19 Protocol was implemented in March 2020 (with subsequent updates) which provided for all common anti-contagious measures such as Smart-Working (where possible), periodic sanitization of all environments, installation of sanitizing gel dispensers in each department, use of specific personal protective equipment for biohazard protection, daily temperature measurement, management of common spaces, installation of separators between office desks and access arrangements in the company for customers/suppliers and third parties.

The Covid-19 Protocols and further communications on the subject have always been promptly shared with all employees by Clerici Tessuto by means of communications on the company portal, with an attached statement of acknowledgment and in hard copy.

6.3 Enhancing local communities

The inclusiveness of the territory in company life has guided Clerici Tessuto²² for over ten years. The company promotes and supports various projects, such as school-to-work alternation courses through collaboration with secondary schools, vocational training centres and universities.

The Company's commitment to the training of young people has been rewarded by Confindustria with the **Bollino per l'Alternanza di Qualità** (BAQ), an award for companies that distinguish themselves in the implementation of high quality school-work alternation courses.

Particularly significant is the alternance project designed in collaboration with **Fondazione Cometa** for the Oliver Twist vocational school in Como: a learning path centred on the educational and training potential of work, which was included among the 25 Italian success stories selected and analysed by the research promoted by Fondazione Sodalitas, as part of the *We4Youth* school-to-work campaign and the European

Pact4Youth programme. The project, which began in 2011, promotes flexible learning that systematically links classroom training with practical experience in the company. The partnership with Cometa Formazione has enabled the placement of over 100 students in internships over the past 10 years.

Internship initiatives include a collaboration with the **Costume & Fashion Academy of Rome**, which allows Clerici Tessuto to host young students by offering them work experience, as it is believed that these initiatives bring added value both to the community and to the Company itself, and is therefore currently intending to initiate further collaborations in the near future. In 2021, the Company hosted six students, supporting them in the elaboration of their final thesis, the subject of which was the creation of garments for a fashion show.

In addition, some of Clerici Tessuto's company figures teach at professional and technical institutes, demonstrating the great relationship between the worlds of education and business. In particular, the collaboration in 2021 was started with two institutes in the Como area: the Cometa professional



²² The information contained in this paragraph refers specifically to Clerici Tessuto, unless expressly specified Sara Ink.

institute (for a total of 44 hours of teaching carried out by two employees) and at the Setificio school (for a total of 27 hours of teaching carried out by two employees).

The Company has always been very close to the local communities, supporting them with donations and charitable initiatives (e.g. food bank). Over the years Clerici Tessuto has taken part in various initiatives, including the “**Charity Dinner**” in Milan in 2021 to raise funds for the Veronesi Foundation (cancer research).

Confirming the strong link between Clerici Tessuto and the Como area, the Company's main shareholder is committed as President of the **Amici di Como** association, based on the friendship and bond shared by its mem-

bers. The aim is to intervene in the territory through various projects: from intervention on the city's heritage to sport, entrepreneurship and much more.

The mission of the association is summarized in “being useful to this our Earth”, and is the soul that distinguishes and guides every project and work carried out. Among the many, the association supports entrepreneurship with the realization of conferences that aim to create moments of aggregation and comparison in respect of intellectual independence. Clerici Tessuto is one of the associates, as it shares the principles and values of “Amici di Como” and collaborates for the realization of their initiatives.



Acoustic impact assessment for the protection of the community of Montano Lucino

Already in 2018, confirming the Clerici Group's interest in the wellbeing of the communities surrounding the production sites, a noise impact assessment was conducted, specifically by the Sara Ink printing plant, following the decision to keep the production site active even during the night.

Since the area of interest has a high density of population and vehicular traffic, with the presence in the vicinity of a hotel and residences, it was deemed necessary to carry out this type of investigation in order to verify that the protection of the surrounding population was guaranteed.

The result of the assessment has shown that the values relative to the acoustic impact of the Montano Lucino production site are respected both during the daytime and at night. The activity carried out by the company is therefore considered to have no particular influence on the acoustic climate, thus allowing the healthy development of community life.

Methodological Note

This document represents the first Sustainability Report of the Group Clerici Tessuto (in this document also “Clerici Tessuto”, “The Clerici Tessuto Group”, “the Group”, “the Company”, or the “Company”), and aims at describing the projects implemented and the main economic, social and environmental results achieved during the year 2021. The document was prepared voluntarily and responds to the Company's need to become increasingly transparent about its sustainability performance with its stakeholders.

