



# SUSTAINABILITY REPORT

**CALZEDONIA**  
GROUP

SUSTAINABILITY REPORT

2019

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# Letter from the chairman

Since the very beginning, here at Calzedonia we have always sought not only product quality and making sure they are a pleasure to wear, but also a quality of life in the environments in which we work and, more generally, in the environment that surrounds us.

This belief translates into us continuously striving to assure a positive impact of our work on personal relations, our customers and suppliers and the social and physical environment in which we work. In practical terms, it means seeking to continuously improve our production processes, both in terms of energy and emissions and to enhance product design right from the outset, to achieve a lesser environmental impact. It means, for example, working to eliminate disposable plastic as much as possible and continuing to foster the practice of recycling. It means satisfying, as far as possible, the needs of the people and businesses that in any way have dealings with us. Doing our bit in case of emergency or need.

All this is not part of a strategic plan but rather Calzedonia's very DNA.

We all spend a lot of time at the workplace, whether this be in an office, a factory or a store. It is important that relations with people are positive and constructive and that the working environment is appealing. That everyone feels that they are doing something useful and important. That work is not only a means of support but also a tool for personal growth and development.

We seek to achieve these objectives by encouraging very direct relations under the scope of a more horizontal organisation with the simplest hierarchical structure possible. We believe that the company's interest must be in developing its collaborators and helping

them grow. We hire young men and women who have just completed their education and encourage them to aim to quickly take on roles of great responsibility. At times with changes in sector and activities within the company. The choice to directly oversee the whole of the value creation cycle in-house, from design to production and sales made in stores or on-line, leads us to value all the departments of our company.

Everyone's contribution is essential in order to achieve our multiple goals.

In 2019, we clearly defined our objectives in terms of sustainability with the C-Evolution project. The name suggests a route, an evolution and our focus on continuous improvement. In practice, the project is structured over two lines. The internal line regards a myriad of improvement programmes in the individual business areas, which seek to maximise the positive impacts of our work and minimise the negative ones. All these activities are coordinated and partly inspired by the sustainability managers.

The external line instead deals on the one hand with starting to communicate what we have always done and what we are doing. This is where the publication of this, our first ever Sustainability Report, comes in, along with the launch of the institutional website [www.calzedoniagroup.com](http://www.calzedoniagroup.com) and the campaigns we are running. On the other hand, we have decided to collaborate with other major Groups with the aim of making a concrete contribution towards the solution of some of the major problems affecting the environment. This is the approach that led us in 2019 to adhere to the Fashion Pact, making a series of concrete, definite commitments over time to protect the oceans, biodiversity and the fight against climate change.

Improving is part of our culture. When we understand that we, our family, our business, as well as our suppliers and customers and ultimately the world that surrounds us, are all closely linked, then we have made it.

This is our idea of sustainability. This is our C-Evolution project.

# The Calzedonia Group

It was founded in Verona in 1986. Its founder, Sandro Veronesi, is still the Chairman and major shareholder of the Group today.

For more than thirty years, the Calzedonia Group has experienced both commercial growth and an according increase in turnover, gaining international standing in retail fashion.

The product life cycle, from its design through to manufacture in the owned factories and worldwide distribution, all takes place within the Group. The collections are only available from the direct or franchised<sup>1</sup> flagship stores branded Calzedonia, Intimissimi, Tezenis, Falconeri, Intimissimi Uomo, Atelier Emé across the globe.

Signorvino, a chain of stores specialised in the sale of Italian wines, is also a member of the Calzedonia Group.

International growth is one of the Group's priorities: expansion and consolidation of the European market and commercial development towards the far east and United States, always with a firm eye on the challenges offered by emerging markets. The major development of the e-commerce channel also makes for a clear focus on an omnichannel business model.

<sup>1</sup>Franchise stores are included in this chapter to provide a complete overview of the Calzedonia Group. However, for these stores, the following chapters provide no disclosure regarding environmental, social and staff-related topics and respect for human rights insofar as the Group does not control them directly.

## The Calzedonia Group numbers

2.411  
MLN€  
turnover 2019



2.303  
MLN€  
Turnover 2018


 59  
countries  
in which we operate

 4.859  
stores  
in the world

 22  
production  
plants  
in the world

 5  
logistic  
hubs  
in the world

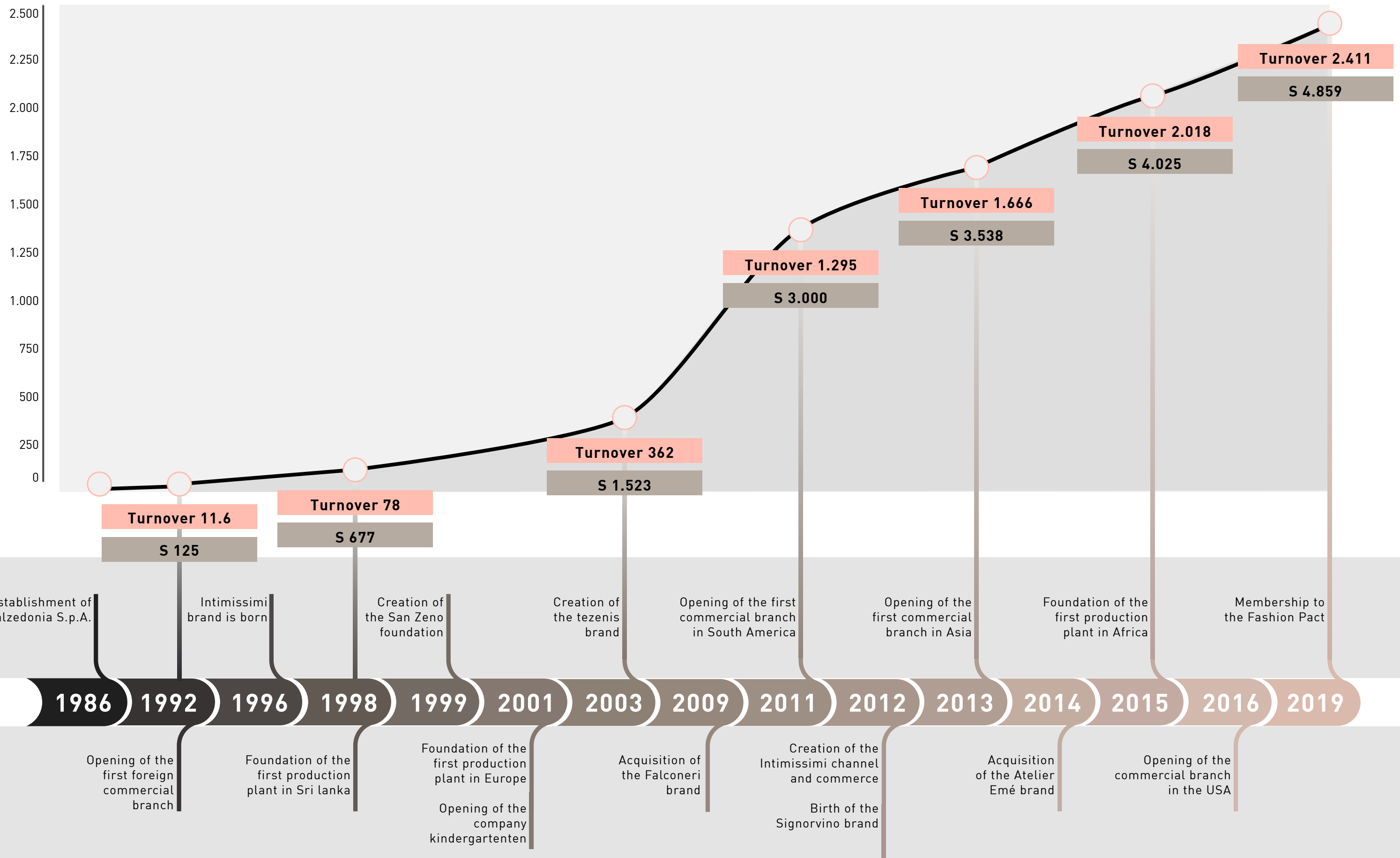
 7  
brands

 87%  
of the  
garments  
produced internally

# The Story

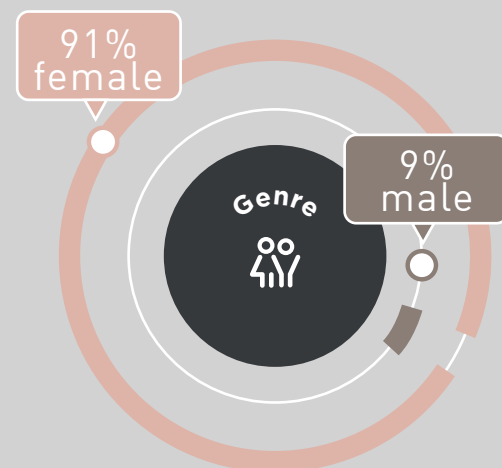
Turnover  
€/000.000

S = Shops

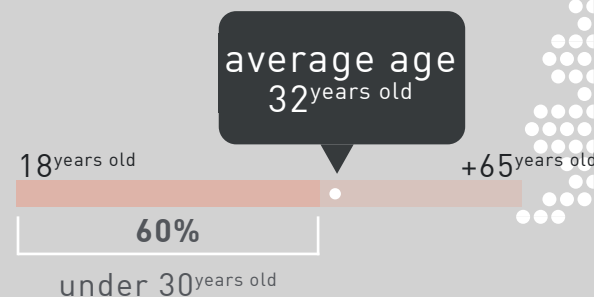


# The Group's profile

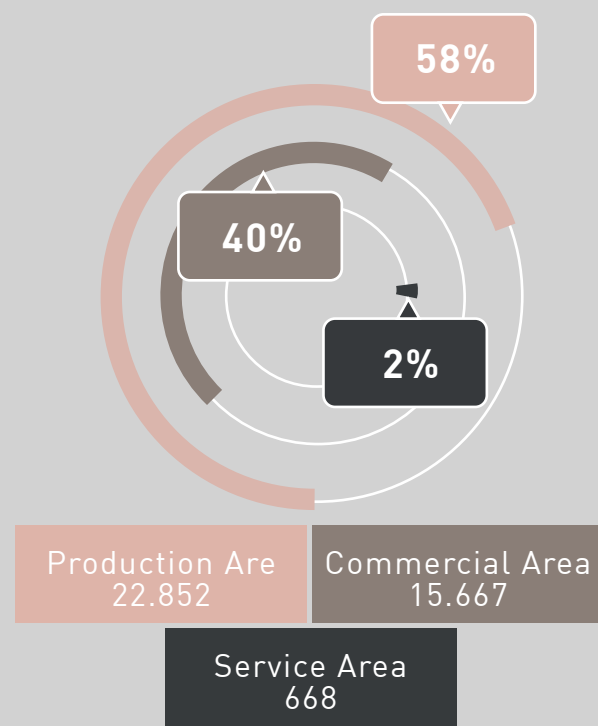
Distribution by genre



Distribution by age



Distribution by function



Distribution by geographic area

39.194  
Employees  
worldwide

387  
America

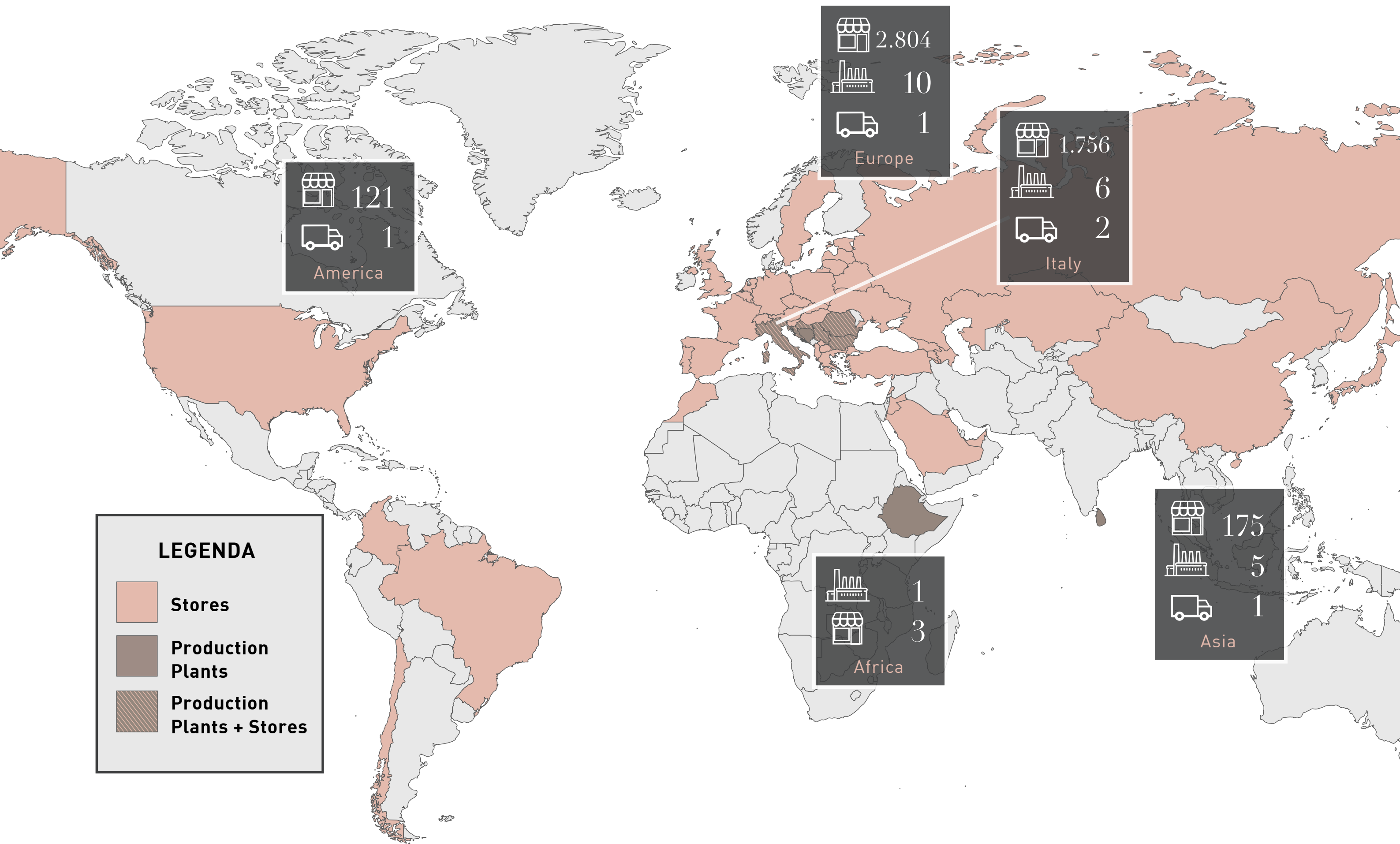
4.089  
Italy

19.352  
Europe  
(Italy excluded)




13.912  
Asia

1.454  
Africa

# Market Presence



**LEGENDA**

-  Stores
-  Production Plants
-  Production Plants + Stores



Calzedonia is the historical brand that gives its name to the Group. Since 1986 Calzedonia has presented the most innovative trends in the socks and beachwear sector in each collection, combining quality of manufacture, style and affordable prices.

Our brands

From fashion heritage to experimentation in new sectors,  
from Italy to the world.



Birth  
1986  
Website  
calzedonia.com

53  
Countries in the world

2.171  
Number of stores

24  
Online shop

589  
Stores in Italy

74%  
Of the garments  
produced internally

3,3k  
Follower on instagram

# intimissimi

Italian lingerie

Intimissimi has conquered the lingerie and underwear market thanks to its specialization and its unmistakable Italian style, quickly establishing itself as a source of inspiration and leading brand in the sector. In addition to underwear and lingerie, it offers a rich range of knitwear and nightwear.



Birth  
1996  
Website  
[intimissimi.com](https://www.intimissimi.com)

47  
Countries in

1.543  
Number of stores

24  
Online shop

500  
Stores in Italy

98%  
Of the garments  
produced internally

2,8mil  
Follower on instagram

# intimissimi

uomo

Intimissimi Uomo, a new underwear brand created specifically for the needs of male customers



Birth  
2014  
Website  
[intimissimi.com/uomo](https://www.intimissimi.com/uomo)

8  
Countries in the world

195  
Number of stores

24  
Online shop

158  
Stores in Italy

98%  
Of the garments  
produced internally

56,9k  
Follower on instagram

# TEZENIS

underwear

Tezenis is an innovative and constantly evolving brand. The collections are renewed every four months with the aim of quickly adapting to changes in styles and intercepting trends in the sector.



Birth  
2003  
Website  
tezenis.com

31  
Countries in

706  
Number of stores

19  
Online shop

345  
Stores in Italy

83%  
Of the garments  
produced internally

1,9mil  
Follower on instagram

# FALCONERI

SUPERIOR CASHMERE

The combination of fine natural fibers, Italian craftsmanship and innovative production methods are what makes Falconeri unique. The Brand specializes in the creation of top quality cashmere knitwear. From Mongolian pastures to shops: Falconeri selects the best raw materials, taking care of every detail, without intermediaries, respecting the environment and people.



Birth  
2009  
Website  
falconeri.com

17  
Countries in the world

122  
Number of stores

21  
Online shop

69  
Stores in Italy

91%  
Of the garments  
produced internally

170k  
Follower on instagram



# ATELIER EMÉ

Atelier Emé, creates and produces wedding and ceremonial dresses.  
It represents an example of sartorial excellence thanks to the technical expertise that,  
together with the use of the best materials,  
allows the creation of unique and precious garments.



Acquisition  
2015  
Website  
atelier-eme.it

2  
Countries in the world

44  
Stores

58%  
Of the garments produced internal-

346k  
Follower on instagram

# SIGNORVINO

Signorvino was born with the aim of enhancing the excellence of Italian wines, promoting  
a distribution chain that is as direct as possible between producer and consumer. Inside  
the shops there is a catering service based on traditional Italian regional dishes.



Birth  
2012  
Website  
signorvino.com

1.500  
Italian labels

17  
Stores

100%  
Made in Italy

67,7k  
Follower on instagram

# Business Strategy

Calzedonia is a vertically integrated group. The Group deals with all phases of the chain, from design and manufacture through to the sale to the end consumer.

The Group has always opted for the direct distribution of its products in flagship stores. This choice is hinged on the desire to shorten the distribution chain, reducing the number of steps that end up increasing the final cost of the products and aiming to offer the end customer a specialised sales outlet, with a clear image and product category, boasting excellent value for money.

Able to rely on cutting-edge technical production plants and a wealth of experience, Calzedonia not only cuts costs but can also offer high quality, consistent products in its stores.

The ownership and control of the factories entails both responsibility and opportunity.

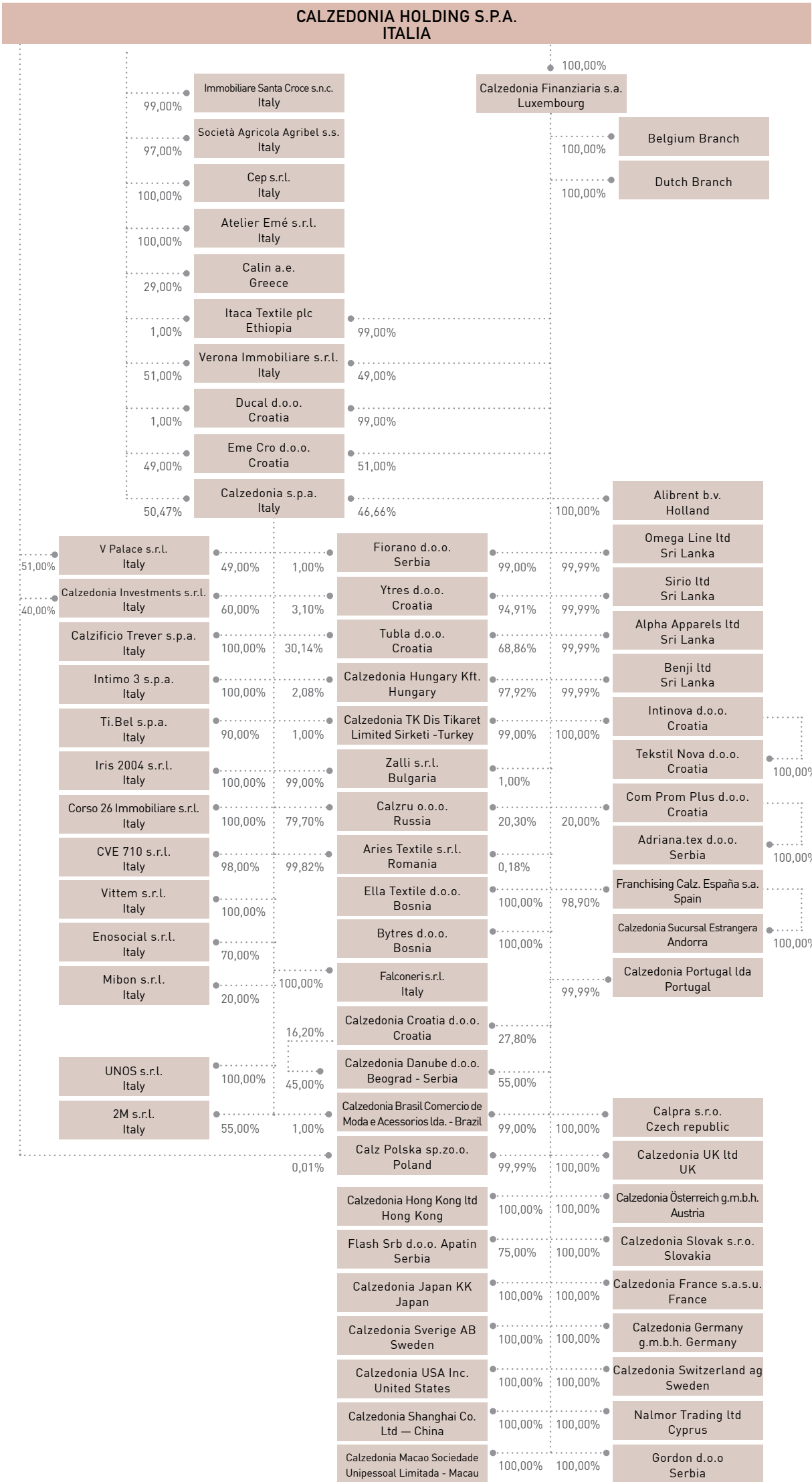
Responsibility because the investments are considerable and permanent, generally employing a large workforce. Differently to many other groups in the industry, the Calzedonia Group manages the conditions of employment and services supplied to employees and collaborators directly, as well as taking full responsibility for compliance with environmental and safety standards, the control of energy sources and the use of raw materials.

Opportunity because ownership of the plants makes it possible to coordinate manufacture with other phases of the chain ensuring total devotion to the Group's needs and a more in-depth knowledge of the social fabric in which the companies operate and any possible critical issues.

## Corporate governance

The Calzedonia Group is headed by Sandro Veronesi, the Group's founder and Chairman, flanked by his family. None of the Group companies is to date listed on a regulated market.

The Calzedonia Group is organised as follows:



Calzedonia Holding SpA manages and coordinates the Group companies, to which it also supplies miscellaneous services. Amongst others, it controls Calzedonia Finanziaria s.a., a company incorporated under the laws of Luxembourg, which in turn controls and coordinates most of the equity investments held in non-Italian companies.

The controlling shareholder of Calzedonia Holding SpA is the single-member company De la Costa S.r.l. owned by Sandro Veronesi, the Group's founder and Chairman.

Calzedonia Holding S.p.A. has adopted a traditional governance system comprising the following corporate bodies: the Shareholders' Meeting, the Board of Directors, the Board of Auditors and the Supervisory Body.

The **Shareholders' Meeting** resolves on the matters submitted to it by the Law or the Articles of Association.

The **Board of Directors** has full powers for the ordinary and extraordinary management of the company, with the faculty to resolve on all deeds considered appropriate to achieve the corporate object, with the exclusion of those assigned mandatorily to the Shareholders' Meeting, by the Law and Articles of Association. The Board of Directors of Calzedonia Holding SpA in office numbers two directors: Sandro Veronesi - Chairman and Marco Carletto - Managing Director.

The **Board of Auditors** has the legal task of monitoring compliance with the Law and Articles of Association, standards of correct administration and the adequacy of the Company's organisational structure. The Board of Auditors in office numbers three auditors: Marco Bronzato - Chairman, Alessandro Lai - Regular Auditor and Gianluca Cristofori - Regular Auditor.

The **Supervisory Body** has the task of monitoring application of the protocols and controls envisaged by the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001. It is appointed by the Board of Directors and has operating autonomy in terms of controls and initiatives. The SB currently incorporates two members external to the company and one internal member: Riccardo Borsari - independent director and Chairman, Alessandra Cerreta - independent director and Rita Civarelli, internal director, member of the Group's Legal Office.

The independent auditing firm is appointed by the Shareholders' Meeting. For the three years 2019 - 2021, the appointment has been conferred upon EY SpA.

**Internal Control and Risk Management System**

The Calzedonia Group risk management model considers the main risks that may lead to failure to achieve the strategic objectives and prejudice the value of the corporate brands.

The directors periodically assess the adequacy of the structure and monitor the risks according to the analysis ensuing from information flows relative to the internal and external environment. The creation of an adequate Internal Control and Risk Management System allows for the identification, measurement, management and monitoring of the main risks with appropriate instruments, as well as the management of business in line with the corporate objectives, the safeguarding of corporate assets, the efficiency and effectiveness of the business processes, the accuracy, reliability and timeliness of the financial disclosure and compliance with laws and regulations and with the Articles of Association and the internal procedures.

In order to ensure the monitoring of conduct within the company, extensive periodic reports are prepared on the risks (operational, injury, environmental, insurance, privacy and IT) to monitor the general corporate performance, the identification of areas for improvement and the correlated interventions, with the involvement of the controlling players, namely the Board of Auditors, the Independent Auditors, the members of the Board of Directors with delegation and specific competences and the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001 for companies with Organisational Models.

Under the scope of the adjustments required to comply with specific regulations (e.g. Italian Legislative Decree 231/01), carried out according to a risk-based logic, the Calzedonia Group has identified specific risks and the related control measures, including where non-financial in nature (environmental, social, staff-related, respect for human rights and diversity, the fight against corruption, etc.). These include: risks relating to active and passive corruption, environmental risks, health and safety risks, etc. For some risks considered to be significant, such as, those relating to worker health and safety, customer health and safety and product safety, reference is made to the subsequent chapters of this document for more details.

For information on the additional financial and other risks to which the Group is exposed, reference is made to the 2019 Consolidated Financial Statements and the Report on Operations.

**Economic performance: creation of value for stakeholders**

The economic value generated and distributed represents the capacity of the organisation to create wealth and divide it up amongst its stakeholders. In 2019, the Calzedonia Group generated economic value of 2,447,070 thousand euros. The economic value distributed by the Group came to 1,840,216 thousand euros. More than 75% of the economic value produced by the Group was distributed to internal and external stakeholders.

<b>Economic value generated by the Group</b>	<b>2.447.069.981</b>
Revenue	2.410.887.700
Other income	38.062.520
Net financial income	6.076.621
Financial asset write-backs	5.828.484
Impairment of receivables	(2.900.848)
Exchange differences	2.429.579
Income/expenses from the sale of tangible and intangible assets	(6.323.983)
Value adjustments of tangible and intangible assets	(6.990.092)
<b>Economic value distributed by the Group</b>	<b>(1.840.215.926)</b>
Operating costs	(1.254.729.566)
Remuneration of employees and collaborators	(493.657.300)
Remuneration of lenders	(23.521.886)
Remuneration of investors	-
Remuneration of the public administration	(65.933.987)
External donations	(2.373.187)
<b>Economic value withheld by the Group</b>	<b>606.854.055</b>
Amortisation/Depreciation	(396.303.212)
Prepaid and deferred tax	(1.635.478)
Other reserves	(208.915.365)

For more information about the Group's economic performance and its statement of financial position, please refer to the 2019 Consolidated Financial Statements and Report on Operations.

# C-Evolution Project

## Why Evolution

The first Calzedonia Group Sustainability Report does not represent the start to the attention paid by the Group to matters of sustainability; by contrast, it is the result of a sustainability path pursued since the company was first established.

The attention paid to people, whether collaborators, customers or suppliers, and to the environment that surrounds us, is part of the Group's very DNA, right since it took its first steps. In the long-term, the interests coincide. This is the principle that guides our activities, always focused on the medium/long-term.

This approach has been borne out by the great many decisions made over the last thirty years: the construction of companies hinged on personal well-being, the services supplied to collaborators for a better quality of life, the installation of modern, environmentally-friendly plants, the installation of energy saving plants, the financing of the San Zeno Foundation (which has financed more than 1200 study, training and work projects worldwide since 1999), attention to the local communities, the creation of the first nursery schools in 2001 and the recycling campaigns launched in the shops starting from 2009, to mention just a few.

Today, in the Evolution project, which translates into continuous improvement, evolution and growth in respect of the founding values and ethics of the Group, this route finds new energy and awareness.

The project aims to assure an organic approach to continuity and visibility of the choices that the Group has always made.

Evolution represents a development in the pragmatic definition of sustainable objectives, such as attention to our people's growth, support of the communities with which we work, rationalisation of the consumption of energy and materials, the elimination of waste and technological innovation and the strategic and operative structuring of a route that will lead to their achievement.

## Our values

The Values characterising the Calzedonia Group represent not only the very essence of the philosophy that drives the business but also the shared identity of the people who work for Calzedonia and the *modus operandi* conveyed to and demanded of all employees.

These values are:



## Vision

intended as the capacity to interpret future challenges, including and considering how the evolution of the work of each department will impact corporate dynamics

## Passion

expressed in the enthusiasm, participation and involvement towards the activities required of the role

## Concreteness

this is considered as the pragmatic attitude adopted in the approach to everyday work and the solving of practical and strategic problems

## Collaboration

intended as the capacity to interact actively and positively with colleagues, in order to improve the Group's results

## Focus On Results:

attention to achieving individual, team and corporate objectives with the awareness that they must involve the optimisation and realisation of each and every person's full potential.

### **Ethics and integrity in business management**

The values in which the Group believes are set out in the Code of Ethics and guarantee that all corporate business is conducted in compliance with laws, with integrity, honesty and correctness of business management; indeed, these are essential conditions for the creation of long-term value and to pursue sustainable success.

The Group's Code of Ethics, in fact, is the main guideline to the ethical aspect and guide the business principles for all Group companies and constitutes the assumption of guarantees and responsibilities in regard to consumers and the market, along with the rules of conduct that are binding on all Company bodies, on all employees/collaborators, suppliers and business partners and, more generally, all Group stakeholders.

The Group's Code of Ethics is inspired by national and international best practices, rules, regulations and guidelines governing corporate social responsibility, corporate governance, human rights and the environment, such as the United Nations Universal Declaration of Human Rights, the European Union Charter of Fundamental Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

The Group uses various communication tools to spread awareness of the Code of Ethics. More specifically, the Code of Ethics is suitably disclosed with training delivered and awareness-raising assured, to make sure that it is properly understood and implemented within the whole organisation. This is why it has been published on all the Calzedonia Group websites, so as to make it available to employees in their language. The Calzedonia Group also demands that the main Group suppliers adhere to the Code of Ethics.

The Code of Ethics, which is an integral part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter the "Model pursuant to Italian Legislative Decree no. 231/01") adopted by the Parent Company and the Group's main Italian companies<sup>2</sup>, in order to:

- make all stakeholders aware of the principles inspiring the Group;
- assure transparency and correctness in the management of its business;
- provide a guide to conduct for the Group's employees and collaborators;
- prevent the risk of the perpetration of the offences considered under Italian Legislative Decree no. 231/2001 as subsequently supplemented.

The Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics are revised and updated periodically, where specific circumstances so require, involving the organisation or new legislation.

Control of the observance and function of the Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics is assured by the Supervisory Body, which verifies its effectiveness and efficiency. In the Calzedonia Group, the Supervisory Body is a board with three members: two independent professionals who are experts in criminal law and corporate risk and an internal member from the Legal Area. The members of the Supervisory Body meet the necessary requirements of integrity, professionalism, autonomy and independence and perform the duties assigned, guaranteeing the necessary continuity of action.

The Group promotes the prevention and verification of all unlawful conduct or, in any case, conduct that is in conflict with the Code of Ethics and encourages its employees and third parties to promptly report any episodes of which they may become aware as a result of their relations with the Group. To this end, a whistleblowing system has been established, with the aim of managing and ascertaining any reports of irregularities or breaches of current legislation, regulations and internal procedures and taking all appropriate steps, at the same time guaranteeing the confidentiality and anonymity of the whistleblower.

The Model pursuant to Italian Legislative Decree no. 231/01 is distributed and integrated into the organisation through information and training interventions aimed at increasing the level of sensitivity amongst employees and raising internal awareness, developing the capacity to recognise and manage any episodes of suspected corruption. Also as regards the external players - collaborators and suppliers - the approach

<sup>2</sup> Calzedonia Holding SpA, Calzedonia SpA, Intimo3 SpA, Falconeri Srl and UNOS Srl.

involves the sharing of the general principles inspiring the Group, with the explicit request to observe them and behave accordingly, pursuing business to the highest standards, as called for first and foremost by the Code of Ethics.

The Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics are also the main tools through which the Group prevents and fights corruption. The Code of Ethics in fact envisages that, in order to ensure compliance with principles of integrity, transparency and observance of fair competition in business management, the Group undertakes to fight direct and indirect corruption, including extortion and concussion and corruption in regard to the public administration, as well as between private individuals, in compliance with Principle 10 of the United Nations Global Compact, in all countries in which it operates.

In 2019, no episodes of corruption were documented in the Group and no fines or non-monetary sanctions applied for failure to comply with laws and/or regulations on social and economic matters.

### Our priorities

In 2017, with a view to identifying the social, economic and environmental aspects relative to the Group and that significantly influence, or may influence, its stakeholders' decisions, the Calzedonia Group embarked on a process to define the materiality aimed at identifying the priority aspects on which to focus its efforts as part of the sustainability efforts, comparing its performance with the best practices of the most important

companies of the industry nationally and internationally. This process has also made it possible to define the contents of this Report in line with the 2016 Global Reporting Initiative (GRI) Standards Guidelines. The process is structured into three phases:

#### Phase 1

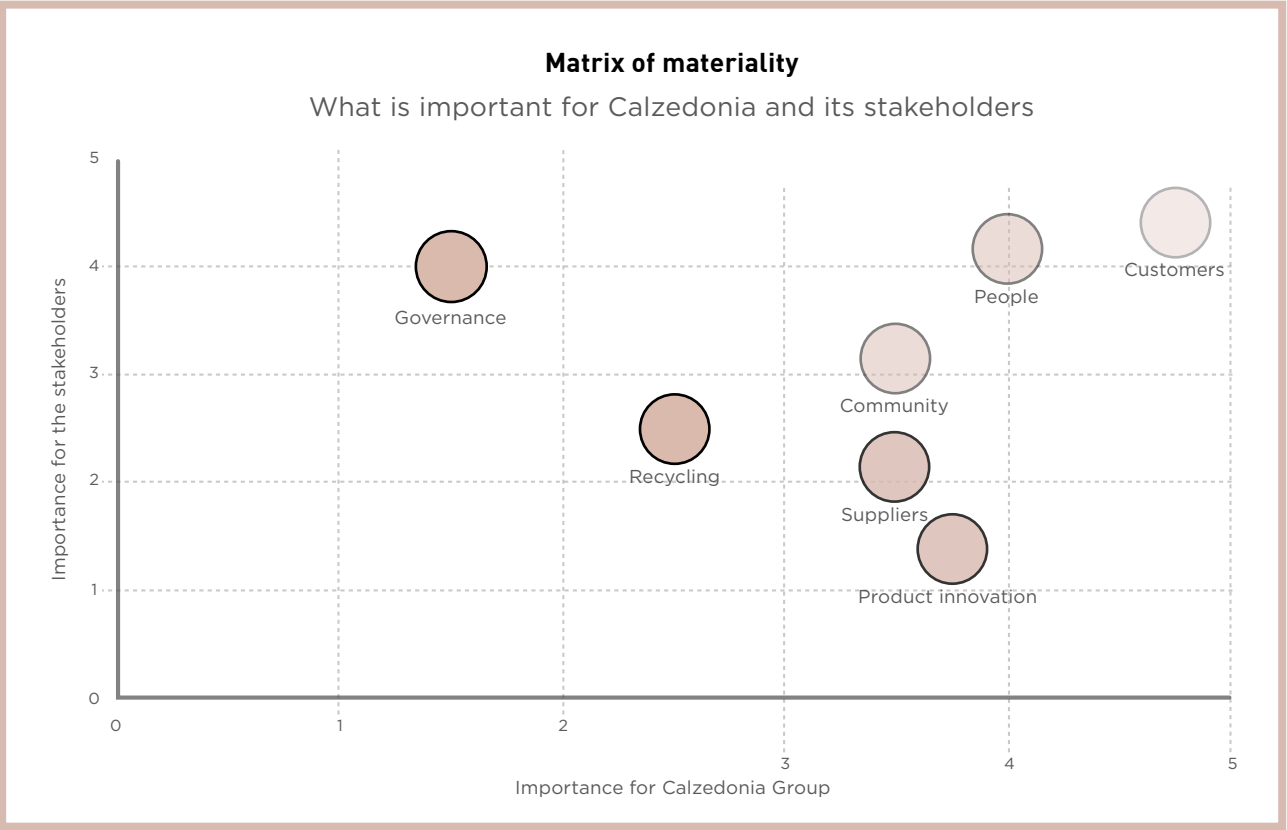
Research and identification of the relevant topics, i.e. those of potential interest to the Group and its stakeholders. This work was supported by the examination of the Code of Ethics and a benchmark analysis and media search on international multi-stakeholder standards, including the Global Compact, and on the non-financial reporting carried out by the main listed companies in the textile, clothing and retail industry.

#### Phase 2

Assessment of the topics identified by the management of the Group's main Italian companies, who checked, analysed and attributed relevance and priorities to the individual topics. The reference persons who interface on a daily basis with the various stakeholders also gave their perspective in terms of their needs and expectations.

#### Phase 3

On the basis of the assessments gathered together, the following materiality matrix was defined, showing 7 material topics, i.e. the topics on which the Group can exert significant influence in terms of impacts



The material topics have been further outlined into more specific areas, on which this Report and the related contents were then developed.

Material issues	Reporting areas
People	<ul style="list-style-type: none"> <li>• Attraction and developing talent</li> <li>• Staff training and development</li> <li>• Quality of the workplace and respect for human rights</li> <li>• Worker health and safety</li> <li>• Corporate welfare and incentive systems</li> </ul>
Customer	<ul style="list-style-type: none"> <li>• Customer satisfaction and excellence of service</li> <li>• Nearness to the customer, an omnichannel approach and digitisation</li> <li>• Data security and protection</li> <li>• Marketing and communication</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Responsible supply chain management</li> <li>• Traceability of the supply chain and labelling</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Efficient use of resources and fight against climate change</li> <li>• Responsible packaging and waste management</li> <li>• Respect for the environment in the sales outlets and factories</li> <li>• Responsible procurement and consumption of materials</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Product and process sustainability</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Contribution towards social well-being and the community</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Ethics and integrity in business management</li> <li>• Corporate governance</li> </ul>

### 2019 sustainability initiatives

2019 saw various sustainability initiatives becoming a concrete reality.

- The relevance of the material topics identified in the matrix has been recognised and disseminated throughout the Group and the reporting started in respect of the approaches taken by the Group to manage the social and environmental impacts of its business. To this end, the group companies and department

managers were involved in preparing the Group sustainability report.

- Adhesion to the Fashion Pact<sup>3</sup> was signed, a coalition of leading companies in the fashion and textile industry, committed to reach a set of goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.
- A dedicated department was created, which implements the vision and strategy of sustainability in the group's branches, monitoring and analysing the KPIs linked to the social and environmental objectives, reporting directly to the CEO, spreading awareness of best practices within the company and sharing the principles underlying the choices made, so as to create a virtuous, innovative circle.

These initiatives follow a path that began back in 2017 with the Group's Board of Directors resolving to work in two ways: on the one hand, optimising and spreading awareness of the virtuous practices already in place in the Group in regard to sustainability, and on the other, identifying any critical issues, areas for improvement and possible solutions.

This is why, by end of 2020, the Board of Directors expects to be able to approve guidelines for the initiatives to be taken as part of a five-year plan (2020-2025).

The Group is clearly aware that in order to work concretely towards the sustainable evolution of the business, this topic must permeate all the company's decision-making processes, thus becoming an essential part of corporate strategy.