The information and data shown is for the year 2021 (January 1, 2021 to December 31, 2021). In order to allow comparability of data over time and to assess the Company's business performance, a comparison with the previous year has been proposed where available. The Clerici Tessuto Group has applied the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability in accordance with the GRI Standards considering the Group's impact in the broader context of sustainable development.

The 2021 Sustainability Report has been prepared in accordance with the “GRI Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI). The reporting content and indicators were defined starting from the results of the materiality analysis conducted in mid-2021, which involved Management to identify, through Surveys, the environmental, economic and social aspects relevant to the Company. The GRI Content Index, which shows the GRI indicators associated with each material issue, can be found in the appendix to the document.

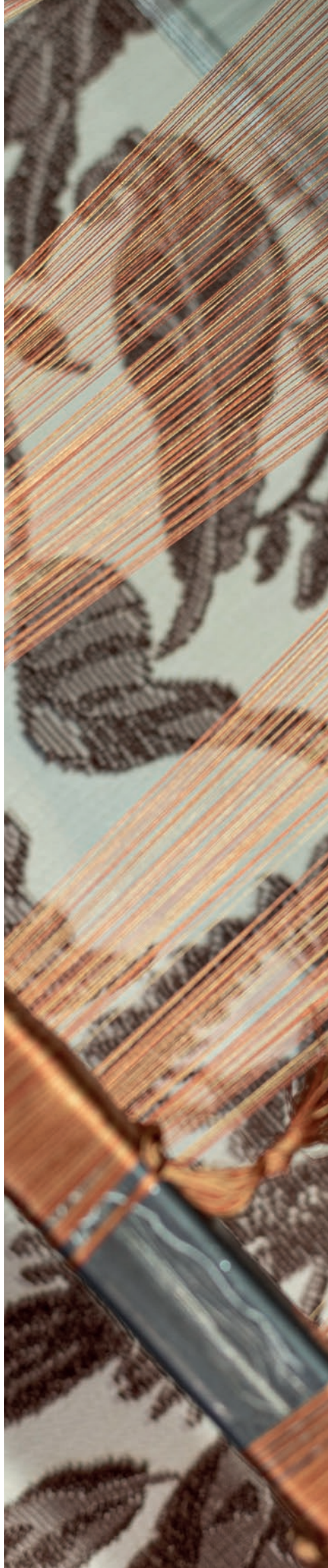
The scope of the data reported in this document coincides with that of the Consolidated Financial Statements of Clerici Tessuto & C. S.p.A, including the subsidiary Sara Ink. However, the environmental data exclude those relating to the commercial offices in Paris and New York, as they are not significant.

The Sustainability Report is published on an annual basis. In addition, in order to provide a fair representation of performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if present, they are based on the best methods available and appropriately reported.

The Sustainability Report 2021 was not audited by an independent third party; however, it was submitted for approval by the Board of Directors of Clerici Tessuto & C. S.p.A.

This document is also made public on the Company's website, which can be accessed at the following address: <https://clericitessuto.it/en/>.

For any information on the Sustainability Report, please contact the following email address: sustainability@clericitessuto.it.



Attachments

Summary of Performance Indicators

Chapter 1- The Clerici Tessuto Group

Economic performance

GRI 201-1 DIRECTLY GENERATED AND DISTRIBUTED ECONOMIC VALUE ²³		
Table 1 GRI 201-1: Economic value directly generated and distributed by the Company		
	Amount	
	2020	2021
Directly generated economic value	42.858.414	52.295.275
Revenues	42.104.521	51.301.839
Other income	521.015	597.824
Operating grants	232.834	395.558
Interest income	44	55
Distributed economic value	43.015.333	50.321.651
Operating Costs	29.734.365	36.248.652
Salaries and benefits	12.849.735	13.603.926
Payments to capital providers	249.375	235.453
Payments to Public Administration and Local Communities	181.858	233.620
Economic Value Withheld	-156.919	1.973.624

Chapter 3 - The approach to climate change: the responsible use of natural resources

Energy consumption

GRI 302-1 ENERGY CONSUMED WITHIN THE ORGANISATION			
Table 1 GRI 302-1: Total energy consumption within the organization by energy source, in GJ			
Energy consumed	UDM	2020	2021
Natural Gas	GJ	34.148	41.040
Unleaded petrol	GJ	248	227
Diesel	GJ	2.205	2.684
Purchased electricity	GJ	11.060	13.193
Total	GJ	47.661	57.144
of which renewable	GJ	-	-
of which non-renewable	GJ	47.661	57.144