To this end, the decision was made to structure functional round tables representing operative committees in which the subjects of the **environment, energy, people, transport** and **society** are investigated, analysing the main critical issues, defining the action priorities for each area and assessing the results achieved.

The actions implemented are laid out differently depending on the culture and philosophy of each brand, so as to ensure that the sustainability variables go towards enriching their identity.

<sup>3</sup> <https://thefashionpact.org/?lang=en>

# The Fashion Pact

## GOALS

### CLIMATE:

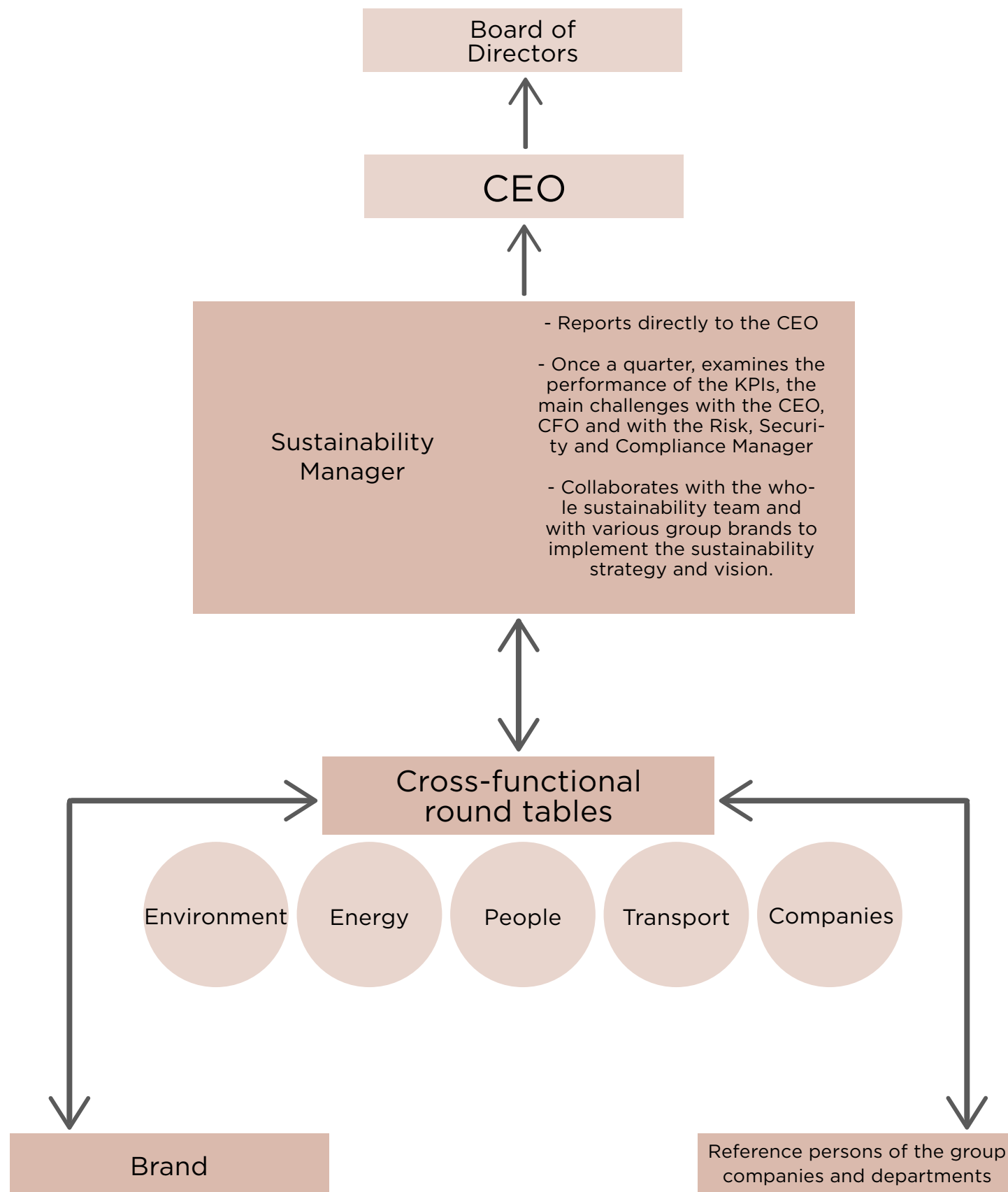
We commit to implement the 16 principles in the UN Fashion Industry Charter for Climate with the ambition to implement SBTs. We support climate adaptation and resilience through sustainable sourcing of key raw materials. Therefore, we commit that 25% of our key raw materials are low climate impact<sup>1</sup> (e.g. organic, regenerative, sustainable etc) by 2025. We commit to implement 50% renewable energy across own operations by 2025 and 100% by 2030. Additionally, we will incentivise implementation of renewables in all high impact manufacturing processes along the entire supply chain.

### BIODIVERSITY:

We commit to develop strategies for biodiversity by the end of 2020 that highlight where priority interventions need to be in our sourcing/supply chains to 1) prevent any loss of species 2) prevent loss or degradation of natural ecosystems and 3) support restoration of services that nature provides to society. We commit to zero deforestation and the protection and sustainable management of natural forests by 2025.

### OCEANS:

We commit to eliminate 'single use plastic' in B2C packaging by 2025 and in B2B packaging by 2030. We commit to ensure that at least 50% of all plastic packing we use in B2C and B2B packaging is 100% recycled content by 2025 and 2030 respectively.



Relations with our stakeholders

Calzedonia is firmly convinced that a collaborative, respectful approach in regard to all stakeholders is the basis on which to assure long-term sustainable economic success. Understanding the expectations of internal and external stakeholders in order to anticipate their interests is a key part of the Group’s strategy.






The Group’s focus on the quality of relations with its stakeholders is also expressed in the Code of Ethics. This approach takes concrete form during interaction with the various interlocutors, which is also functional to the dissemination of the principles of the Code of Ethics and which allow for reciprocal growth as well as the adjustment of the parties’ business model.

The table below shows the stakeholders held to be most significant to the definition of the Group’s strategy and the related method defined, by which each is involved.

Considering the importance of stakeholder engagement for the Group in the process of defining the material topics, the Group has set itself the aim of guaranteeing ever increasing stakeholder involvement in the materiality analysis processes over the years. More specifically, starting from 2020, the managers of all Group companies and the main suppliers, are expected to be involved.


The Calzedonia Group adheres to and takes part in multiple tables and organisations on both a national and international level. Below are the main entities/associations in which the Group takes part:

- Industrial Associations (Confindustria)
- Sistema Moda Italia
- Sustainable Fiber Alliance (SFA)
- Cashmere & Camel Hair Manufacturers Institute (CCMI)
- Sri Lanka Apparel

Tools and methods of interaction with the main stakeholders					
STAKEHOLDER	EXAMPLE STAKEHOLDER	MEANS OF COMMUNICATION	FREQUENCY	OBJECTIVES	COMMITMENT
 <b>OUR PEOPLE</b>	Store staff	Training	Constant	Motivation	Respect for rights and equal opportunities
	Office staff	Internal communication	Constant	Sharing of principles and strategies	Adequate remuneration
	Factory staff	Meetings	Constant	Training	Services to improve life
 <b>OUR CUSTOMERS</b>	store customers;	customer service	Constant	Loyalty satisfaction	Customer satisfaction
	on-line customers;	physical and on-line stores	Constant	Understanding requests	Switch to a fully integrated omnichannel system
	potential customers	social networks	Constant	Rapid response to market demands	
 <b>SUPPLIERS</b>	Companies in contact with the Group supply chain;	meetings;	Constant	supplies of adequate products at fair prices	promotion of advanced quality and environmental standards;
	Supplier employees;	visits to suppliers;	Occasional	Sharing of the Code of Ethics	respect for human rights and international standards in terms of quality of work
	Third party manufacturers	accreditation	On request		
 <b>COMMUNITY</b>	Non-profit entities or foundations;	meetings with the heads of local communities;	Constant	Optimise the capacity to intervene	Contribute towards promoting social and economic development;
	Public administrations;	San Zeno Foundation;	Constant		Support activities for the young
	Universities	Meetings for sponsorships or contributions	On request		
	Civil society				
 <b>ENVIRONMENT</b>	Ecosystems of the areas in which we operate	Technical engineering offices;	Constant	Constantly improve environmental practices	Quality in respect for the environment
	Government	Board of Directors	Periodic	Identify adequate KPIs	Reduction of the impact of our business
	Environmental protection organisations				
					Riciclo
					Waste reduction



# Our attention to customers

SDG	Calzedonia's contribution
	Our sustainability process can only be effective if it is implemented by the company as a whole. This is why the Calzedonia Group has for years taken a forefront role in the organisation and implementation of initiatives in its stores, like the recycling campaigns, that encourage consumers to adopt sustainable, ethical behaviour.

## Customer satisfaction and excellence of service

The customers are at the very heart of the Calzedonia Group activities, as final users of our work. Indeed, customers are taken into account in all decisions, so as to anticipate the relevant needs and provide a rapid response to requests and expectations.

In Calzedonia, we are committed to offering our customers a high standard of excellence and quality, guaranteeing excellent value for money, which has always been a hallmark of the company.

In relations with our customers, we work hard to comply with criteria of respect, dignity and justice, taking into account the different cultural baggage of each and every individual, without admitting any form of discrimination due to race, religion, age, nationality, gender or any other personal or social condition, paying particularly close attention to the integration of people with disabilities or handicaps. In their professional activities, the sales force communicates clearly and transparently with customers, to ensure a gratifying purchasing experience. The Group's products are promoted on the basis of objective standards, without distorting their description or characteristics.

We are firmly focused on offering a pleasant, easy and comfortable purchasing experience and this is also made possible thanks to the Group's choice of integrating the physical and on-line sales channels.

At present, e-commerce services are available in 24 countries for the Intimissimi and Calzedonia brands, 19 for Tezenis and 21 for Falconeri. The continuous extension of the service has seen the release of functions to order on-line from the store on 29 October 2019 in Italy, France, Portugal, Spain, Germany and Austria.

We are also extending the purchase, returns and payment methods. To date, in 8 different countries in Europe, orders can either be delivered to the customer's home or to a sales outlet chosen by the customer and on-line orders can also be returned at the store. Considering that we are using the same logistics corridors for retail also to process these orders, we can simplify the life of our customers, at the same time helping reduce CO<sub>2</sub> emissions.

In order to continuously improve our service, we monitor customer satisfaction and examine their feedback given during the various opportunities for discussion.

The Calzedonia Group Customer Service, which operates 24 hours a day, 6 days out of 7, helps customers over the telephone, by e-mail, via web forms and on-line chat and can interact directly with them on the Group's Facebook, Instagram and Twitter pages.

The Customer Satisfaction service has monitoring and assessment systems for each communication channel used. For 2019, satisfactory performance is recorded: interaction by e-mail and over the telephone had a low failed response rate (less than 7%), whilst there was room for improvement for social interactions by chat.

With the aim of bringing our customers closer to us and improving, thanks to their input, the Group has decided to use multiple methods by which to come into contact with them. One of these is the on-line after-sales survey, aimed at gathering feedback on the purchasing experience; this is operative for the brands of Intimissimi, Calzedonia, Tezenis and Falconeri.

In the assessments, the reference metrics used is the Net Promoter Score, namely the percentage difference of feedback collected from those promoting the brand and those that do not. The minimum and maximum values of the indicator are respectively -100 and +100 and an NPS ranging between +50 and +80 is usually considered a good result.

#### POST ON-LINE PURCHASE (ALL BRANDS)

# feedbacks: 66.000  
NPS: 34-35

The result shown is good, but falls below the objectives set by the department; for this reason, in 2019, all the websites of the various brands were revised in order to increase user usability and product appeal. Indeed, an improvement can be seen in the indicators introduced at the end of the year.

In September 2019, the Calzedonia website added three forms for giving and collecting feedback: on the first, which the customer can always access freely to rate digital satisfaction and provide feedback (always-on on-line); on the second, random feedback is requested during website browsing (general intercept); while the third, again randomly, requests feedback after making an on-line purchase, from the thank you page (on-line Thank you page). These forms will also be introduced in the first half of 2020 for the Intimissimi brand.

#### Calzedonia<sup>4</sup>

Always-on online	General intercept	Online Thank you page
# feedbacks: 6.254 Average Digital satisfaction (0-10 scale): 5.9	# feedbacks: 18.398 NPS: 53	# feedbacks: 6.898 NPS: 58

In April 2019, a survey was started in Italy (loyalty post-purchase) for the Intimissimi brand, to obtain the opinion of customers holding our loyalty cards and who had made purchases from physical stores, on the service level received in-store. The survey will be extended to include other countries in 2020.

#### Loyalty post purchase

# feedbacks: 8.000  
NPS: 74

The result obtained is in line with expectations, an NPS: 74 denotes a high level of customer loyalty and reflects the customers registered for our loyalty programmes. The Calzedonia Group believes it to be very important to measure the satisfaction of customers who visit us more often, as a measure of the quality of our work.

In 2019, we carried out brand awareness surveys involving our sales teams in Belgium, Germany and Brazil, to assess the level of brand notoriety on the market and the perception of the various brands' value, so as to improve the commercial strategy. The aim over the next few months is to extend this practice to also include other countries.

To protect the brand reputation and effectively and efficiently respond to customer demands on multiple matters relating to corporate social responsibility, to which the Group pays close attention, in 2019 we launched an internal flow dedicated to managing reports regarding: discriminatory comments made on social media or other channels, body-shaming, sexism, discrimination against the LGBT community or racism, animal products (furs, leather, cashmere, etc.), environmental responsibility and working conditions.

<sup>4</sup> Data refers to surveys run in the following countries: Italy, Germany, Spain, Portugal, Austria, France, Hungary, United States, Ireland, Denmark, Netherlands, Belgium, Slovakia and Sweden.

In 2019, 44 complaints were made in connection with customer relations. These complaints mainly regarded the sensitivity of our customers in respect of animal rights, particularly following the launch of an Intimissimi leather collection. Other complaints regarded product quality, promotions and the spread of fake news.

All complaints were solved during the year, specifically: 16 were handled directly by the legal department, 19 by customer services (sometimes with the assistance of the legal department), 8 entailed active monitoring of social media by customer services and the remainder were solved through public declaration on social channels. These communications were intended to refute any fake news and stress the commitment towards responsible communication of the corporate business, in line with the provisions of our Code of Ethics.

## Nearness to the customer, an omnichannel approach and digitisation

### Nearness to the customer

Nearness to the customer has always been a close focus of the Calzedonia Group. It was initially delegated to physical stores, both through a capillary presence on the territory and thanks to the capacity to supply products of excellent value for money and which are therefore accessible to an extremely large section of the public.

Today, this same accessibility is being transformed, re-thought thanks to 24-hour digital windows, 365 days a year, with the aim of proposing and conveying the value of the products and business culture, not only in the more than 4,850 physical sales outlets but also on all the virtual ones, conveying emotions in a mediated web-based experience.

In order to enjoy direct relations with our customers, we have adopted an integrated development strategy of our physical and digital channels.

### An omnichannel approach

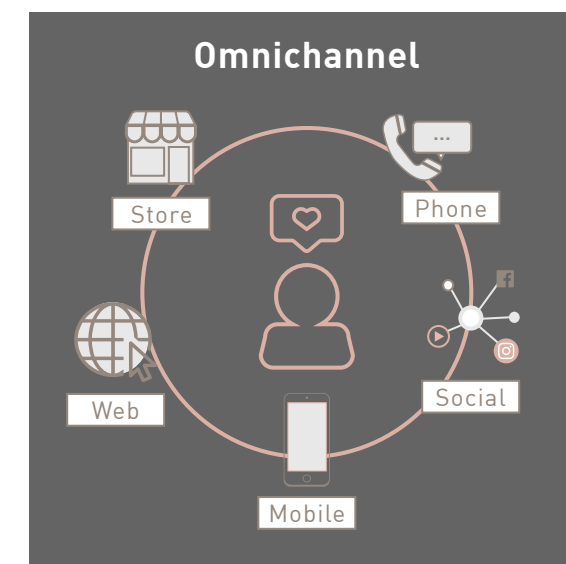
Starting in 2012, with Intimissimi and with an incremental approach, the on-line sales channel has been activated for the Group's four main brands.

which to improve our customer experience with an omnichannel approach that allows the customer to examine and assess our products, regardless of the channel through which they intend to buy.

Therefore, the Calzedonia e-commerce project is hinged on the one hand on the desire to insource, wherever possible, the entire value chain linked to the on-line sales processes and, on the other, the desire to integrate the chain of physical stores into this strategy.

One clear example of this approach is the "Product locator" function, which makes it possible to understand, from the e-commerce website, where the nearest physical store is with the desired product available for purchase and the "Pay on-line and collect in-store" service through which the customer can choose a physical shop from which to collect their on-line order.

More specifically, in order to process orders relating to this second service, the stock already present in the physical stores is used, thereby minimising storage requirements and giving the customer the chance to pick up their package a few hours later, instead of having to wait a few days. At the same time, customers can also return on-line orders through the stores, instead of having to send them back to the central warehouse.



### ALL CHANNELS AVAILABLE TO THE CUSTOMERS AND THEY ARE CONNECTED

These tools not only increase the overall efficiency of the system, and therefore ensure greater satisfaction of the customers' needs, but also make it possible to avoid travel in making deliveries, to the benefit of the environment. The reduction of the environmental impacts associated with the return of products, made possible by the fact that our system uses the same logistics corridors as retail, is promoted by offering customers the chance to return products purchased in the store, free of charge.



We are firmly convinced that the presence of an advanced technological structure is the key pillar for correct information management and thereby to best face up to the future challenges linked to the omnichannel approach.

In this context, the digital business, which is transversal to the whole company, plays an important role. Sales made via the e-commerce channel are constantly on the rise and, during the year, the Group has invested in technological and digital infrastructures in order to offer customers a wide range of alternative purchases to fit with the various local contexts.

The Group is aiming to achieve real loyalty, through dedicated loyalty programmes that enable it to reach millions of people with personalised messages.

We are also extending the loyalty and gift care range, with interactions between on- and off-line, making it possible to finalise the cards on-line or in-store. There is no longer any need to fill in a paper form, because the process has been entirely digitised, just like loyalty vouchers and coupons, including recycling vouchers.

## **Data security and protection**

Modern purchasing methods necessarily require the reciprocal exchange of personal data and information.

In going about its business, Calzedonia is aware that it processes a significant quantity of confidential information and personal data and shares, implementing them, the objectives deriving from the coming into force of the General Data Protection Regulation (GDPR).

Respecting our customers' right to privacy is essential for us and this is why we try to protect and make appropriate use of their personal data. We therefore strive to guarantee the highest security standards in selecting and using information technology systems to process confidential information and personal data.

In processing customers' personal data, we request informed consent each time this is necessary and only for the purposes of data processing involved. Our employees are also required to notify any case of which they may become aware regarding the confidentiality of information or protection of personal data.

In 2019, the effort made by the department for the protection of data and IT security focussed on the protection of personal data collected through e-commerce websites and for marketing purposes. In this context, the Group is investing in technology to improve the customers' omnichannel experience, offering a wide range of payment methods.

Calzedonia Group staff will guarantee the security of any means of payment used at Group stores, whether physical or on-line, in order to guarantee suitable traceability of the billing and collection procedures, the protection of customer data and the prevention of fraud.

In 2019, no complaints were recorded regarding customer privacy breaches. There was one case of data theft and breach caused by the hacking of a Group Instagram account. The case was promptly reported and handled by the in-house Cybersecurity and Privacy Office and retained a low impact (according to the criteria identified by ENISA) and did not result in any additional internal procedures. Finally, there were no cases of customer data loss.

## **The marketing and communication strategy**

The idea behind our marketing strategy is that a more informed customer can interact more simply, transparently and frequently with the brand, through all the various contact points.

This is why communication with customers is always in line with our business values and products are promoted responsibly, on the basis of objective standards.

Starting in 2017, the Group launched a communication campaign marked by storytelling dedicated to engaging and inspiring female personalities. Successful women like Sarah Jessica Parker, Irina Shayk, Gisele Bundchen and Chiara Ferragni have become the faces of important multimedia campaigns.

## CALZEDONIA AND JULIA ROBERTS

In 2014, the Calzedonia Group launched the brand internationally with a cinematographic style advertisement entrusted to Julia Roberts, expressing empathy with the emotional experience of women. Starting in 2015, Calzedonia continued to consolidate the relationship with the actress, with a series of light-hearted, ironic advertisements set in the sales outlet.



The Group also confirms its close attention paid to the digital world and millennials by increasing its presence on the main social media, like Instagram, Facebook and YouTube, offering ever new digital contents that can make the most of the full potential offered up by this new media and involve customers.

In particular, the Tezenis brand has opted to use the language of music, playing an active part in digital projects in the main music festivals worldwide, like Coachella, Sonar and Nos Alive.

Atelier Emé has also chosen to opt for digital communication, with a major presence on the main social networks, putting itself forward as the favourite brand of Italian “it-girls” and celebrity brides.

Another aspect of major interest to the promotion of our brands is that linked to sport and athletes.

This topic concerns a considerable portion of the promotional activities and sponsorships for both Intimissimi Uomo and Falconeri. This latter in particular has always stayed close to sports with a close link to nature, supporting international talent mainly in skiing, golf and sailing.

## GIRO D'ITALIA

Intimissimi Uomo has been the official sponsor of the Giro d'Italia cycling race since 2019. True Italianness, passion and innovation are the values shared by the two brands that collaborated, for the first time in the history of the Giro, adding a sponsor for the pink jersey.



Signorvino instead combines a multichannel strategy, seeking to make best use of both on- and off-line options. From early 2018 to date, a strategic social communication plan has been finalised and implemented, which has successfully improved its visibility. With the aim of promoting the format generically, as well as activities and promotions, collaborations have been launched with important influencers in both the industry and other segments (such as lifestyle, travel and fashion). The industry press is an inevitable point of reference for the food & wine industry: prestigious collaborations have been sought with Gambero Rosso and La Cucina Italiana, key partners and interlocutors for focused communication with a target of sector experts.

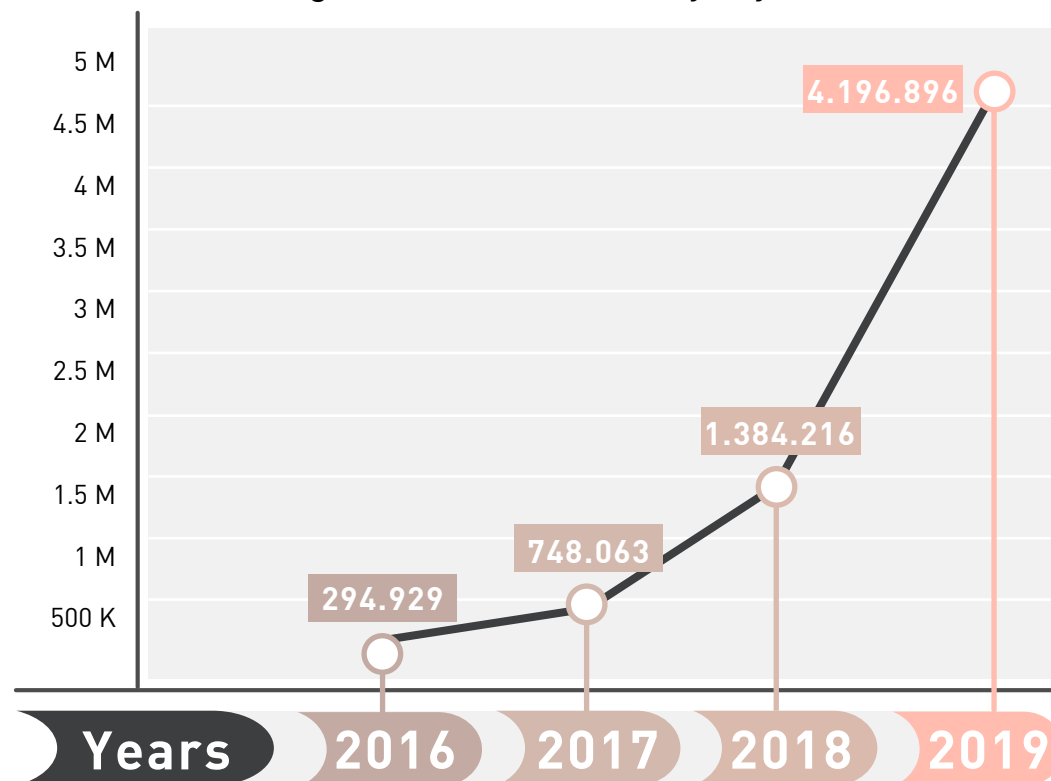
### Customer engagement and responsible marketing initiatives

Customer loyalty is assured through involvement in a loyalty programme that allows those subscribing to cards to benefit from numerous discounts, promotional operations, premium operations and dedicated special initiatives, which are adequately publicised and communicated each time.

These promotional initiatives implemented by the Calzedonia, Intimissimi and Falconeri brands are loyalty programmes whereby points are collected on a card, whose holders enjoy exclusive advantages.

2019 New Registrations			
CALZEDONIA LOVER	FALCONERI CLUB	MY INTIMISSIMI	SIGNORVINO WINE LOVER
1.669.132	60.200	1.379.022	7.201

Total registrations with the loyalty channels



Italian customers holding loyalty cards can also collect points through purchases made from the shops in certain selected foreign countries; additionally, they can also benefit from discounts reserved to the fact of being a customer in the relevant country.

Holding a loyalty card is in some cases a requirement to adhere to some of our campaigns where we seek to foster recycling and saving resources.

Recycling has, in fact, always been a part of our culture. Throwing things away has always been in conflict with our philosophy and wastage goes against our education, as well as business results.

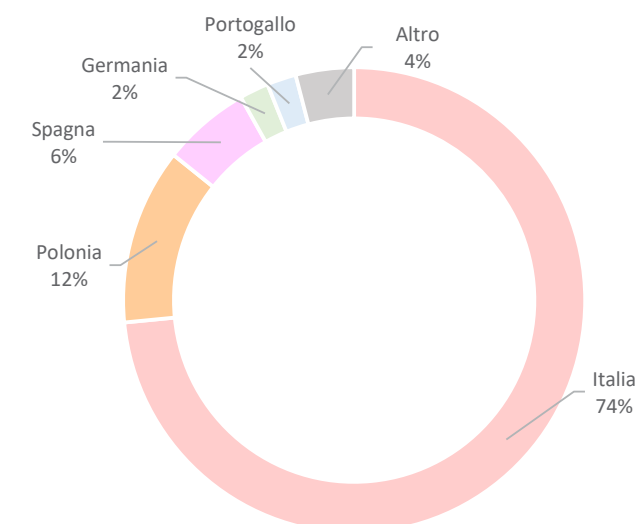
In 2011, stores also began encouraging recycling, in collaboration with the specialised operator I:CO.

Intimissimi brand stores, for example, from February to late June and from September to December, proposed a recycling campaign called “**Riciclare conviene**” (“Recycling pays”), which envisages the delivery to a store of at least 5 second-hand items of clothing of any brand (tops, pyjamas, briefs and bras) for recycling. In exchange, for each second-hand item delivered, they are given a voucher to spend on in-store purchases. In respect of the sustainable intent behind the initiative, the voucher will not be printed at the cash desk but rather e-mailed to the customer or sent by SMS.

### RECYCLING

Intimissimi loves the environment and is committed to ecology, in collaboration with I:CO giving new life to your used items, reusing the fabrics to create new products. Intimissimi super-values your clothing!

In 2019, we collected more than 7 million items of clothing, for which more than 1,450,000 vouchers were issued, distributed in the various countries across Europe as shown below.





The campaign is dedicated exclusively to our loyalty cardholders and, therefore, offers the opportunity to encourage customers who have not yet taken out a card, to join the “My Intimissimi” world.

The other Group brands, such as Falconeri, have also launched initiatives to recycle used clothing.

The “**Re Generation Cashmere**” Falconeri campaign was conceived to give a second life to Cashmere, one of the best-loved and most valuable yarns there is; accordingly, it is a campaign for the regeneration of cashmere in support of ethics and sustainability, with a view to a circular economy and the revaluation of used cashmere.

The initiative envisaged the possibility of receiving a voucher that can be spent on in-store purchases for anyone handing in a 100% or mixed cashmere jersey. The recovered jerseys (almost 12,000 items) were

An additional step was then added to the regeneration project for the collection of items: the realisation of a special cashmere blanket, to symbolise welcome and inclusion.

In addition to the activities common to all Group companies, in 2019, the following sustainability initiatives were taken in foreign branches:

Marchio	Business	Description
Calzedonia	Indonesia Collection and Cotton Bag - UK	With the purchase of a swimsuit from our Indonesia collection, the customer received a cotton bag. The project is part of the waste reduction awareness-raising campaign, seeking to increase recycling and to promote and increase the use of ecological, reusable products.
Intimissimi	Green Mother's Day Festival – Portugal	Gift to all Intimissimi customers of a card containing flower seeds
Intimissimi	4Ocean - Belgium	In 2019, the BeNeLux Calzedonia Group supported this initiative, which recycles materials and waste from the ocean, making bracelets and bags, thereby successfully removing 28 kg in waste from the ocean.



## NATAL A MEIAS

For the third year running, Calzedonia has chosen to promote a social solidarity campaign in November and December, linked to the Christmas period: “Natal a Meias”. The campaign’s name is a play on words in Portuguese, where the word “Meias” has the double meaning of “stockings” and “halfway” and therefore: “Christmas with stockings” and “Half-way Christmas”.

2019 saw the Christmas solidarity campaign achieving donations of the highest value in Portugal.

For this campaign, 140 thousand pairs of socks were produced in 4 different versions (men, women, girls and boys). In exchange for the sale of more than 120,000 pairs of socks, an amount in excess of 320,000 euros was donated to the national fire-fighters association for the purchase of essentials (fire-fighting vehicles and uniforms).

In this campaign, the Calzedonia Group collaborated with the TVI television channel and the actress Ana Sofia Martins.



## CALZEDONIA ECO LINE

In October 2019, the Calzedonia brand presented three pairs of tights with Q-nova by Fulgar recycled yard, with a final composition of recycled materials that exceeds 80%. These tights were produced entirely in our production plants, handled in our logistics poles and thanks to a certification both of materials from the supplier and our internal processes, we obtained the GRS certification\*.






The Group's German commercial chain has decided to enhance the campaign's ecological contribution collaborating with a famous fitness influencer, Pamela Reif, the fashion photographer Lina Tesch and the partner, Plant My Tree, whereby the brand has committed to plant a tree for every 10 pairs of tights sold.

Upon completion of the campaign, thanks to the involvement of our customers, 10,000 trees have been planted in the region of Assia (western Germany).



*\*Certificazione* **GRS2019-075**

# Our people

SDG	Calzedonia's contribution
	The physical and mental health of our people is at the heart of our attention. Calzedonia ensures that all its employees, from whatever their geographic origin and social extraction, have access to basic healthcare. In the poorest countries in which we operate, this is supplied directly by the Group through the presence of the healthcare staff in our offices and the creation of agreements stipulated with local hospitals and clinics.
	Calzedonia recognises the social and economic value of education and continuous training and, to do so, actively invested in training courses dedicated to the professional and human growth of its people. Through the San Zeno Foundation, it promotes study, training and employment projects in many different countries across the globe.
	Calzedonia is a firm believer of female potential and works to enable its professional and economic growth and development in the company. Special attention is paid to the empowerment and emancipation of our employees in the countries where women are most discriminated against.
	Dignity of work is one of the top priorities for the Calzedonia Group. In this sense, the Group has always paid particularly close attention to the quality of the workplace present in our commercial and production branches and has always striven to respect maximum health and safety levels in the workplace, offering optimal conditions and paying adequate salaries
	The Calzedonia Group works hard to reduce social inequalities: we are aware that a fairer, longer-lasting social and economic development also involves the sharing of operative and technological know-how and this is why we work to make sure that it becomes the heritage of our people and the communities in which we live and not only of our companies.

## Breakdown of staff

The Calzedonia Group's most important resource are the people who work with us.

The Group's business values, namely vision, authenticity, passion, collaboration, dynamism and concreteness, are an expression of our work ethic and govern the activities and relations within the company.

As at 31.12.2019, the number of workers employed in Group companies totalled 38,661<sup>5</sup> people, up 5% on 2018, thanks to the Group's continuous growth.

The most represented professional category is blue-collar labourers (approximately 60%) followed by store staff (31%).

<sup>5</sup>The figures given in this chapter differ from those presented on the Consolidated Financial Statements (and at the start of this report) insofar as the reporting geographical scope differs. Please refer to the methodological note for more information.

We have always appreciated the contribution made by women in our Group. Indeed, women account for 91% of our workforce.

### Employees by professional category and gender (no.)

	Men	Women	Total
Top-level managers	67	43	110
Managers reporting to the top level	205	303	508
White-collar	472	1,365	1,837
Sales staff	130	885	1,015
Store staff	375	11,702	12,077
Blue-collar	2,439	20,675	23,114
<b>Total</b>	<b>3,688</b>	<b>34,973</b>	<b>38,661</b>

In the Calzedonia Group, the term "top-level managers" is used to mean the managers answering to owners and to the CEO, the production plant managers and the country commercial managers.

In line with the Group's investment in and commitment to the new generations, most of our employees fall within the under-30s age bracket.

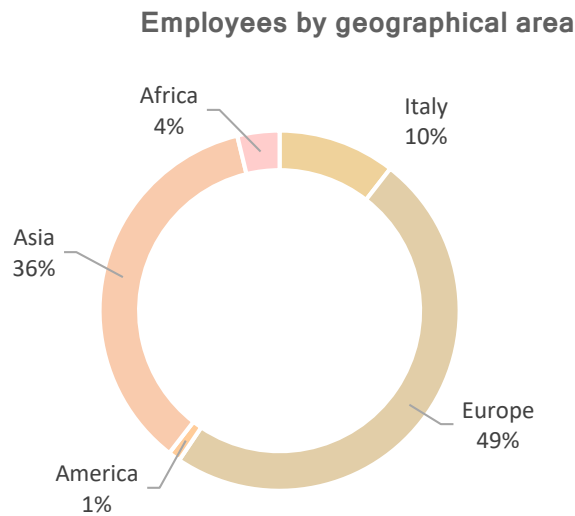
The average age is approximately 32 years old (34 for men and 32 for women). As regards the distribution of employees by professional category and age bracket, in 2019 most store staff and blue-collar labourers were aged under 30, whilst management employees were mainly in the higher age bracket.

### Employees by professional category and age bracket (%)

	< 30	≥ 30	Total
Top-level managers	-	0.3%	0.3%
Managers reporting to the top level	0.1%	1.2%	1.3%
White-collar	1.8%	3.0%	4.8%
Sales staff	1.3%	1.3%	2.6%
Store staff	23.5%	7.8%	31.2%
Blue-collar	32.0%	27.8%	59.8%
<b>Total</b>	<b>58.7%</b>	<b>41.3%</b>	<b>100%</b>

For Calzedonia, it is important to establish lasting, stable contracts of employment and this is confirmed by the percentage of employees with permanent contracts (80%). Instead, there is only a small portion of trainees and temporary workers. More specifically, in 2019, the Calzedonia Group used 332 trainees. As at 31.12.2019, the number of Group employees with disabilities was 602.

	Permanent contract (PERM.)			Fixed-term contract (F-T)			Total		
	M	W	Tot.	M	W	Tot.	PERM.	F-T	Tot.
Italy	870	2,423	3,293	135	647	782	3,293	782	4,075
Europe	820	11,567	12,387	423	6,085	6,508	12,387	6,508	18,895
America	45	373	418	-	1	1	418	1	419
Asia	1,219	12,261	13,480	19	310	329	13,480	329	13,809
Africa	157	1,305	1,462	-	1	1	1,462	1	1,463
Total	3,111	27,929	31,040	577	7,044	7,621	31,040	7,621	38,661



In 2019, more than 26,500 new employees were hired, of whom 84% fall within the under-30s age bracket, as further evidence of the Group's commitment to investing in the younger generation.

At the same time, 24,000 employees left the Group during the year, most of whom fall within the under-30s age bracket (approximately 83% of the total). The search for profiles is carried out both through external searches and, for preference, internal job rotation or vertical growth.

Group turnover is considerable, and for some business areas physiological, but it is in any case periodically checked by the HR Department, so as to monitor any significant changes. The analysis is not limited to KPIs only, but rather is accompanied by a monitoring of the reasons for such, through the administration, for example, of exit

surveys and interviews. The result of this type of survey translates into the implementation of projects and activities aimed at encouraging and adopting an effective leadership style, in line with the key values (e.g. training courses, coaching, etc.) and actions that seek to increase staff loyalty. By way of engagement tools, we have introduced corporate aggregation and team-building activities, contests and premiums.

**Turnover by gender and age bracket (%)**

	Gender			Age brackets	
	M	W	Tot.	< 30	≥ 30
Employment rate	29.9%	72.9%	68.8%	98.3%	26.9%
Resignation rate	23.6%	66.1%	62.1%	88.3%	24.8%

**Turnover by geographic area (%)**

	Italy	Europe	America	Asia	Africa
Employment rate	39.1%	78.6%	96.9%	64.1%	61.3%
Resignation rate	34.9%	70.8%	91.7%	59.9%	36.7%

An important role on work-life balance and staff turnover is played by the social inclusion, expatriate staff integration, remuneration and professional classification policies, as well as the organisation of work, the protection of maternity and the promotion, in general, of family support policies, aiming to guarantee its employees solutions that can best satisfy their personal needs.

In 2019, part-time was paid to approximately 14% of the total workforce, used in 96% of cases by women.

**Employees by type of employment (no.)**

	Men	Women	Total
Full-time	3,526	29,805	33,331
Part-time	162	5,168	5,330
Total	3,688	34,973	38,661

The Calzedonia Group acknowledges the right of its employees to establish, take part in or adhere to trade unions and/or organisations aiming to protect and promote their interests, regardless of the environment in which they work. The Group also takes an open, collaborative approach toward trade union activities, where they operate within the Calzedonia Group. In 2019, the percentage of Group employees covered by collective bargaining agreements was 25%<sup>6</sup>.

## The attraction of talent and career development in the Calzedonia Group

The HR Area includes the human resources, staff administration and training departments. It is organised into teams dedicated to the individual business areas with specifically-designed structures for the specific needs. The foreign branches have different structures depending on their size. In commercial branches, there is a Regional HR, which, in dividing up the countries in which the Group operates, supervises the work of the local branch HR. In production branches, there is a Local HR, which is essential in fostering the cultural integration of the plant with the colleagues of different countries and cultures. Central management directly supervises and coordinates with a view to assuring a common leadership style and corporate values system, recognised in all countries of operation.

### Talent attraction

Investing in the younger generation and making room for new talent is an essential part of Calzedonia's strategy. This is why we hold young resources accountable from day one, promoting internal growth through merit-based, agile career moves with an international reach.

The corporate branding strategy has the aim of constructing a solid corporate reputation to attract new talent - employer branding - and engaging its community of employees - internal branding. Corporate branding communications and programmes are agreed between the HR area and the Communication and Image Office. Corporate branding activities began in 2019 and are still under development and being structured. The main institutional channels used for communication both externally and toward the internal population are: the corporate website, LinkedIn, Fashionjobs, Almalaurea and the corporate newsletter.

In particular, in each country in which the Group is present, the branch is given the chance of collaborating and linking to the local recruitment web channels. For those wishing to join Calzedonia, applications can be submitted for a position advertised via the brand's e-commerce pages, on the careers website, which gives an overview of the company, the business areas and the related positions available in the various geographic regions.

In 2019, 14 branches used the careers website to publish advertisements, receiving approximately 170,000 applications.

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<sup>6</sup> Some of the countries in which the Calzedonia Group operates make no provision for national collective bargaining agreements.

Staff are selected and managed under the careful eye of the various HR offices with specific geographic competence and aligned on business values, method, approach and leadership style. Recruiting is managed in respect of current privacy legislation and with a view to assuring transparency, pragmatism and professional respect of the applicant.

The Calzedonia Group recruitment policies are mainly intended for young men and women looking for their first work experience and new graduates; they are constantly supported by specific market surveys in respect of the fixed and variable remuneration offered and the contractual solutions adopted, in line with the reference segment. Remuneration packages are also supported and completed by benefits, initiatives and reductions that can vary from country to country.