23 The income statement figures relate solely to the Parent Company Clerici Tessuto & C. S.p.A. and are in line with the quantitative and qualitative information contained in the Consolidated Financial Statements at 31 December 2021: in previous years the Parent Company made use of the option to waive preparation of the consolidated financial statements. During the year 2021, given the progressive increase in the volume of business of the subsidiary Sara INK, the Parent Company deemed it appropriate to provide third parties with a representation of the Group's consolidated financial position, setting 31/12/2021 as the date of consolidation. The year ended December 31, 2021 represents, in short, the Clerici Tessuto Group's first financial year; however, the consolidated financial statements do not present the income statement figures of the consolidated companies as the consolidation date is December 31, 2021. Furthermore, as this is the first year of the consolidated financial statements, the income statements do not present comparative figures with the previous year; the 2020 figures refer, again, to the Parent Company Clerici Tessuto & C. S.p.A.

GRI 305-1 DIRECT EMISSIONS OF GHG (SCOPE 1)			
Table 1 GRI 305-1: Direct greenhouse gas (GHG) emissions (Scope 1) in gross tonnes of CO ₂			
GHG emissions	UDM	2020	2021
Natural Gas	tCO ₂	1.976	2.374
Unleaded petrol	tCO ₂	18	17
Diesel	tCO ₂	162	198
Total Scope 1	tCO ₂	2.156	2.588

GRI 305-2 INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION (SCOPE 2) ²⁴			
Table 1 GRI 305-2: Indirect greenhouse gas (GHG) emissions (Scope 2, calculated using the location-based approach and market-based approach) in gross tonnes of CO ₂			
GHG emissions according to the Location-Based approach	UDM	2020	2021
Purchased electricity	tCO ₂	853	952
Total Scope 2 Location based	tCO ₂	853	952
Table 2 GRI 305-2: Indirect greenhouse gas (GHG) emissions (Scope 2, calculated using market-based approach) in gross tonnes of CO ₂			
GHG emissions according to the Market-Based Approach	UDM	2020	2021
Purchased Electricity Non-Renewable	tCO ₂	1.432	1.682
Electricity purchased with certificate of origin	tCO ₂	-	-
Total Scope 2 Market based	tCO ₂	1.432	1.682

CONVERSION FACTORS				
	UDM	2020	2021	Source
Electricity	GJ/kWh	0,0036	0,0036	Constant
Natural Gas	GJ/smc	0,03429	0,034287	NIR
Natural Gas	smc/mc	1,002	1,002	Eni gas and electricity
Diesel/Automotive Diesel	GJ/t	42,78	42,78	NIR
Diesel/Automotive Diesel	kg/l	0,84	0,84	FIRE
Unleaded automotive gasoline	GJ/t	42,82	42,82	NIR
Unleaded automotive gasoline	kg/l	0,74	0,74	FIRE

EMISSION FACTORS				
	UDM	2020	2021	Source
Natural Gas	tCO ₂ /sm ³	0,001984	0,001983	Ministry of Environment 21-20
Unleaded petrol	tCO ₂ /t	3,14	3,152	Ministry of Environment 21-20
Diesel	tCO ₂ /t	3,151	3,151	Ispra 21-20
EE - Location Based	gCO ₂ /kWh	277,6	259,8	Ispra 21-20
EE - Market Based	gCO ₂ /kWh	466	459	AIB 21-20

24 The reporting standard used (GRI 305: Emissions 2016) provides for two different approaches to calculating Scope 2 emissions: 'Location-based' and 'Market-based'. The "Location-based" approach is based on average emission factors related to power generation for well-defined geographic boundaries, including local, sub-national or national boundaries. The "Market-based" approach is based on the GHG emissions emitted by energy suppliers from which the organisation purchases, through a contract, energy.

Sustainable management of water resources

GRI 303-3 WATER WITHDRAWAL					
Table 1 GRI 303-3: Total water withdrawals from all areas and water stress areas in megaliters and broken down by source types					
Water withdrawal	UDM	2020		2021	
		All Areas	Water stress areas	All Areas	Water stress areas
Third Party Water Resources	Megaliters	84	-	103	-
Surface water	Megaliters	51	-	67	-
Groundwater	Megaliters	33	-	36	-
Total	Megaliters	84	-	103	-

Sustainable Waste Management

GRI 306-3 WASTE GENERATED			
Table 1 GRI 306-3: Waste generated by the organisation by type in tonnes			
Waste composition	UDM	2020	2021
Dangerous	t	2	4
Non-Hazardous	t	293	188
Total	t	295	192