Contact with possible new colleagues is also made in academic circles. Indeed, we collaborate with universities, schools and further education institutes, where we present the Group's professional opportunities in all its functional areas, both in Italy and in the numerous countries where the branches are based. For areas of particular corporate interest, special projects are run with a view to identifying the best talents. The "Vision to come" initiative, for example, has been promoted in Italy by Calzedonia to identify and support tomorrow's creative fashion talents. The "Call for ideas" initiative, on the other hand, involves the management engineers of three Italian universities, stimulating creativity in topics that link production and sustainability.

### Career development

The Calzedonia Group fosters and encourages internal growth and this is why internal career paths are designed to allow the deserving to access positions of greater responsibility.

Thanks to its operation in more than 50 countries worldwide, deserving resources can embark on international career growth in the commercial, production and service branches.

The employee performance assessment system is in line with the objectives for personal growth and development, in a meritocratic and unprejudiced perspective. This is also made possible thanks to the use of dedicated instruments for assessing the results, managed by the Group's HR area. The meritocracy process is operative in some of the Group companies and provides for an individual assessment, also obtained through two formal meetings held during the year between the collaborator and his manager. During these feedback meetings, the employees can establish, by agreement with their managers, the objectives for the next six months.

In 2019, an average of 58% of office staff and staff of the production branches in Italy received an assessment of their performance through a meeting and reciprocal exchange of ideas during which the



management provided its employees with feedback in order to provide them with objectives and tools by which to foster professional growth.

Employees receiving periodic assessment of their performance and professional development (%)			
	Men	Women	Total
Top-level managers	100%	100%	100%
Managers reporting to the top level	100%	100%	100%
White-collar	100%	99%	99%
Sales staff	100%	100%	100%
Store staff	0%	0%	0%
Blue-collar	76%	69%	71%
Total	72%	53%	58%

Staff training

Calzedonia believes it necessary, in order to achieve its objectives, for the potential of each collaborator to be realised to the full.

Training therefore plays an essential, strategic role for the development not only of people but of the business itself. This is why a culture of continuous learning is encouraged and promoted and staff are supported in their professional growth.

Alongside institutional training, regulated by current laws and delivered at certain points in the employee’s corporate life (for example, for new employees, safety at work training and risk prevention and in relation to Italian Legislative Decree no. 231/01), the Group develops its training over three areas.

The first area is represented by technical training, which is divided up into technical and commercial, for retail staff, and business, for corporate area employees.

As regards commercial training, the company has brand-dedicated training offices, which aim to train and prepare store staff on matters relating to products and customer management.

Technical training for corporate employees involves the delivery of language courses as well as specific courses aimed at improving the competences necessary to cover strategic roles (for example, courses on the use of particular technical instruments).

The second area, on the other hand, is dedicated to basic training on organisational conduct, intended for employees of the central office. Specific training projects are also envisaged during the initiation period in the company, such as “welcome on board” and “kick off retail”, designed to increase knowledge of the bases of the core business.

These training periods also offer opportunities for shadowing, both of retail staff and colleagues of other business areas, with a view to improving the overall understanding of the corporate operations and internal communication.

The third training area consists of a process improving leadership style, intended for the main office managers, retail, product and production.

From time to time, meetings are organised in the Group's central office, to update and share best practices in human resource management. The projects and training contents promoted by the central office are shared with the commercial and production branches, which, in turn, develop specific local projects.

The foreign branches also organise specific technical courses (technical-commercial, language, etc.) as well as more general ones.

In 2019, in particular, staff of the commercial branches and Italian companies benefited from more than 424,200 hours of training for retail, health and safety, mandatory training<sup>77</sup> linked to recruitment contracts, business corporate training, technical-specialised training and language courses through classroom teaching or smart methods, divided up as shown below. Training delivered to employees of the production branches is in addition to this, with more than 62,400 hours of training delivered to more than 3,000 employees, as well as continuous on-the-job training, both for new employees and job changes or production process updates.

We should also specify that for management engineers set to hold responsible positions in production abroad, a one-year talent programme is in place, giving all-round training on the various areas for the management of a production plant and including a visit to at least three different plants.

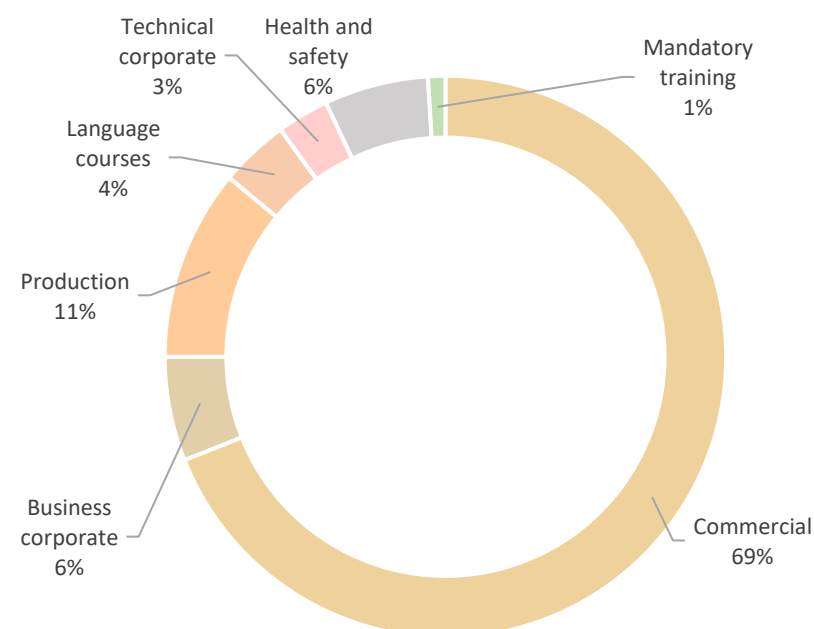
For new economics, computing and engineering graduates, on the other hand, a full-time training path is offered called “SAP Consultant Academy”, prior to training profiles for the SAP teams of the IT Area.

The Group did not consider it necessary to develop programmes to assist employees with the management of the final stage of the career in the near future, insofar as 60% of Group employees are aged under 30.

Hours of training by type

inserimenti sia per cambi di mansione e aggiornamento dei processi produttivi.

<sup>77</sup> For Italy staff only.



## Attention to salaries and incentives

The Calzedonia Group treats its employees with respect and undertakes to guarantee fair, correct working conditions. Employee remuneration respects applicable provisions of law in terms of minimum salaries, overtime and benefits.

We believe that remuneration should reflect not only the position held by the collaborator, but also their experience, standard remuneration levels in the country and, to a significant extent, results obtained, both personally and on a corporate level.

This is why, over time, in most companies, incentive and remuneration systems have been developed to reward the quality of work carried out and involve employees in the company's results or, in certain cases, those recorded by the Group. These systems are based on the meritocracy process that envisages a performance review in a formal meeting between the collaborator and their manager.

For employees of the central office and offices located in Italy, premiums can be received that are connected both to the Group consolidated results and the results obtained during the year under the scope of their activities. Additionally, premiums are paid for seniority in the company every 10 - 20 - 25 years, also with a view to stimulating employee retention.

Employees involved in the commercial side of business can be due bonuses in connection with the achievement of commercial objectives,

the maintenance of the results achieved during previous years or other premiums if budgets are surpassed.

Finally, employees of production companies may earn bonuses on the basis of the assiduous presence at work, results obtained and, partly, in connection with the Group consolidated results or corporate results.

In order to review its business model and with a view to promoting diversity, eliminating sexual discrimination and supporting equal opportunities, the Group has calculated the ratio of remuneration of basic salary and remuneration of women with respect to that of men, for each category of employees. On average, women receive a 10% lower salary than men.

Gender gap salary indicators<sup>8</sup>

	Remuneration	Salary
Managers	121%	103%
Top-level managers (without managers above them)	115%	121%
Managers reporting to the top level	85%	91%
Other employees - office employees	73%	85%
Other employees - sales staff	87%	100%
In-store employees	82%	99%
Blue-collar	80%	86%

The Calzedonia Group has always sought to hold its resources accountable and this translates into a "light" hierarchical structure. The Group pursues a policy of equal opportunities and remuneration. The differences shown in the table therefore depend on contingent situations.

The table shows that the average salary of top-level managers is higher for women, whilst the greater gaps in the men's favour are recorded in the categories of "office employees" and "blue-collar".

In the "blue-collar" category, the difference stems from the different representation of gender in duties. For example, specialised industrial labour is strongly represented by men (like maintenance, mechanics), whilst tailors tends to be women.

"Office employees" includes very heterogeneous roles and the difference is above all due to the greater presence of men than women at the higher hierarchical levels. In any case, the Group continues to strive to bridge the gender differences seen in all its structures.

## WOMEN'S EMPOWERMENT

The Calzedonia Group has always been considered a female business with 91% of its employees being women, a percentage that is also confirmed in production.

This is not to be taken for granted in the social and cultural fabric of the countries in which our business is developed and this is what has led the Group to organise its first “Women’s Empowerment event” for production.

Ten colleagues from Sri Lanka, chosen for their corporate history, thresholds and above all the link and passion towards the Group, were sent to Italy for a unique, motivational experience.

### The journey

During this journey, the colleagues visited Venice, Milan and Verona and took part in their very first Intimissimi Fashion Show.

They also spent two days in the central office of Verona, receiving training on the Group’s history and thresholds, discovering the headquarters and getting to better know the offices with which they dialogue constantly.

The project’s main focus was the “Women’s Empowerment” meeting organised with the aim of strengthening the role of the woman in everyday work. During this event, various different people intervened connected with the Group, from the San Zeno Foundation to the Quid Project and the office departments, inspiring and motivating colleagues through their speeches.

The objective underlying this initiative was not only to reinforce the sense of belonging to the Group, but also the sharing of a single, strong message:

**across the globe, the Calzedonia Group believes in women and reinforces their value.**



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<sup>8</sup> All employees of the Group's Italian companies are included, excluding expatriates. In order to calculate the ratio, the basic salary gives the theoretical remuneration considering FT equivalent for PT, whereas for remuneration only FTs are considered (and not PTs) and the remuneration effectively received during the year, is reported.

## Benefits and corporate welfare initiatives

We want to make our employees’ life easier and safer. It is in these terms that a corporate welfare plan has been implemented, allowing them to make use of a series of goods and services supplied at special conditions.

Calzedonia offers its employees a corporate remuneration package that includes an extensive series of benefits, which differ in connection with the role held, as a rule without drawing any distinction between full-time and part-time employees.

Staff of the central office enjoy a series of advantages like economic benefits and initiatives relative to health, the family or free time. More specifically, central office staff benefits include:

- company nursery and play schools with means-tested prices;
- counselling services;
- free ‘flu vaccines;
- additional insurance cover for permanent invalidity or death;
- supplementary insurance cover for business travel abroad in the event of injury, illness, medical emergency and luggage theft or damage;
- beneficial rates for free time activities (Falconeri Ski Team, Calzedonia Volley, etc.) or purchases on all Calzedonia Group brands;
- language courses outside working hours;
- personal on-line purchases collection and distribution service.

With a view to improving the work-personal life balance, Group employees are given the chance to make the most of flexible working conditions in terms of starting time the morning and lunch breaks, making up the hours in the evening if so preferred. Additionally, a test has been started on smart-working, namely the possibility of working with greater flexibility.

The “Calzedonia Group For You” welfare programme offers Calzedonia employees an annual amount of 500 euros for medical check-ups at authorised facilities, reimbursements to families for nurseries and schools fees, books, summer schools and public transport subscriptions, additional payments to the welfare provision, wellness (gymnasium voucher, swimming pool, wellness centre), free time and travel (weekend vouchers, cinema tickets, theme parks).

Those travelling for work, in particular if spending a long time abroad, are guaranteed an assistance package that includes, for example, indemnities for the cost of living and environmental difficulties of the country of destination, housing, travel and transfer of the expatriated worker and their family and supplementary medical insurance for the expatriated worker and their family.

As the Group operates in a great many different countries, it is called to face up to a great many different needs of its workforce and always seeks to make a concrete contribution, in line with the needs of our employees’ community, to improve the quality of life. In almost all production units situated abroad, a series of services is guaranteed, including, in particular, a canteen, free of charge or which charges only a symbolic amount, healthcare in the company, sports facilities available to employees and social and team-building events. In some cases, the Group finances technical schools for youth training.

In a country as unusual as Sri Lanka, the Group has decided to implement an additional series of actions for staff. Since 2006, in fact, the “Dialogue Team” project has been running whereby staff representatives (one per department) collect the main work-related requests from colleagues and share them in the presence of an HR representative, in order to identify collective solutions in agreement with the company. Since 2010, the company has also been guaranteeing one in every 15 collaborators training in IBPS (interest-based problem-solving) and mediation.

## Quality of the workplace and respect for human rights and diversity

### Respect for human rights and diversity

We want to create the best possible conditions in the workplace. In order to guarantee a healthy, stimulating and fair workplace, Calzedonia promotes and protects its staff’s dignity and psychological and physical well-being, where the problem is sensitive, through social and political diversity inclusion initiatives, seeking to develop growth opportunities for everyone.

As defined in the Code of Ethics, we work to prevent and fight all types of discrimination, whether based on gender, age, race, ethnic origin or nationality, political, religious or sexual orientation, language, health and disability, pregnancy, maternity or paternity, including through adoption, trade union membership or any other form of diversity.

In our production plants in Sri Lanka, Ethiopia, Serbia, Bulgaria, Romania, Croatia, Bosnia and Italy, we interact with and constantly listen to our employees through the HR office, to identify their needs and every two months, we monitor the trend of the main KPIs intending to assess staff satisfaction levels and the corporate climate.

In 2019, a total of 28 sites were considered in the scope of assessment, including factories, logistics poles and technical offices. 93% of these sites are assessed according to these criteria.

Operations	Areas included by assessment
Italy	90%
Croatia	100%
Serbia	100%
Bulgaria	100%
Romania	100%
Sri Lanka	100%
Bosnia	100%
Ethiopia	100%
<b>Total</b>	<b>93%</b>

As regards respect for human rights, in FY 2019, 30 reports were received.

In Italy, these reports reach the legal office after having been filtered by the HR office. The foreign commercial and production branches manage these practices independently, according to their internal organisation.



When a report arrives, we proceed with an initial analysis and documented study of the case. This is then followed by a meeting

### **Quality of the workplace and health and safety of our staff**

The Calzedonia Group is committed to making sure that workers' human rights are protected, not just legislation but also ensuring that best practices in force in respect to working conditions and health and safety at work are implemented. In regard to the values of our Code of Ethics, we undertake to guarantee a healthy, safe workplace for our employees through respect for occupational safety and health procedures and regulations, satisfying all obligations laid down in regard to the laws and national regulations of the countries in which we operate.

In this context, the adequacy of the workplace, equipment, teaching and training of employees on the matter, is essential. Aware of this, in 2014, the "Franchisee Project" was created, with the aim of applying the same safety standards and the same know-how of the direct stores to franchised sales outlets so requesting.

In the factories in Italy, Croatia, a safety at work monitoring system has been developed, integrated by software for system management and maintenance. In the other countries where our plants operate, implementation is currently in progress of the INFOR safety and maintenance system.

Considering the wide range of activities carried out, worker health and safety risk management and assessment is a particularly complex task. There are multiple potential risk factors that can compromise worker health and safety, such as, for example, mechanical/electrical/thermal risks connected with the use/presence of machines and equipment and chemical and environmental risks linked to travel in countries at risk. As regards the plants, we are aware of the critical issues linked to repetitive manual worker and in all phases of work, we carry out constant research on an industrialisation and mechanisation level, with the aim of improving quality of work and production efficiency.

In all the Group's Italian companies, a safety management system has been implemented on the basis of national and international regulations, like the UNI INAIL Guidelines or the BS OHSAS 18001 standard.

Management of the Prevention and Protection Service in Italy is divided up into two areas: the first is devoted to sales outlets and the second to logistics, administrative and industrial sites, for the management of all areas connected with health and safety at work.

Abroad, the individual branches (industrial, logistics or commercial) manage themselves. More specifically, each site and each sales outlet is concerned by a specific assessment of the risks present on the basis of an analysis connected with the workplace, the tasks carried out and the organisation itself.

The Prevention and Protection Service also carries out periodic site inspections in all branches to control and improve processes and if any critical issues should be found, these are handled by the Service in collaboration with any other offices involved.

In line with the provisions on Health and Safety at Work standards, controls are carried out on suppliers and contract workers when they go about their activities in the company's premises. To ensure proper governance of the risks of interference, an assessment document is prepared by the Group companies and the supplier/contractor.

The Group continuously monitors activities that can impact worker health and safety through analyses carried out periodically by means of employer site inspections, the Prevention and Protection Service Manager, the Workers' Safety Representative and the Appointed Physician, as well as assessments certified by external consultants.

In this context, awareness-raising and sharing meetings are organised and materials supplied to our employees (including through the corporate intranets), describing how they can report any danger situations, contacting various figures, such as the Prevention and Protection Service Manager, the competent Workers' Safety Representative and the Supervisory Body, also in anonymous form.

Each Group company also prepares a training plan that covers both general training and more specific in connection with work-related risks and risks intrinsic to the activities carried out and potentially dangerous situations.

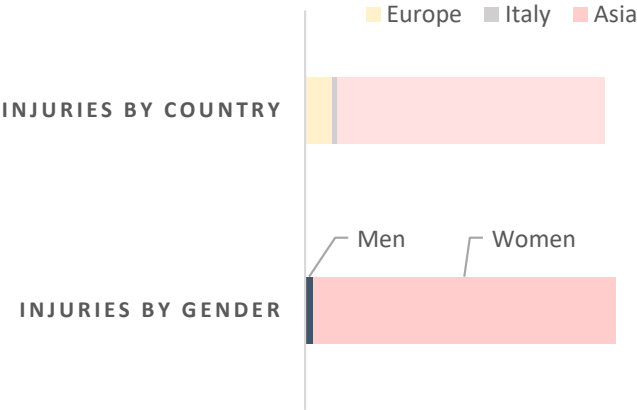
In 2019, as reported by the table below, a total of 2,615 cases of injuries at work occurred (97%) and during travel (3%) carried out for work. These cases involve 6.7% of our employees; around 90% took place in the production plants and were minor, such as, for example, needle punctures.

Instead, there are 31 cases of injury with serious consequences recorded during the year. During the same period, 2 reports were made for non-conformity of the fire-fighting system.

Each time injuries, incidents, near-misses and non-conformities occur, the Safety Management System prepared a procedure regulating how to manage the investigations to be carried out, involving the drafting of a specific report also indicating possible improvements to be made.

**Injuries and employee indices**

	No.	Index <sup>9</sup> (%)
Injuries recorded at work <sup>10</sup>	2,615	39.15
Deaths caused by injury at work	0	0
Injuries with serious consequences (excluding death)	31	0.46



<sup>9</sup> The rate calculates how many injuries occurred as per the GRI standard. The indicator is calculated by dividing the number of injuries by the number of hours worked during the year (if not available, the hours worked are estimated) and multiplied by 1,000,000 hours.

<sup>10</sup> These include injuries in the workplace and while travelling to and from work, both where transport is organised by the organisation and for autonomous transport.

# Our contribution towards social well-being and the communities

## Our contribution to the local communities

The Calzedonia Group has always made a contribution to the communities in which it works, driven by the commitment to improve the quality of life of those who have had fewer opportunities and the desire to strengthen relations outside the company.

Through the use of corporate resources, the Group offers its contribution towards the support of social, sports, cultural and welfare activities, as well as minor public works, always guaranteeing complete transparency.

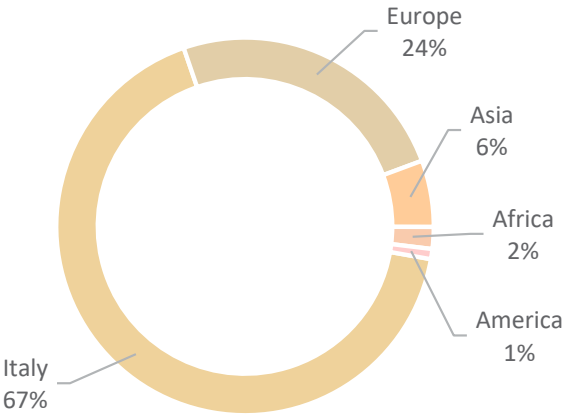
Socially, Calzedonia has created the San Zeno Foundation, which allocates funds to entities and associations for educational and work projects in Italy and worldwide. Since 1999, the San Zeno Foundation has supported almost 1,300 initiatives, collaborating with more than 500 entities for a total amount of over 66 million euros.

To support the Foundation, in October and November, all Calzedonia and Intimissimi shops in Italy gave rise to a fund-raising campaign whereby, if the customers adhere, 3% of what they spend is transferred to the San Zeno Foundation.

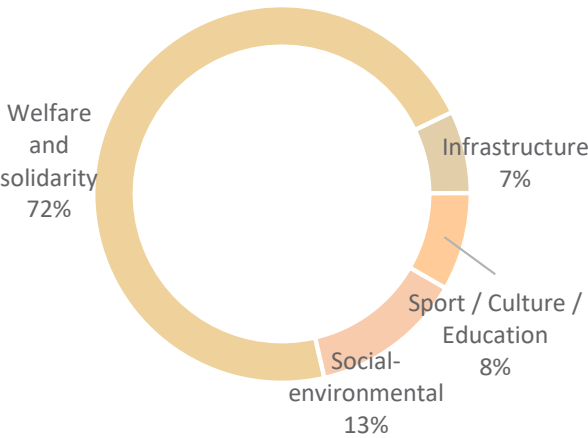
In addition to this, in 2019, the various Group companies donated more than 2 million euros to the territory in the form of contributions and sponsorships for social-welfare, training, cultural and sports initiatives and events to promote the local production fabric.

As can be seen from the graph below, most of the interventions involved welfare and solidarity. As regards the geographical distribution of the interventions, on the other hand, most of the economic donations were disbursed in Italy, followed by the Group companies in Europe, Asia, Africa and, finally, America. More specifically, the companies operating in the territory of Sri Lanka made donations and interventions during the year for a total of over 100,000 euros.

Donations by geographic area



Donations by area of intervention



Welfare and solidarity

The Group has promoted various welfare and solidarity interventions, supporting projects in favour of the protection of personal health, such as, for example, the open hospitals initiatives, support for research for the fight against breast cancer and support to associations assisting young boys and girls in difficulty and protecting women.

Below are some of the most important welfare and solidarity initiatives pursued in 2019.

Beneficiary	Description of initiative
AVSI Foundation	Syria Open Hospitals initiative (€500,000)
Stella Maris Onlus Foundation	Projects for young men and women in difficulty (€500,000)
The Breasties Inc.	Support of the association's activities (€18,416)
Doppia Difesa Foundation	Women's defence (€2,514)
SOS onlus (Operative Healthcare association)	Support of the moral welfare activity of the entity (€30,000)

Moreover, Calzedonia Russia, through local charity organisations and associations, assists families in difficulty and groups of vulnerable people by donating unsold goods.

Social-environmental

As regards social initiatives, both in Italy and abroad, the Calzedonia Group supports entities and associations operating in social and environmental areas in the favour of the communities.

Some of the most significant donations made in the social area include:

Beneficiary	Description of initiative
PLANT-MY-TREE®	For every 10 pairs of tights sold, a tree was planted, for a total of 10,000 trees (€60,800)
Municipality of Brentino Belluno	Safe pedestrian routes project (€32,000)
Municipality of Padenghe	Social purposes (€30,000)



Sport, culture and education

Sport, culture and education are topics of great importance for the Group and this is why in 2019, various interventions were implemented in these areas.

In terms of sport, in particular, we have supported the Italian national skiing team for years, the outstanding Italian athletes and various ski clubs. We also support the Verona basketball and volleyball teams.

The Calzedonia Group invests in education and promotes culture in the communities in which it works, supporting universities, foundations and secondary schools, also with a view to facilitating the entrance of young men and women into the world of work.





Beneficiary	Description of initiative
ITC Machina Lonari Foundation	Co-founder of the “Calzedonia District Manager 4.0” course (€60,000)
Municipality of Castagnaro	Seasonal sports sector for 2018-2019 (10.000€)
CUOA Foundation	Supporters of the CUOA Foundation (€5.000)

Infrastructure

The Group has taken part in various infrastructural projects intended to enhance the territory, such as the construction of works to fight water shortages -identified as one of the greatest risks to be faced by society over the next few years-, the improvement of a paediatric structure and donations for restoring certain churches and other places of high historical value.

Beneficiary	Description of initiative
Local community of Ashegoda (Ethiopia)	Construction of a well (donation in-kind) (40.000€)
Municipality of Malcesine	Art Bonus (contribution for the restructuring of Castello Scaligero) (50.000€)
Paediatric Clinic	Improvement of the paediatric waiting room (4.630€)

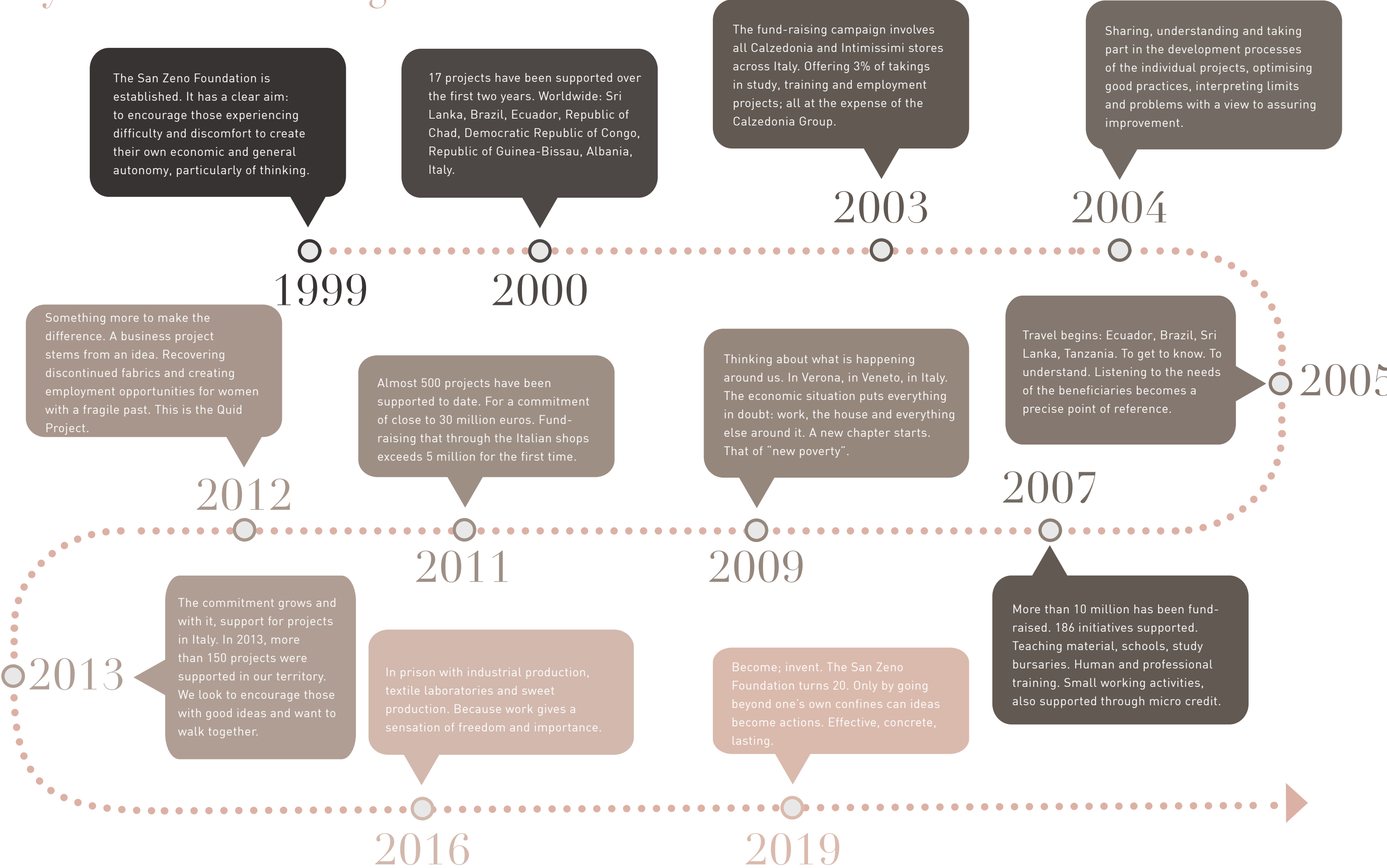
San Zeno Foundation

SDG	Calzedonia's contribution
	Through the San Zeno Foundation, we support projects aimed at implementing and developing educational activities in countries in difficulty
	Through the work of the San Zeno Foundation and the financing of projects with a direct impact on the social-economic prospects of the female component of the communities in which they develop, we act to foster the integration of women into the employment market. Major projects financed aim to allow the growth of training possibilities and basic economic independence of girls, teenage girls and young women.
	Professional development is the main way by which to achieve economic stability and a dignified life. This is why we are committed, including through the work of our Foundation, which supports projects dedicated to training and employment inclusion, to actively helping improve living and working conditions amongst the poorest, most excluded sections of society, contributing towards assuring social dignity and economic solidity for their work.
	Work is not only a source of income but it also becomes a tool for social inclusion, by which to overcome the obstacles to integration and affirm one's identity. The projects supported by the San Zeno Foundation, through work development, have the ultimate aim of fostering social inclusion and reducing inequalities.

Established in 1999 on the wishes of Sandro Veronesi, the Chairman of the Calzedonia Group, San Zeno Foundation, allocates funds to entities and associations that embark on projects and initiatives in the area of education and employment, facilitating social development and creating change.

The main aim is to offer concrete possibilities to people in situations of difficulty, uncertainty and discomfort, helping them achieve economic autonomy and independent thinking. The San Zeno Foundation is a firm believer in people as the real protagonists of change and of growth towards freedom. It focusses on tailored inclusion in employment, people with fragilities, young boys and girls who have “lost their way” at school and in-mates. It believes in a school as a place of well-being for teachers and students, a nursery growing passion and talent and training the citizens of tomorrow.

# Key moments and significant stories





# Significant stories

## FROM THE STREET TO THE SCHOOL



### WHERE

India, Calcutta

### THE PROJECT

Cini has been promoting knowledge, attention, listening to and respect of the Indian culture for more than 40 years. The aim is to help ensure a more balanced distribution of resources to improve living conditions and respect for the fundamental rights of women and children.

### OUR CONTRIBUTION

Support to the programme for the protection and re-inclusion in school for children.

Project run by [Cini](#).



## IF YOU DON'T TRY THEM, YOU CAN'T JUDGE THEM



### WHERE

Italy, Palermo

### THE PROJECT

"Passion must become work and financial and human autonomy". Thus say the young adults of Malaspina, the children's detention centre of Palermo, which in its "Cotti in Fraganza" laboratory bake biscuits and savoury snacks to conquer the most demanding gourmets. And that is not all. Today, they offer fresh products, catering and hospitality in the areas of Casa San Francesco. The result is a real entrepreneurial business. The slogan is an unmistakeable declaration of intent: "If you don't try them, you can't judge them".

Project run by [Rigenerazioni](#).



## VILA ESPERANÇA



Project run by [Espaço Cultural Vila Esperança](#).

### WHERE

Brazil, Goiás

### THE PROJECT

Imagine a landfill of a city in the centre of Brazil. Reclaim the land, set up a kitchen and a canteen, built a school, a recreation centre and a theatre. Take care of children who grow up left to themselves. Have them re-live the creativity of play. Educate them in a school, where they can learn with complete peace-of-mind. All this is "Vila Esperança".

### OUR CONTRIBUTION

Support to the activities that the school Odé kayodê of the Espaço Cultural Vila Esperança offers the children of Goiás.



## YOUNG DALIT



Project run by [Dalit](#).

### WHERE

Bangladesh, Khulna

### THE PROJECT

"We deal with projects seeking to uproot social injustice and discrimination", explains Lino Swapon of Dalit, an NGO operating in Bangladesh to develop the out-caste minority. This is why the work is not only a source of income, it is also a tool for social inclusion. A system for the promotion of human rights and empowerment through agricultural activities, artisan workshops and IT laboratories.



## FIRST, LEARN THE LANGUAGE PROPERLY



### WHERE

Italia, Verona

### THE PROJECT

Italian, as a tool for school and social inclusion of immigrants and the children of immigrants. Linguistic training as an opportunity to redeem and reinforce an identity, which allows each student to express their best potential, interests and talents.

### OUR CONTRIBUTION

Linguistic support, after-school, summer courses, linguistic tutoring, courses for foreign women.

Project run by [Cestim](#).



## A TAILOR-MADE JOB



### WHERE

Albania, Fier

### THE PROJECT

Activation of a network of public and private players to facilitate the meeting of supply and demand of employment. Every year, Tjeter Vizion improves employment opportunities and the social-economic integration of women and teenagers offering professional training courses or support for production activities.

Progetto realizzato da [Tjeter Vizion](#).



## RECYCLING



### DOVE

Mozambico, Maputo

### IL PROGETTO

Raccoglitori di rifiuti, «lixeiros» come si dice a Maputo, capitale del Mozambico. Un progetto che intende migliorare le condizioni socio-economiche di queste persone, attraverso una gestione appropriata dei rifiuti solidi urbani in grado di renderli una fonte di reddito, una possibilità di lavoro e un'opportunità di inserimento e riconoscimento sociale.

Progetto realizzato da [Lvía](#).





# SOMETHING MORE



## WHERE

Italia, Verona

## THE PROJECT

Offering employment and social emancipation opportunities to the disadvantaged, to create an innovative, sustainable, unique, highly creative product. The “Quid” project stems from the desire and commitment to make the re-inclusion of disadvantaged workers in the community a real thing, involving them in ethical-sustainable production activities. The underlying idea is to give renewed value to items of clothing through artisan tailored changes.

Project run by [Progetto Quid](#).



# EVERYTHING FLOWS



Project run by [Panta Rei](#).

# MAESTRI DI STRADA



## WHERE

Italy, Naples

## THE PROJECT

Barra, S. Giovanni, Ponticelli. Districts of Naples where 3 out of every 10 teenagers fail to finish middle school. In a bid to contrast this spiral of exclusion, a real educational community made up of teachers, pedagogues and social parents takes up the challenge of assisting and re-motivating these adults of tomorrow. At the outskirts of the heart and soul of the city, where fate seems to already be written, Maestri di Strada (literally, the “Street Teachers”) ensures education: dreaming together with the younger generation to live a right life. “There is no rebellion in the outskirts but merely profound rage: our task is not to fight it, nor to exalt it, but rather to elaborate it. To transform the unspeakable into words. Because everyone has the right to be dreamt”. Thus says Cesare Moreno, the Chairman of the Naples association.

Project run by [Maestri di Strada](#).

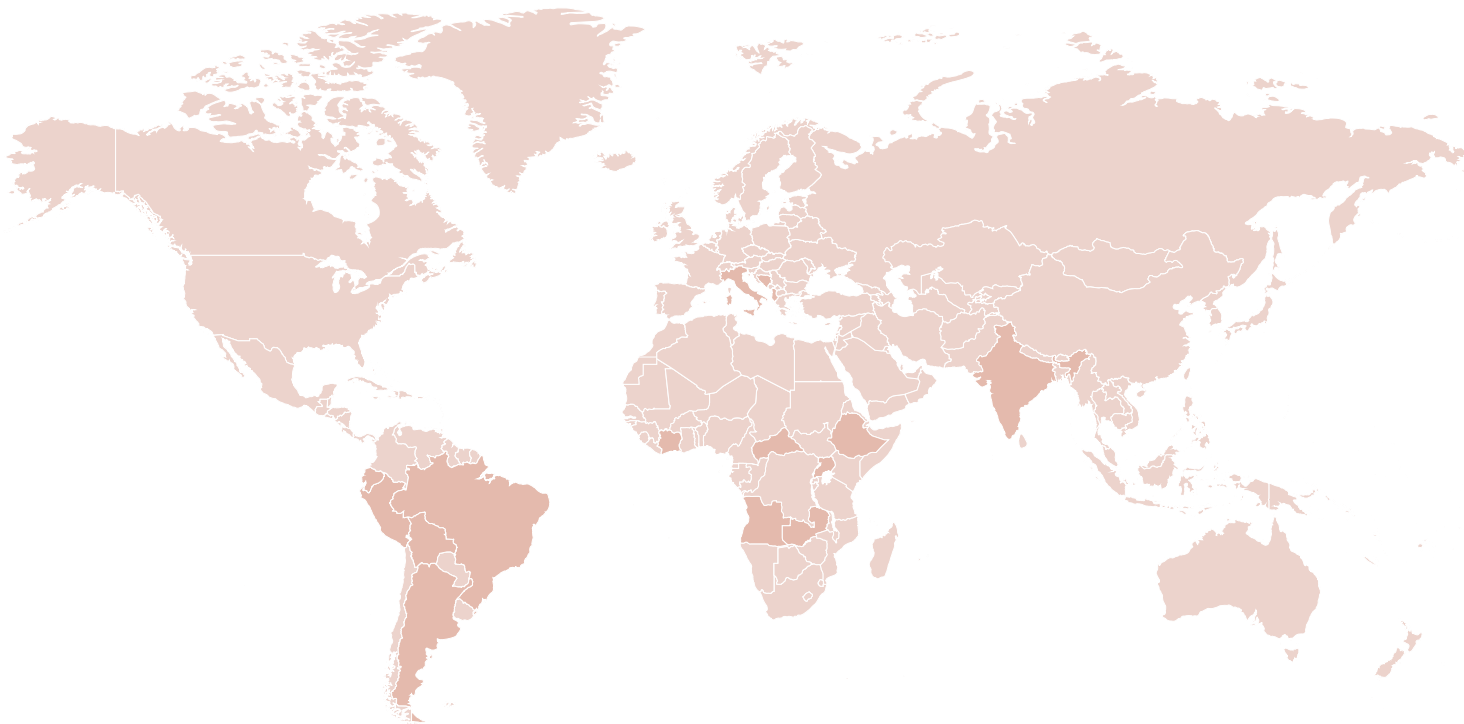


## The contribution in figures

Report 1999 - 2019				
	ECONOMIC COMMITMENT	PROJECTS	NO. COUNTRIES	ENTITIES
Total	€ 66.937.870,68	1.287	74	522

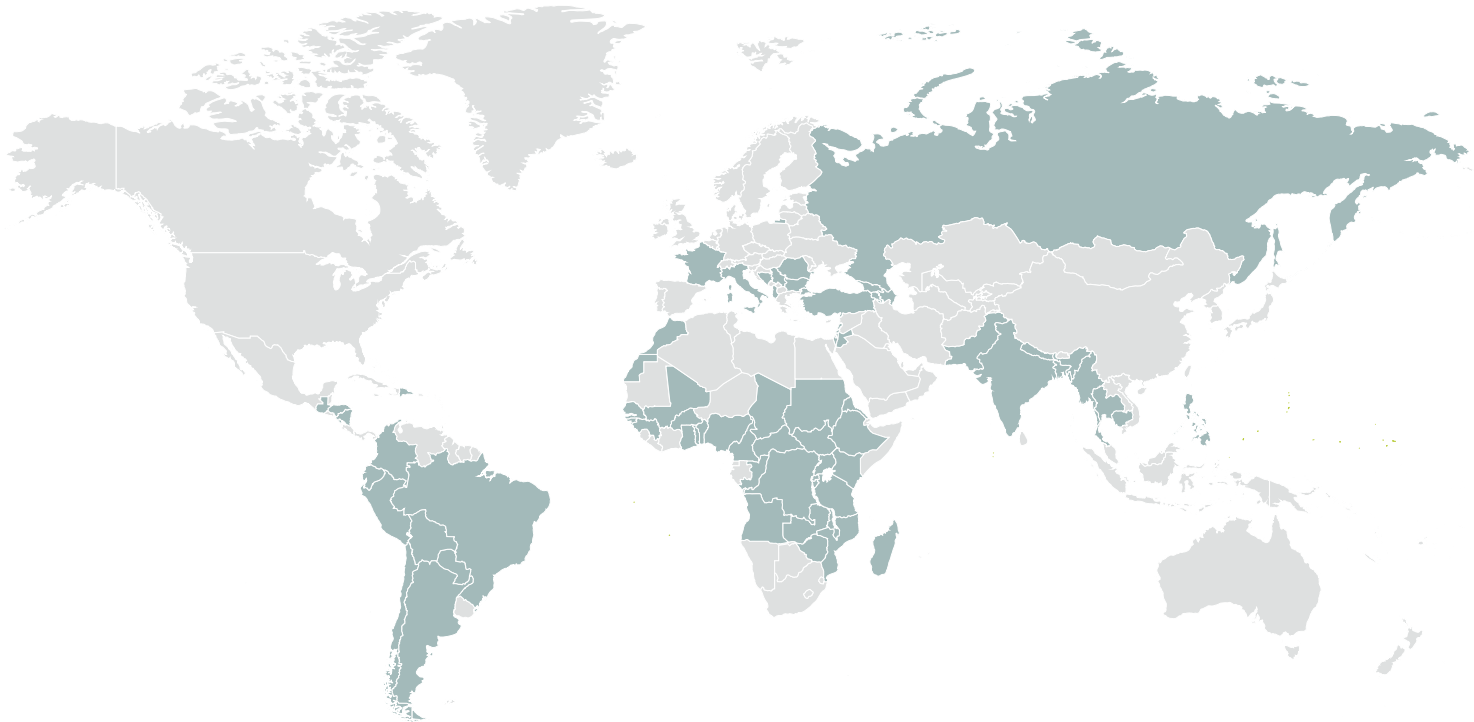
## PROJECTS APPROVED 2019

AFRICA 0.8 mln 8 projects 6 countries	LATIN AMERICA 1.1 mln 17 projects 5 countries	ASIA 0.8 mln 8 projects 5 countries	EUROPE 2,4 mln 41 projects 3 countries
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PROJECTS APPROVED 1999 - 2019

AFRICA 14.8 mln 256 projects 35 countries	LATIN AMERICA 14 mln 305 projects 14 countries	ASIA 8.6 mln 167 projects 17 countries	EUROPE 29,5 mln 559 projects 8 countries
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# Our responsible management of the production chain

SDG	Calzedonia's contribution
	We know just how vital the resource water is; for years, the company has been implementing practices to limit the impact of production activities on it as far as possible and developed systems by which to distribute it to employees as drinking water, free of charge, in particular in the geographic areas where access to water is impacted by situations of water scarcity or infrastructural deficiencies.
	The direct management of the production chain assures the dissemination of ethical practices typical of our culture, encouraging a safe, orderly environment and complete respect of the rights of all our workers. The Calzedonia Group works hard to reduce social inequalities: we are aware that a fairer, longer-lasting social and economic development also involves the sharing of operative and technological know-how and this is why we work to make sure that it becomes the heritage of our people and the communities in which they live.
 	Calzedonia's investments in production plants aim to have them evolve technologically, so as to make it possible to develop more sustainable production models: all plants are characterised by cutting-edge machinery, which guarantees safer working conditions, reducing waste, obtaining high productivity and conferring greater value on the raw materials.