Chapter 5 - Responsibilities along the supply chain

An integrated supply chain: the relationship with our suppliers

GRI 204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS						
Table 1 GRI 204-1: Number of suppliers, expenditure and percentage of procurement by geographical area						
Type of supplier ²⁵	2020			2021		
	No. of suppliers	Expenditure (€)	% of Expenditure	No. of suppliers	Expenditure (€)	% of Expenditure
Local Suppliers ²⁶	310	16.789.575	95%	336	22.231.704	92%
Foreign Suppliers	15	919.138	5%	18	1.921.338	8%
Total	325	17.708.713	100%	354	24.153.042	100%

25 Clerici Tessuto's suppliers, classified as local and foreign, are as follows: - Raw material suppliers: Purchase of semi-finished fabrics and purchase of yarns; - Suppliers of fabric processing (subcontractors): Dyeing, Finishing, Printing, Garment and Yarn dyeing mills; - Suppliers of production and auxiliary chemicals; - Other suppliers: packaging and paper. In addition, for the year 2021 only the portion of packaging held by Sara Ink is taken into account.

26 The term local refers to all those suppliers who have their registered office in Italy.

GRI 301-1 MATERIALS USED BY WEIGHT OR VOLUME			
Table 1 GRI 301-1: Total consumption of raw materials, in kilograms ²⁷			
Type of raw material (kg)	UDM	2020	2021
Total Non-Renewable Materials	Kg	333.126	360.254
Yarn	Kg	24.060	41.097
Synthetic fibre	Kg	13.970	27.015
Mixed fibres	Kg	10.090	14.082
Production chemicals and auxiliaries	Kg	309.066	319.157
Total Renewable Material	Kg	84.426	92.892
Yarn	Kg	63.115	68.914
Natural fibre	Kg	57.039	63.292
Artificial fibre	Kg	6.076	5.622
Other materials ²⁸	Kg	21.311	23.978
Total material used	Kg	417.552	453.146
% Non-Renewable		80%	80%
% Renewable		20%	20%
Table 2 GRI 301-1: Total consumption of raw materials, in metres			
Type of raw material (metres)	UDM	2020	2021
Total Non-Renewable Materials	Metres	340.923	1.315.340
Semi-finished fabrics			
Artificial fibre	Metres	36	393
Synthetic fibre	Metres	338.844	1.311.727
Mixed fibres	Metres	2.043	3.220
Total Renewable Material	Metres	1.379.846	2.348.233
Semi-finished fabrics			
Artificial fibre	Metres	452.022	512.090
Natural fibre	Metres	927.824	1.836.143
Total material used	Metres	1.720.769	3.663.573
% Non-Renewable		20%	36%
% Renewable		80%	64%

27 The reporting scope of the indicator covers: - For Clerici Tessuto, the yarns and semi-finished fabrics; - For Sara Ink, chemicals and other materials. Packaging was not reported in 2021, but there are plans to implement the data collection process for the following year. Finally, as of March 2021, timely monitoring of raw material consumption has been activated for the Sara Ink print shop. Therefore, data for 2020 and the first three months of 2021 were estimated on the basis of invoices. The classification of the fibres was made by taking as reference the % of prevailing fabric for compositions resulting from combinations of fibres.

28 Within the category is the transfer paper on fabric used with transfer printing that requires the transfer of the design from the paper to the fabric.

GRI 301-2 MATERIALS USED THAT HAVE BEEN RECYCLED ²⁹					
Table 1 GRI 301-2: Amount and percentage of materials used that are recycled ³⁰					
Type of material	UDM	2020		2021	
Yarn		87.175	100%	110.011	100%
Of which recycled ³¹	Kg	134	0,15%	2.273	2%
Of which not recycled ³²	Kg	87.041	99,85%	107.738	98%
Semi processed fabric ³³		1.720.941	100%	3.664.367	100%
Of which recycled ³⁴	Metres	100.022	6%	373.634	10%
Of which not recycled ³⁵	Metres	1.620.919	94%	3.290.733	90%

Chapter 6 - People at the heart of our business

Working in Clerici Tessuto Group

GRI 2-7 EMPLOYEES ³⁶						
Table 1 GRI 2-7: Total number of employees by gender (headcount)						
Genre	to 31 December 2020			to 31 December 2021		
Males	118			112		
Females	190			178		
Total	308			290		
Table 2 GRI 2-7: Total number of employees by contract type and gender (headcount)						
Type of contract	to 31 December 2020			to 31 December 2021		
	M	F	Total	M	F	Total
Unspecified	117	188	305	110	176	286
Determined	1	2	3	2	2	4
Total	118	190	308	112	178	290
Table 3 GRI 2-7: Total number of employees by type of employment and gender (headcount)						
Full Time / Part Time	to 31 December 2020			to 31 December 2021		
	M	F	Total	M	F	Total
Full-time	118	164	282	112	153	265
Part-time	-	26	26	-	25	25
Total	118	190	308	112	178	290

29 The difference referred to the total of GRI 301-1 and GRI 301-2 indicators is attributable to the type of extraction that was carried out, as it was not possible to remove any values related to returns for both extractions.

30 The GRI 301-2 indicator has been reported only for Clerici Tessuto, as it is not applicable for Sara Ink.

31 Within this category all GRS certified yarn is reported.

32 This category includes GOTS (non-recycled), FSC® (non-recycled) and non-certified yarn.

33 Within the semi-finished fabrics, plain or jacquard fabrics have not been taken into account as the quantity is negligible.

34 Within this category, only the % of recycled composition on the total amount of materials that make up GRS fabrics is reported.

35 Within that category is reported: - The semi-finished fabric is certified (GRS, European Flax®, FSC®, GOTS and OE-KO-TEX®) not to be recycled; - The non-certified fabric.

36 All employees are based in Italy.

GRI 2-8 NON-EMPLOYEES						
Table 1 GRI 2-8: Total number of non-employees whose work is controlled by the Group, by contract type and gender (headcount)						
Type of contract	2020			2021		
	M	F	Total	M	F	Total
External staff	3	-	3	1	-	1
Self-employed workers	4	-	4	3	-	3
Temporary staff	-	-	-	2	-	2
Interns	-	-	-	4	5	9
Others ³⁷	1	-	1	1	-	1
Total	8	-	8	11	5	16

GRI 401-1 NEW HIRES AND TURNOVER ³⁸								
Table 1 GRI 401-1: Number of employees entered by age group, gender and geographic area								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	2	3	-	5	-	2	-	2
Females	3	3	-	6	-	5	-	5
Total	5	6	-	11	-	7	-	7
Table 2 GRI 401-1: Percentage of entering employees by age group, gender and geographic area								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	11,76%	5,36%	-	4,24%	-	3,77%	-	1,79%
Females	23,08%	2,78%	-	3,16%	-	5,05%	-	2,81%
Total	16,67%	3,66%	-	3,57%	-	4,61%	-	2,41%
Table 3 GRI 401-1: Number of employees who left by age group, gender and geographic area								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	1	2	4	7	-	2	6	8
Females	2	-	5	7	1	5	11	17
Total	3	2	9	14	1	7	17	25
Table 4 GRI 401-1: Percentage of entering employees by age group, gender and geographic area								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	5,88%	3,57%	8,89%	5,93%	-	3,77%	13,04%	7,14%
Females	15,38%	-	7,25%	3,68%	10,00%	5,05%	15,94%	9,55%
Total	10,00%	1,22%	7,89%	4,55%	4,35%	4,61%	14,78%	8,62%

37 The category Others refers to a Co.co.co. type contract.

38 The geographical area of reference for all tables is Italy.

GRI 405-1 DIVERSITY IN GOVERNANCE BODIES AND AMONG EMPLOYEES								
Table 1 GRI 405-1: Employees by professional category and gender as a percentage								
	2020			2021				
	M	F	Total	M	F	Total		
Executives	67%	33%	3%	63%	38%	3%		
Middle managers	77%	23%	4%	77%	23%	4%		
Employees	33%	67%	60%	33%	67%	59%		
Workers	40%	60%	33%	41%	59%	34%		
Total	38%	62%	100%	39%	61%	100%		
Table 2 GRI 405-1: Employees by professional category and age group as a percentage								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	33%	67%	3%	-	25%	75%	3%
Middle managers	-	31%	69%	4%	-	46%	54%	4%
Employees	11%	55%	34%	60%	8%	51%	40%	59%
Workers	10%	55%	35%	33%	9%	57%	34%	34%
Total	10%	53%	37%	100%	8%	52%	40%	100%
Table 3 GRI 405-1: Employees by gender and age as a percentage								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	14%	47%	38%	38%	12%	47%	41%	39%
Females	7%	57%	36%	62%	6%	56%	39%	61%
Total	10%	53%	37%	100%	8%	52%	40%	100%
Table 4 GRI 405-1: Employees belonging to protected categories as a percentage								
	2020			2021				
	M	F	Total	M	F	Total		
Executives	-	-	-	-	-	-		
Middle managers	-	-	-	-	-	-		
Employees	33%	67%	67%	17%	67%	63%		
Workers	-	100%	33%	-	100%	38%		
Total	22%	78%	100%	11%	78%	100%		
Table 5 GRI 405-1: Members of the Board of Directors of the Parent Company Clerici Tessuto & C. S.p.A. by gender and age bracket in percentage terms								
	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Males	-	-	100%	50%	-	-	100%	50%
Females	-	100%	-	50%	-	100%	-	50%
Total	-	50%	50%	100%	-	50%	50%	100%