## Our factories

The Calzedonia Group Integrated Management Model calls for energy, investment and knowledge. On the other hand, it enables careful product quality control, maximising synergies and scale economies. It also allows for the control of respect for the human and social rights of those working with us. We adopt the strictest standards in environmental, health and safety matters, in respect for principles of transparency and continuous dialogue with the Group stakeholders. Our production involves thousands of people in countries where the textile industry is one of the main local growth drivers, offering employment opportunities.

The Calzedonia Group operates with the awareness that the supply chain in the textile and clothing sector has risks relating to the lack of visibility of the supply chain as a whole. This is why the commitment is required of all players of the production and distribution chain towards a responsible route of cooperation, aimed at creating a business model that is sustainable in the long-term.

***We have chosen to put our reputation on the line, building our own plants, which today produce around 87% of the goods offered in the sales outlets with virtual total control of the supply chain.***

Much of the Calzedonia supply chain consists of businesses belonging to the Group, for whose management we are exclusively responsible. The Group's factories are located in: Italy (Avio, Brentino Belluno, Castiglione delle Stiviere, Castel Goffredo, Gissi), Croatia, Serbia, Bulgaria, Romania, Sri Lanka, Bosnia and Ethiopia.



For the Calzedonia Group, **production** means construction and production standards aligned with Italian and European requirements for all plants, regardless of their location. We always try to align our plants with the best technologies available to guarantee optimal working conditions for our employees, choosing the most cutting-edge machines and plants that allow for the minimisation of repetitive, manual work, in respect of the highest standards of health and safety.

Although aware of our room for improvement, we are proud of the objectives achieved on a daily basis as part of the sustainable development route undertaken. They offer concrete examples of our social responsibility actions, the empowerment of women in the reference community, the energy efficiency of plants and the sharing of an industrial model that limits waste and fosters respect.

A programme is in progress for the study and monitoring of possible ways to perfect the maintenance and update of the safety procedures of some of our plants, to ensure that our activities are in line with industry best practices.

### A WELL FOR ASHEGODA

The Tigray region in the far north of Ethiopia, has, in its recent past, suffered periods of extreme drought and famine, which brought about the death of a great many people in the area.

The climate change in progress has contributed to making rainfall even more unforeseeable, year after year impacting the area's rain levels. The great concern of the local community is that, in the near future, further intense droughts may occur, which could destabilise a country numbering more than 110 million inhabitants.

Our factory in Ethiopia is located at the city of Mekelle, in front of the community of Ashegoda, in the Tigray region.

Aware of the importance of integrating into the local community, creating a bond of mutual utility, we immediately started a dialogue with our employees, their families and the community surrounding the factory, to understand how we could concretely support local development and significantly improve the quality of their lives.

It became immediately clear that WATER was considered the most important resource of all. Indeed, it was a valuable resource and a scarce one: the only well available to the population in a radius of 7 km had been excavated in an artisan manner, to a depth of approximately 60 metres, and was dry for much of the year.

In using local partners for geological analyses and digs, we financed the construction of a well 145 metres deep that, crossing through a thick, hard layer of rocks, reaches a water table guaranteeing drinking water all year round.

The well was donated to the community of Ashegoda on 18 October 2018, during the factory's opening ceremony, by the Chairman of the Calzedonia Group, Mr Veronesi. The well has a capacity of 24 litres per second and supplies drinking water to the more than 3,000 people who live in the area.



## Supply chain management

In balancing its make-or-buy strategy, Calzedonia has chosen, as a general rule, to maintain production of its products within the Group, mainly using external suppliers for the purchase of raw materials.

The Group seeks a lasting, loyal collaboration with its suppliers, in order to enjoy a profitable relationship, sharing quality policies and ethical choices.

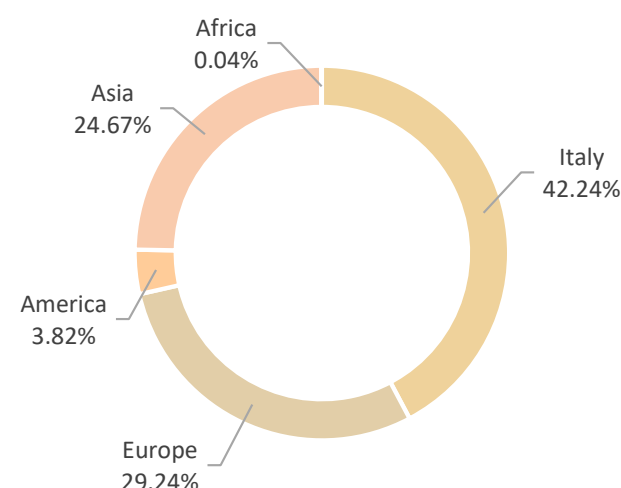
The selection of new suppliers is based on a careful control that envisages compliance with specific quality standards and competitiveness of pricing of products offered, as well as respect for human rights and worker health/safety, as well as safeguarding the environment.

Where possible, Calzedonia opts for the procurement from local suppliers in the various contexts in which it works, in order to benefit from logistics advantages, generate income and create employment opportunities in these communities.

The Calzedonia Group splits its purchasing turnover amongst the suppliers of the various countries in which the Group operates, also in order to avoid any dependency of procurement that could constitute a business risk. As regards concentration, 20% of suppliers account for 97% of

the value ordered; these suppliers are mainly in Italy and Europe, as shown below<sup>11</sup>.

Value of orders by geographic area



In making its purchasing choices from third party suppliers, the Group distinguishes between raw materials and finished products, on the one hand, and non-core materials, i.e. materials not directly related to the production of clothing sold in the stores, on the other.

## Raw materials and finished products

Suppliers of raw materials mainly supply fabrics, yarns and accessories (elastic, buttons, zips, etc.). The fabrics mainly come from Italy, China, Serbia and Sri Lanka. In general, the Group focusses on leading companies for the reference sector, equipped with the main quality certifications for weaving and dyeing, as well as environmental certificates, as the matter of sustainability has for some time now been one of the crucial aspects of the fabric dyeing and production market.

A careful selection of suppliers is assured, taking into account the following requirements:

- **Technical Specifications of Conformity**, which contains the requirements laid down by Calzedonia regarding mechanical, chemical and physical aspects; these are normally prepared in aligning to the strictest regulations of those in force in the countries in which the Group operates;
- **the Group Code of Ethics**, suppliers are generally asked to expressly approve the Code of Ethics, through which they undertake to guarantee observance of the principles and standards it encompasses. In addition to recalling the need to respect current laws and regulations, the Code also describes the standards regarding the areas relative to people, the environment and transparency, being inspired by reference international standards, such as ILO conventions, and paying close attention in particular to respect for human rights under the scope of the United Nations Guiding Principles on Business and Human Rights, as well as other industry best practices. The Group set itself the aim of extending the obligation to accept the Code of Ethics as a condition for being able to work with Calzedonia, to all suppliers.

<sup>11</sup> In calculating the value of orders by geographic area, data is excluded as relating to foreign commercial branches in England, Holland and the United States of America. The Group's main operating offices are in Italy, Europe, America, Asia and Africa, areas to which reference is also made for the definition of local supplier.

Following the choice of the collection and definition of volumes, the Logistics and Procurement Office proceeds with the procurement of the materials defined during development.

The supply of processes is therefore entrusted to the production plants of the Calzedonia Group.

Suppliers of finished products are only selected once the Calzedonia Materials Research & Development Office has verified the status of the production plants, which are then also monitored during production through line inspections.

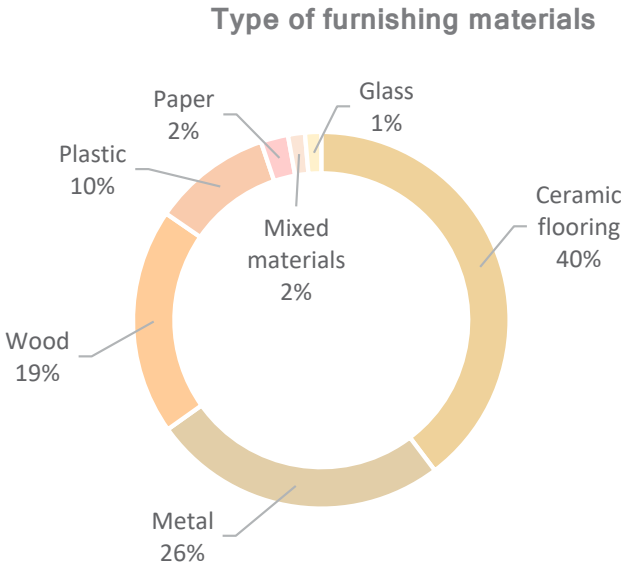
More specifically, the Materials Research & Development Office agrees with the potential new supplier on a “get-to-know-you” visit to assess reliability, production capacity and technical requirements. Only if feedback is positive will the supplier be asked to accept our Technical Specifications of Conformity, the Code of Ethics and the operating procedures. In this introductory phase, suppliers also provide evidence and any certifications of their responsible, traced production.

Supplier monitoring is a continuous process that involves constant dialogue with them, also with a view to periodically verifying compliance with the Code of Ethics throughout the supply chain. We presently try to visit suppliers with which we process considerable volumes or particular projects.

Although visits to suppliers’ plants are frequent in the above terms, to date, no structured sustainability audit process has been launched at our suppliers’ premises. We believe that we need to act by starting out with a sensitisation and communication phase of the Calzedonia Group’s essential values, starting with our suppliers and sub-suppliers in the countries of the far east. The Group’s desire to establish long-term cooperation is confirmed by this supplier involvement in sustainability matters, which aims to spread awareness of the importance of creating sustainability production environments, assuring the protection of the environment and health and safety at work, as well as conformity with the standards and requirements laid down by applicable local and international regulations.

**Non-core materials**

Suppliers of non-core materials mainly supply furnishings and lighting systems for Group stores. More specifically, below are the main product categories:



The choice of materials used in the Calzedonia Group shops, and consequently the related supplier selection, is an informed choice that also takes into account eco-compatibility aspects of products (for more details, see the chapter on “Responsible procurement and consumption of materials”).

Stores are designed to guarantee customer and employee safety, with quality elements that last over time, made possible thanks to a vast use of certified suppliers.

METAL FURNISHINGS
Many of the suppliers are certified EN1090 to guarantee the release to the market of safe, structural carpentries and UNI ENISO 3834, a standard dedicated to welding metal materials.
FLOORS
All floor suppliers are certified ISO14001/14021/9001 with Ecolabel certification: the European regulation that establishes environmental and industrial policy criteria. They are also members of the Green Building Council Italia, a voluntary system for adhesion by companies that can implement a precise sustainable development corporate policy.
TECHNICAL LIGHTING AND TECHNOLOGICAL MATERIALS
We have been using LED lighting in our sales outlets for some time now, with controlled processes and high energy efficiency materials, in respect of the EC “Ecodesign” Directive 2009/125/EC for energy saving.



Starting 2016, the Group has embarked on a route for perfecting its selection of the suppliers involved in the production process, through the approval of partners, assigning them a dynamic rating that can vary over time according to their positioning in respect of standards.

Product quality and safety

Clothing textile products are articles with which the consumer comes into direct contact every day.

The selection of materials is defined during collection development. During this phase, the style and product offices choose the materials to be used in the collection on the basis of style, quality, cost strategy and production capacity considerations.

The procurement process in a group producing fast-moving consumer goods and seeking to limit the costs to the end customer, entails various risks. Indeed, informed choices need to be made in procuring raw materials and products that meet the technical demands and satisfy the taste of consumers; these products must not only be beautiful, they must be safe for those wearing them and come from transparent supply chains.

The Calzedonia Group has chosen to be transparent and respectful in regard to the health and safety of its customers, equipping itself with rigorous Technical Specifications of Conformity. The document was created as a point of reference in assuring the main health and safety requirements agreed and subscribed to by all parties involved in the design, the supply of the raw materials and product development.

Health and safety requirements refer to the fact that all products distributed on the market must be safe. On this assumption and taking a pragmatic approach, the Group proposes starting out from the most significant risk categories for the sector and considering them in connection with the related technical standards in place in the countries in which it operates or where it could operate in the near future.

Technical Specifications of Conformity

The Technical Specifications of Conformity take into account three main risk types: **chemical, mechanical and physical** - laid out into additional specific risks and referring to two classes of application:

- the first concerns children age under 36 months (with a few exceptions for some EU and non-EU regulations, in which the category is extended to 12 years old);
- the second concerns all end users of the product.

Within said classes, the three risk types are structured differently, according to the specific needs for protection taken into account. Additionally, in risk management, it is specified which of the relative obligations are laid down by applicable regulations and which are instead more severely regulated on a voluntary level.

The assessment criteria applied to the individual risks are based on the real probability of a claim in connection with the various materials used. Fabrics, clearly, but also leather, plastic and metal.

Chemical analysis	Physical analysis	Mechanical analysis
Each fashion article that contains new raw materials or accessories is sent, before entering production, to an external laboratory for testing for safety and the presence of chemical substances that may be harmful or hazardous for humans and the environment. Industrial production is only started upon successful completion of the analyses.	In some countries where very close attention is paid to consumer safety, there are regulations in force governing product flammability; this is why articles are also analysed in connection with their physical risk. All fabric materials, with only rare exceptions, are flammable. Flammability depends on their chemical (nature of the constituent fibres) and physical (e.g. ratio of mass/surface area) characteristics.	Mechanical analyses aim to prevent any dangers to the physical safety of the user. During normal conditions of article use, we check that the article does not cause puncture wounds, scratches or suffocation. These problems are, in fact, limited to children's clothing, for which the problem mainly stems from the presence of parts that can detach (buttons as well as sequins or decorative elements) that could cause suffocation or other injury.

With regards to chemical safety, the Group has set itself the aim of constantly expanding upon the list of harmful or potentially harmful substances not to be used on its items. Chemical science, in fact, should be considered as a tool to help pursue sustainability routes that



include the selection of safe chemical substances and the design of new environmentally-friendly products and processes. In this context, the Group looks to the REACH Regulation to achieve these objectives.

### Quality and process controls

In order to prevent and mitigate physical, chemical or mechanical risks and to guarantee compliance with the Technical Specifications of Conformity, all technical parameters are tested like the stability of fabrics, tenacity, smoothness and density of yarns, as well as solidity of colour, just like assessments are also run with quality tests, like reaction to sweat.

More specifically, before dispatching production materials, representative samples are received from suppliers. These samples are examined in the laboratory at the Group's central office and the production plants. In order to carry out more complex analyses, in which specific tools are required, certified independent laboratories are used (e.g. routine tests envisaged by standard GB 18401, flammability tests envisaged for clothing by the standards 16 CFR 1610 and ASTM D1230, etc.).

The test reports issued are catalogued for subsequent analyses in view of further improvements and kept available. This can happen if there should be disputes involving the finished product.

Tests can be carried out, as applicable, on the raw materials indicated as samples and/or advances thereafter repeated subsequently during production. Additionally, during production, quality and process controls are carried out to monitor operation performance, which in addition to optimising resources, also aim to reduce second choices and, consequently, material wastage.

### THE FALCONERI LABORATORY



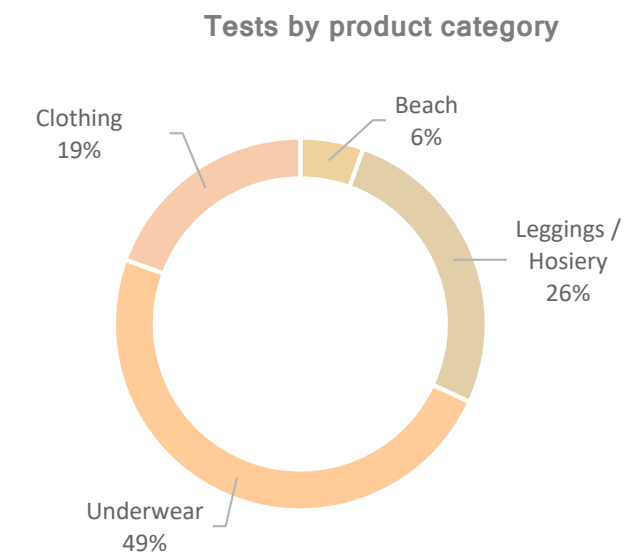
Quality Control Department starts out each season with a sampling phase, followed by a style choice made by a committee.

Each time new fabrics and/or yarns are used, all laboratory tests are carried out (e.g. solidity, stability, etc.) and, on the basis of critical issues involved in the composition of the item and/or type of material used, samples are sent for examination outside the laboratory, such as, by way of example, tests on composition and flammability.

Tests are required during sampling and sometimes repeated during production. During the course of a year, as a rule, all incoming yarns, fabrics and accessories are tested.

The selection of products to be tested with respect to the potential effects on customer health and safety, is made taking into account the critical nature of the materials and accessories comprising the articles, as well as the age bracket for which they are intended. In 2019, more than 1,270 tests were run on the different products of the various Group brands. More specifically, looking at the Calzedonia, Intimissimi and Tezenis brands, the tests were 83% on articles for adults and 17% on articles for children (note that the number of articles for children is far smaller than the number of articles for adults).

As regards the Falconeri brand, the main tests relating to health and safety regarded: formaldehyde, pH value and Azo-Dye, in particular 68% of tests were for women's clothing and 32% for men's items. In all, during the year, product categories for which the impacts on health and safety are assessed, divided up by product category (beach, clothing, leggings and hosiery), are shown below.



In 2019, we received 2 reports regarding the onset of a skin reaction caused by leggings and a swimsuit. Reports of non-conformities received from customers go through the Customer Care Office. The disputed products are brought back in, so as to assess whether or not they need to be sent to specialised laboratories to look for the presence of the allergenic substances that caused the rash. In both cases, the test results showed that the substances analysed were within the limits permitted by all international requirements included in our Technical Specifications of Conformity.

## Traceability of the chain and labelling

As part of our responsible communication and consumer protection, the **product label** is extremely important in terms of conveying clear, transparent, accurate information through a structured process aimed at guaranteeing the traceability of the product and its chain.