Staff development and training

GRI 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE						
Table 1 GRI 404-1: Training hours per capita by gender and occupational category						
Average hours of training	2020			2021		
	M	F	Total	M	F	Total
Executives	14	27	19	15	19	16,6
Middle managers	16	12	15	19	24	20,4
Employees	4	6	5	12	6	7,7
Workers	1	-	1	6	1	2,9
Total	5	4	4	11	5	6,9

Protection of workers' health and safety

GRI 403-9 ACCIDENTS AT WORK		
Table 1 GRI 403-9: Occupational accidents and injury rates ³⁹		
Employees	2020	2021
Number of recordable occupational accidents	2	1
Number of work-related accidents with serious consequences (excluding deaths)	-	-
Number of work-related fatalities	-	-
Hours worked ⁴⁰	405.136	439.422
rate of recordable occupational accidents	0,99	0,46
rate of work-related accidents with serious consequences	-	-
rate of deaths as a result of accidents at work	-	-
Non-employees	2020	2021
Number of recordable occupational accidents	-	-
Number of work-related accidents with serious consequences (excluding deaths)	-	-
Number of work-related fatalities	-	-
Hours worked ⁴¹	4.464	7.968
rate of recordable occupational accidents	-	-
rate of work-related accidents with serious consequences	-	-
rate of deaths as a result of accidents at work	-	-

39 The accident index is calculated as the ratio of the number of accidents to the number of hours worked by employees/external workers, multiplied by 200,000 (Source: Sustainability Reporting Guidelines - GRI Standards version, Global Reporting Initiative). Recordable occupational injuries are injuries that resulted in an absence from work of more than three days, while injuries with serious consequences are injuries that resulted in an absence from work of more than six months.

40 The calculation of hours worked for employees was made by taking as a reference the hours that appear from the pay slip.

41 The hours worked for non-employees were calculated using estimates based on the internship and temporary agency categories. The hours worked were determined by multiplying the number of days worked by the 8 hours of a working day. The estimate was made by deducting Saturdays, Sundays and August holidays, but keeping in the calculation the days of holidays, sickness and absence.

Ways of involving stakeholders

Stakeholder	Involvement Modalities
Customers	<div><div></div>Regular liaison with the commercial department</div> <div><div></div>Participation in the main textile trade fairs</div> <div><div></div>Social Media and Website Engagement</div>
Suppliers	<div><div></div>Formal communications</div> <div><div></div>Website</div> <div><div></div>Sharing the Code of Ethics</div>
Associations (e.g. ZDHC) and NGOs (e.g. Greenpeace, Parley for the Oceans)	<div><div></div>Membership in associations</div> <div><div></div>Design of joint initiatives</div>
Employees	<div><div></div>Internal notice board communications</div> <div><div></div>Organisation of internal meetings</div> <div><div></div>Communication with RSU</div>
Investors and Banks	<div><div></div>Sharing of internal documents (e.g. Financial Statements and Financial Report)</div> <div><div></div>Organization of formal meetings to discuss the progress of the Company</div>
Local communities	<div><div></div>Participation in fundraising events</div> <div><div></div>Sponsorship activities</div>
Schools, Universities and Research Centres	<div><div></div>Offer of internships, scholarships and school-work alternation</div> <div><div></div>Training at schools</div>
Shareholders	<div><div></div>Shareholders' Meeting</div> <div><div></div>Board of Directors</div> <div><div></div>Organization of weekly and monthly meetings</div>
Competitors	<div><div></div>Informal meetings during major trade fairs</div> <div><div></div>Meetings during meetings organised by associations (e.g. Confindustria)</div>
Institutions and Public Administration	<div><div></div>Compliance with regulatory and tax requirements</div>
Partners (e.g. Filo D'oro and other network contracts)	<div><div></div>Participation in meetings and assemblies</div>

Material issues - perimeter table

The table below lists the material issues identified by Clerici Tessuto related to the GRI Standards reported. For these issues, the column “Where the impact occurs” shows the parties that can generate an impact with respect to each issue, both internally and external-ly to the Group. In addition, the column “Involvement of the Organization in the impacts” also shows the role of Clerici Tessuto in relation to the impact generated with respect to each material issue.

Material Issues	GRI Standards	Perimeter of impact	
		Where the impact occurs	Involvement of the Organisation in impacts
Governance and Compliance	206 - Behaviour Anticompetitive	Group	Caused by the Group
Ethics, Business Integrity and Anti-Corruption	205 - Anti-corruption	Group, Suppliers, Employees	Caused by the Group
Brand Reputation	n/a	Group, Suppliers	Caused by the Group and directly related to its activities
Economic performance	201 - Economic performance	Group	Caused by the Group
Responsible use of chemicals	n/a	Group, Suppliers, Customers	Caused by the Group and directly related to its activities
Product quality and safety	416 - Customer health and safety	Group, Suppliers, Customers	Caused by the Group and directly related to its activities
Product innovation and sustainability	301 - Materials	Group	Caused by the Group
Customer satisfaction	n/a	Group, Customers	Caused by the Group
People development	401 - Employment 404 - Training and education	Group, Employees	Lawsuit by Group
Workers' health and safety	403 - Health and safety at work	Group, Employees	Caused by the Group and related to its activities
Human and workers' rights	405 - Diversity and equal opportunities 406 - Non-discrimination	Group, Employees, Suppliers	Caused by the Group and related to its activities
Responsible supply chain management	204 - Procurement practices	Group, Suppliers	Caused by the Group and directly related to its activities
Local communities	413 - Local communities	Group, Local Communities	Caused by the Group and directly related to its activities
Climate change and energy management	302 - Energy 305 - Emissions	Group, Suppliers, Local Communities	Caused by the Group and directly related to its activities
Sustainable water management	303 - Water and waste water	Group, Suppliers, Local Communities	Caused by the Group and directly related to its activities
Waste Management	306 - Waste	Group, Local Communities	Caused by the Group and directly related to its activities

GRI Table of Contents⁴²

Declaration of use		The Clerici Tessuto Group has reported the information mentioned in the GRI Content Index for the period from January 1, 2021 to December 31, 2021 in accordance with GRI Standards.	
GRI 1 used		GRI 1: Foundation (2021)	
GRI Indicator	Information	Page reference	Notes/Omissions
GENERAL INFORMATION			
GRI 2: General Disclosures (2021)	2-1 Organizational Details	8-13	
	2-2 Entities included in the organisation's sustainability reporting	66	
	2-3 Reporting period, frequency and contacts	66	
	2-4 Restoring Data	-	This document is the Group's first Sustainability Report.
	2-5 External Assurance	-	This document is the first Sustainability Report to be drawn up on a voluntary basis and not subject to external assurance.
	2-6 Assets, value chain and other business relationships	8-13	
	2-7 Employees	72	
	2-8 Workers who are not employees	73	
	2-9 Governance structure and composition	14-16	
	2-10 Appointment and selection of the highest governing body	14-16	
	2-11 Presidency of the highest governing body	14-16	
	2-12 Role of the highest governing body in overseeing the management of impacts	14-16	
	2-13 Delegation of Responsibility for Impact Management	15-16	
	2-14 Role of the highest governance body in sustainability reporting	15-16	
	2-15 Conflicts of Interest	-	There were no conflicts of interest given the absence of significant cross-shareholdings with suppliers or other stakeholders, nor with related parties.

GRI Indicator	Information	Page reference	Notes/Omissions
Material Issues	2-16 Communication of Critical Issues	-	Critical issues are reported at least quarterly to the highest governing body, while major concerns are highlighted to key members as early as possible.
	2-17 Responsibilities of the highest governing body	14-16	
	2-18 Performance evaluation of the highest governance body	-	There is currently no performance evaluation of the highest governing body.
	2-19 Remuneration policies	15	
	2-20 Process for determining remuneration	15	
	2-21 Total annual remuneration index	-	The ratio of the highest total compensation to the median annual total compensation of all other employees is 17.5.
	2-22 Sustainable Development Strategy Statement	22-27	
	2-23 Policy Commitments	15-16; 58-59	
	2-24 Integration of commitments	15	
	2-25 Procedures to remedy adverse impacts	-	The company Clerici Tessuto has started a process of ISO certification in the areas of environment, health and safety and quality, which will support the management of negative impacts.
	2-26 Mechanisms for consultation and criticality reporting	16	
	2-27 Compliance with Laws and Regulations	15-16; 32; 45	
	2-28 Membership of associations	50-52; 76	
	2-29 Approach to stakeholder engagement	24-27; 76	
	2-30 Collective bargaining agreements	60	
Material Issues			
GRI 3: Management of material issues (2021)	3-1 Process for Determining Material Issues	24-25	
	3-2 List of Material Issues	26-27	
Governance and Compliance			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	14-16	

42 It should be noted that the GRI Standards have been translated solely for the purpose of a more effective reading, as an official Italian translation is not currently available.

GRI Indicator	Information	Page reference	Notes/Omissions
GRI 206: Behavior Anticompetitive (2018)	206-1 Actions for anticompetitive behavior, antitrust and monopoly practices	14-16	During the year 2021, the Group was not subject to any legal actions for anti-competitive behaviour, antitrust and monopolistic practices.
Ethics, Business Integrity and Anti-Corruption			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	14-16	
GRI 205: Anti-corruption (2016)	205-3 Established incidents of corruption and action taken	14-16	During the year 2021, the Group had no proven incidents of corruption.
Economic performance			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	17-18	
GRI 201: Economic performance (2016)	201-1 Economic value directly generated and distributed	18; 68	
Product quality and safety			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	44-45	
GRI 416: Customer health and safety (2016)	416-2 Incidents of non-compliance concerning health and safety impacts of products and services	-	During the year 2021 there were no incidents of non-compliance concerning impacts on the health and safety of products and services.
Product innovation and sustainability			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	38-44; 53-54	
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	53-54; 70	
	301-2 Materials used that have been recycled	53-54; 71	
People development			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	58-60	
GRI 401: Employment (2016)	401-1 New hires and turnover	58-60; 73	
GRI 404: Training and education (2016)	404-1 Average hours of training per employee per year	58-60; 75	
Workers' health and safety			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	61-63	

GRI Indicator	Information	Page reference	Notes/Omissions
GRI 403: Health and safety on the job (2018)	403-1 Management system for health and safety at work	61-63	
	403-2 Hazard identification, risk assessment and accident investigation	61-63	
	403-3 Occupational health services	61-63	
	403-4 Worker participation and consultation and communication in health and safety at work	61-63	
	403-5 Worker training on health and safety at work	61-63	
	403-6 Workers' health promotion	61-63	
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	61-63	
	403-9 Accidents at work	61-63; 75	
Human and workers' rights			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	58-64	
GRI 405: Diversity and equal opportunities (2016)	405-1 Diversity in governing bodies and among employees	15; 58; 74	
GRI 406: Non-discrimination (2016)	406-1 Incidents of discrimination and corrective measures taken	-	During the year 2021 there were no incidents related to discriminatory practices within the Group
Responsible supply chain management			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	50-52	
GRI 204: Procurement Practices (2016)	204-1 Proportion of expenditure going to local suppliers	50-52; 70	
Local communities			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	63-64	
GRI 413: Local communities (2016)	413-2 Activities with significant current and potential negative impacts on local communities	63-64	
Climate change and energy management			
GRI 3: Management of material issues (2021)	3-3 Managing Material Issues	30-32	

GRI Indicator	Information	Page reference	Notes/Omissions
GRI 302: Energy (2016)	302-1 Energy consumed within the organisation	30-32; 68	
GRI 305: Emis-sions (2016)	305-1 Direct emissions of GHG (Scope 1)	30-32; 68	
	305-2 Indirect emissions of GHG from energy consumption (Scope 2)	30-32; 69	
Sustainable water management			
GRI 3: Manage-ment of material issues (2021)	3-3 Managing Material Issues	33-34	
GRI 303: Water and wastewater (2018)	303-1 Interaction with Water as a Shared Resource	33-34	
	303-2 Management of impacts related to water discharge	33-34	
	303-3 Water withdrawal	33-34; 70	
Waste Management			
GRI 3: Manage-ment of material issues (2021)	3-3 Managing Material Issues	35	
GRI 306: Waste (2020)	306-1 Waste generation and sig-nificant waste-related impacts	35	
	306-2 Management of signifi-cant waste-related impacts	35	
	306-3 Waste generated	35; 70	

MATERIAL ISSUES NOT RELATED TO SPECIFIC GRI INDICATORS			
GRI Indicator	Information	Page reference	Notes/Omissions
Brand Reputation			
GRI 3: Manage-ment of material issues (2021)	3-3 Managing Material Issues	38-47	
Responsible use of chemicals			
GRI 3: Manage-ment of material issues (2021)	3-3 Managing Material Issues	44-45	
Customer satisfaction			
GRI 3: Manage-ment of material issues (2021)	3-3 Managing Material Issues	46-47	

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