When the Group opens a physical or virtual store under one of our brands in a new country where, at that point, we are not yet operative, the Quality Control Office obtains full information as necessary to check that our products are compliant with the safety requirements and to verify how the labels should be applied to the finished product and any other related demands.

In regard to this latter aspect, the relevant office finds out if there are any linguistic needs or specific instructions that must be included on the label. For some countries, in fact, labels are tailored to include specific information.

To satisfy the regulatory needs and information requirements of the countries in which we operate with our brands, 100% of labels applied to our articles include the following information: size, collection, factory code, order, article, colour, “made in”, Ginetex/ASTM maintenance symbols, manufacturer, EAC marking, product description, date of production, product composition and distributor. For Falconeri brand products, if items are made up of multiple materials, the composition is declared, broken down according to the part of the item (e.g. sleeves 100% cotton; body 100% silk, etc.).

For articles made up of valuable materials or materials that have undergone particular processes or items requiring specific care in use and maintenance, in addition to the label, tags are applied giving the most appropriate warnings and notices for taking care of the item so as to keep its characteristics unchanged over time (e.g. domestic maintenance, reaction to detergents during washing, etc.).

The labels used by the Calzedonia Group are, to a large extent, certified Oeko-Tex: an independent system of textile product tests and certifications for all types of production through the textile control chain. The fabric label that follows the Oeko-Tex Standard 100 indicates that the manufacturer is certified as environmentally-friendly in both its processes and plants, as well as tested to verify for the absence of harmful substances.

As regards the printing of variable information on the back of the tags, alternative technologies to thermal transfer are currently being studied and tested to eliminate use of the printing foils in the tape.

In 2019, 18 claims were recorded in relation to labelling on the Chinese market. The Chinese customs authorities reported the presence of a fibre that differed from that on the label with reference to the composition of a fabric used for some articles. After having received the report, we reprinted the labels with the correct information, replacing those previously attached to the relevant items. This allowed us to release those articles for consumption.

## Product and process sustainability

The Calzedonia Group is constantly committed to the research and development of fashion collections. The whole process of designing the collections takes place within the Company. The choice of materials is defined during the collection development by the Style and Product Offices, on the basis of stylistic, quality, cost strategy and production capacity considerations.

Also in response to consumer demands, the Group is focussing on the selection and use of more natural fabrics from sustainable chains. This is why raw materials are selected carefully, where possible preferring those with a lesser environmental impact.

In 2019, Calzedonia added a collection of tights, which then became an ongoing item, developed using the Q-NOVA fibre, a recycled yarn according to a system that is traced and certified by the Global Recycle Standard (GRS)<sup>12</sup>, which successfully reduces waste and resources used. The tights, which are available in three different dens (40, 60 and 80 den) are obtained starting from waste scrap, which is re-blended through a mechanical regeneration process at 0 km, which allows for the reduction of CO<sub>2</sub> emissions by up to 80%, lesser water consumption (-90%) and use of energy from renewable sources.

Moreover, again in hosiery, the Group is developing a project to include BIO cotton on children's products, starting from the 2020 collections.

Falconeri seeks to prioritise the use of natural fibres in preparing its clothing, compatibly with the technical limits for their development. There are, however, specific productions focussed on sustainability and regenerated materials; in these cases, suppliers are sought out according to criteria based on sustainability certifications.

The 2019 Autumn-Winter collection includes a blanket made 95% cashmere and 5% recycled wool, certified GRS. Moreover, padding has been used for 3 items of clothing, created from cashmere regenerated from post-consumption, again GRS certified.

For angora, Falconeri uses a yarn made up 75% of wool and 25% of angora, for which the supplier offers a certificate of guarantee and traceability, starting out from the selection of farms that respect the

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<sup>12</sup> The Global Recycle Standard (GRS) certifies products obtained from recycled materials and manufacturing activities in respect of social and environmental criteria extended to all phases of the production chain.

standards laid down by the DEFRA Animal Welfare Act. The same suppliers also achieved CAREGORA<sup>TM13</sup> certification.

In 2019, Falconeri - in order to contribute towards the sustainable cashmere chain used for an average annual purchasing volume of approximately 120 tonnes of material - joined the Sustainable Fibre Alliance (SFA), an international non-profit organisation whose objective is to guarantee that the cashmere marketed internationally is produced using sustainable practices, with a consequent reduction of the environmental footprint and guarantee of the adequacy of the economic return for participants throughout the supply chain.

Falconeri is also a member of the Cashmere and Camel Hair Manufacturers Institute (CCMI), founded in 1984 to protect the integrity of cashmere and camel fleece products.

For furs - both intended as accessories applied to our items or items created entirely from fur - where possible, we have sought to purchase Saga Furs<sup>14</sup> certified materials, for approximately 30% of total purchases.

All the down used in branded jackets is purchased from a supplier certified according to DOWNPASS<sup>15</sup> quality and traceability standards.

The Group expects to increase the percentage of sustainable materials in its collections starting 2020. More specifically, it is working on using plant-origin fabrics, recycled yarns and regenerated raw materials and the purchase of Bluesign®<sup>16</sup> certified silk.

In addition to this, assessments will be carried out with a view to life cycle assessment, on some fibres/products, in order to consider those easiest to recycle when making the selection, for example, where possible, using single-fibre yarns.

<sup>13</sup> Caregora<sup>TM</sup> guarantees the traceability of farming, the correct care and health of the rabbits used for the angora fur, in compliance with European Directive 98/58/EC "Code of Recommendations for the Welfare of Livestock" promoted by the Department for Environment Food & Rural Affairs (DEFRA).

<sup>14</sup> The Saga Furs guarantees the quality and traceability of the furs obtained from animals farmed in places where specific animal well-being managerial standards are respected.

<sup>15</sup> The DOWNPASS mark guarantees that the down used as padding material, is produced ethically and comes from a controlled, traceable chain.

<sup>16</sup> Bluesign® is a certification system that supplies environmental solutions for fashion industries and brands with the aim of reducing the environmental footprint of the fabrics, with particular attention paid to the chemical substances used, offering greater safety to workers and consumers.

**The production chain and attention to the environment**

Some of the production plants are constantly involved in the research and development of advanced industrial models, aimed at increasing efficiency and productivity.

The Group operates in the awareness that the production of fabrics entails the greatest risks associated with the excessive use of water and products that are harmful to human health and pollute the surrounding environment.

More specifically, during the dye process, dyes and chemical substances are released into the environment, used to fix the dyes - often heavy metals - hence the treatment of the waste water becomes essential, before it is released into the environment.

The Group controls its plants directly, three of which also have dye, washing and finishing departments. The process water is purified in treatment plants and then released into the drains. In any case, the waste water is released in compliance with the chemical and physical parameters envisaged by local laws.

These plants strive constantly to research new solutions by which to reduce the use of water and improve the parameters of the waste water.

To achieve these objectives, the Calzedonia Group involves the key people of the industrial process, starting with the dye designers that develop new dye recipes and programmes to use dyes and products that require a smaller quantity of water.

Moreover, at one of our plants, a study is in progress aimed at identifying possible systems for the reuse of process water after purification that enable the reuse of up to 90% of incoming water volumes.




**Reuse of materials deriving from the processes**

Calzedonia collaborates with a great many suppliers certified in quality, environment and safety matters, attentive to recovering production waste - which, where possible, is returned to the production cycle - and to the use of renewable sources for the partial production of energy necessary to machinery operation.

During works, strict quality and process controls are carried out with the aim of reducing material wastage.

Calzedonia also collaborates with research institutes (eAmbiente and GSM Link) to identify technologies and strategies for the reuse of waste materials deriving from the processes.

# Our commitment to environmental protection

SDG	Il contributo di Calzedonia
	Calzedonia controls its production activities directly as these, coupled with logistics, are the main aspects responsible for the Group's environmental impact. Therefore, the Group is committed to an attentive management of its material footprint, which goes from the proactive management of the water resources in our processes to an efficient management of waste, implemented through its prevention, reduction and recycling, also involving the sensitisation of employees towards such matters.
	In a bid to reduce the impact of its business on the earth's resources, the Calzedonia Group is acting on various fronts: self-production of energy, procurement from renewable sources and enhancing the efficiency of its civil and industrial plants.
	On 25 October 2019, the Calzedonia Group joined the Fashion Pact, a coalition of 65 major fashion companies, with the aim of guiding the sector towards a reduction of the environmental impact.

## Everyday commitment to sustainability

The Calzedonia Group is committed to going about its business in the most environmentally-sustainable manner possible, through a responsible management of natural resources. In the Code of Ethics, the Group has clarified how, in that context, its efforts are focussed on minimising the environmental impact through the entire life cycle of its products, from the purchase of the raw materials through to the end of the life cycle, implementing, in each phase of design, production, distribution, retail sale and final use, a series of measures aimed at reducing and compensating for that impact.

The principles regulating the Group's environmental procedures are as follows:

- observance of applicable environmental laws and regulations and any other relevant obligations, paying particularly close attention to the prevention of pollution and, where possible, minimising the potential environmental impact generated by its production line, both in regards to natural resources and people;
- environmental protection and implementation of measures for the continuous improvement in terms of reducing direct and/or indirect emissions, greenhouse gases, reduction of the consumption of natural resources, control of leakages of potentially harmful chemical substances and implementation of our environmental management system as a whole;
- consideration of the consequences of climate change, water management and the protection of biodiversity in the planning and implementation of its activities and those of its business partners, manufacturers and suppliers, encouraging sensitisation towards environmental matters.

In 2019, these commitments received a new boost following adhesion to the Fashion Pact, under the scope of which the Group is working to identify and achieve shared objectives by which to halt global warming, restore biodiversity and protect the oceans.

In view of the main environmental risks generated by the Group - which can be traced to emissions of combustion fumes by heaters used to generate hot water and steam for industrial purposes, to emissions of coolant gases (greenhouse gases) by direct expansion climate control systems (e.g. stores), to territorial pollution for uncontrolled drains and pollution from the exhaust fumes of the company and logistics vehicles - strategic choices have been made, defining the relevant guidelines for use.

These guidelines set out the intent of being an environmentally-sustainable industry. The objectives identified are, in fact, based on increasing plant efficiency, using low environmental impact technologies and making an informed, controlled use of water resources. Additionally, some Group

companies have also adopted management systems that allow them to achieve voluntary energy and environmental certificates, such as, for example, ISO 50001 and ISO 14001.

In the firm belief that the sustainability process can only be effective if implemented by the company as a whole, when planning and implementing its business and that of its business partners, the Group promotes responsible environmental behaviour amongst its staff, suppliers and the company in general.

In these terms, the Group's employees are encouraged to report and propose any initiative that may prove useful to reducing consumption, limiting waste, reducing the environmental impact of our activities and help assure the well-being of the communities in which we work.

Employees are sensitised to the importance of behaving responsibly and minimising waste. In Calzedonia, in order to minimise consumption of disposable plastic bottles, free filtered water dispensers have been installed and carbon neutral flasks distributed to employees. During meetings, jugs are used instead of bottles. All plastic cups and stirrers have been replaced by paper and wood and in the company car park, free charging columns have been installed for electric cars. Our sites also have ecological areas for separate waste collection, so as to reduce the quantity of waste to be disposed of and foster recycling/recovery.

Suppliers are sensitised to the need to guarantee products and processes in line with good practices regarding the environment, working conditions and social relations.

Multiple initiatives have also been taken at our stores. The transition towards the digital and new technologies in fact favours energy efficiency in stores. In this sense, we have: the programme to replace traditional lighting systems with LED technology and raising awareness on careful use of heat barriers.

The Group is drastically reducing its use of paper documents through video wall communication. Catalogues will also be gradually eliminated, in favour of digital systems that are accessible to customers.

Starting 2014, audio and video contents disseminated within sales outlets take place exclusively using digital data transmission, with the consequent elimination of physical supports. To date, approximately 40% of our sales outlets use digital video supports.

A digital portal has been launched, through which all requests for technical material and maintenance services will be conveyed, thereby streamlining and simplifying the work of offices and staff on the territory.

Calzedonia's constant commitment and attention towards the environment is borne out by the absence, for 2019, of significant fines and non-



monetary sanctions due to failure to comply with environmental laws and regulations and claims relating to the Group's environmental impact.

Responsible procurement and consumption of materials

Responsibility towards the environment starts with the choice of suppliers who are as closely as possible aligned with the highest standards of sustainability and the minimisation of environmental impacts, focussed on innovation and able to optimise, on a par with Group factories, the use of raw materials, reducing production waste, simplifying processing and perfecting packaging.

Raw materials

The main raw materials used by the Calzedonia Group are: fabrics, yarns and laces, as well as various types of accessories (such as hooks, laces, belts, elastic, etc.). To date, the percentage of natural/renewable fibres used to manufacture the items stands at 39%, if considering the unprocessed materials, and 34% for finished materials. These numbers, which to a certain extent relate to the very nature of the products offered by the Group, will be an increasing focus point for Calzedonia, which, also in response to customer demands, is already directing its efforts towards searching out more natural materials from sustainable chains (for more information, refer to the paragraph on “Product and process sustainability”). Below is information on the consumptions of unprocessed and finished materials purchased by the Group in 2019.

Unprocessed materials	Quantity (t)
Raw yarn	10,949
Natural yarn <sup>17</sup>	3,927
Artificial yarn <sup>18</sup>	1,877
Synthetic yarn <sup>19</sup>	4,886
Other	259
Unprocessed fabric	4,067
Natural fabric/lace <sup>17</sup>	1,966
Artificial fabric/lace <sup>18</sup>	929
Synthetic fabric/lace <sup>19</sup>	1,172
Total	15,016

Finished materials	Quantity (t)
Natural fabric/lace <sup>17</sup>	3,872
Artificial fabric/lace <sup>18</sup>	<del>1,162</del>
Synthetic fabric/lace <sup>19</sup>	6,423
Other	31
Total	11,488

As part of the production process, for the processing of fabrics and yarns purchased, dyes and inks are also used (341 t in 2019), along with various chemical products (3,467 t) and rolls/strips of plastic (137 t).

<sup>17</sup> Natural yarns/fabrics include materials made from, for example, cotton, linen, wool, cashmere, silk, etc.  
<sup>18</sup> Artificial yarns/fabrics include materials made from, for example, modal/micromodal, viscose, etc.  
<sup>19</sup> Synthetic yarns/fabrics include materials made from, for example, polyester, polyamide, polyurethane, acrylic, etc.

## SEGUENDOUNFILO

The (UN) 2030 Agenda for Sustainable Development Goals cannot be achieved without the major commitment and collaboration of the new generations. Tomorrow's adults will be those on whom, realistically, climate change will have its most significant impacts in terms of modifying lifestyles and habits.

It is therefore important to invest in the education of children, to create a profound awareness in them of the need to protect the earth and the environment in which they live, making them, in the future, responsible adults, who are attentive to and aware of environmental topics.

It is with this spirit that the “Seguendounfilo” project has been imagined, created by the association “What if” and financed by the San Zeno Foundation.

The challenge is to drive a generation that has everything, to do “everything” with just one material available, perhaps recovered, moreover, giving free rein to their creativity and imagination.

The aim is to educate children to reuse poor materials, having them experiment with the beauty of a game constructed using only their own imagination and helping them understand the real value hidden in “waste” materials.

The project also seeks to develop scientific and emotional ties with the environment, so that all children can create memories of intense experiences in contact with nature.

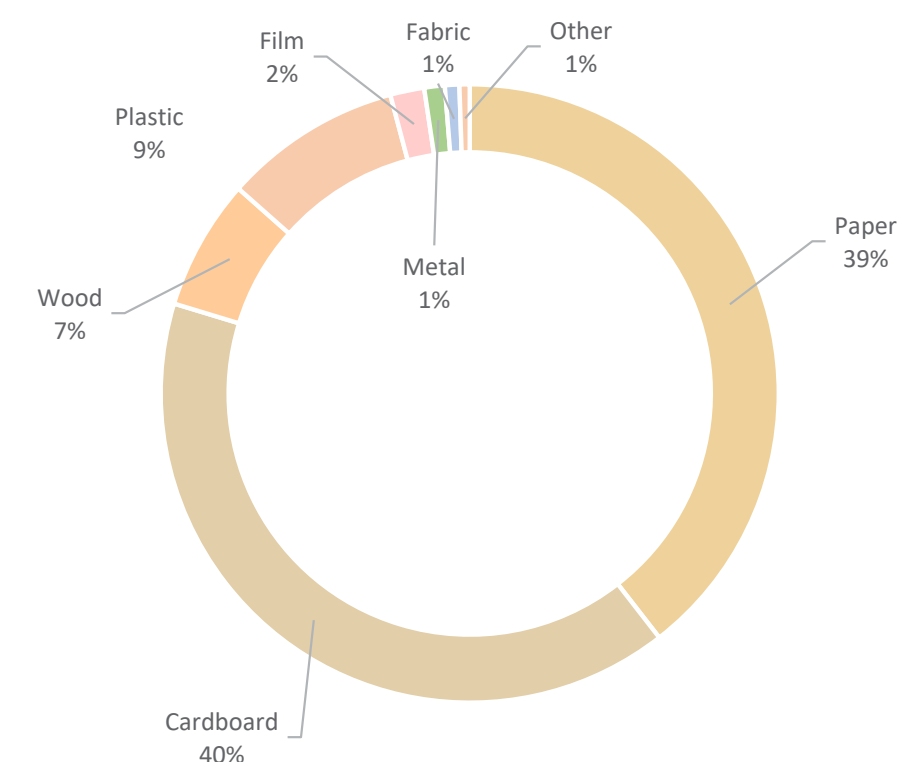
In the firm belief that we protect what we love and to love, we need to share time, emotions and adventures...

The Calzedonia Group supports this project, supplying the materials necessary to developing the work in preschools, donating part of their leftover materials (fabrics and accessories) and production cuts. The 26 preschools that adhere to the project (including the Group's own nurseries) have committed to using the material donated to create games and activities for children without buying others, externally.



In choosing its packing and packaging, the Group strives to optimise the use of paper and cardboard and maximise the recycling of tags, shopping bags and technical paper. It has also focussed attention on reducing the quantity of packaging used, for example through reducing the thickness of the various components. Below is a representation of the packing and packaging by material type.

Type of materials used for packing and packaging



Most of the paper used to make the tags, technical paper and shopping bags is certified by FSC (Forest Stewardship Council), an entity that seeks to guarantee compliance with rigorous environmental, social and economic standards in forest management. Since 2018, only paper shopping bags have been purchased, eliminating the plastic options.

Where possible, technical paper does not have plastic accessories (such as hangers), thereby simplifying recycling.

The Group uses water-based paints for printing some of the technical paper and some processes (such as paper coupling) are carried out using bio-based materials, like glue deriving from maize or potato starch.

Additionally, on some new projects, Calzedonia has successfully reduced the weight of tags by 35%, with a consequent reduction in the quantity of paper used.

Thanks to the analyses performed on paper quality (a large amount of which is recycled) and its composition, for some specific intercompany transport activities, boxes are employed that can be reused up to 7 times before recycling.

The Group is also working on the gradual reduction of the use of plastic, in the favour of the environment.

In 2019, the packaging materials used in our sales outlets and our e-commerce channels totalled 4,790 tonnes, of which 86% paper coming approximately 73% from FSC certified sources.

#### Packaging

	Quantity (t)
Paper	4,128
of which FSC	3,005
Plastic	274
Metal	170
Fabric	120
Wood	62
Other	38
<b>Total</b>	<b>4,792</b>

For some time now, the company has reduced the thickness of the plastic bags used to carry the items of clothing by 35% and by 20%, that of the film used to protect packs during delivery, as well as the gram weight of the paper for printing. The Group has also adopted new solutions, such as:

- replacement of PVC with PET for some packaging types, insofar as this is easier to recycle;
- gradual elimination of plastic cup-protectors from lingerie, replaced by tissue paper made from recycled paper;
- replacement of adhesive tapes used to package multipack tights with cardboard riders, thereby eliminating the use of silicone papers and related adhesives;
- reduction of plastic - polybags - in the packing for the dispatch of Tezenis brand tights (e.g. bi-packs containing tights are bagged into a single bag rather than in two, multi-packs of stockings and tights, previously placed into a polybag containing three pieces, now arriving without the plastic bag).

Additional projects are also currently being explored to further reduce plastic packing and packaging. More specifically, starting 2020, some sock products will be delivered to the warehouse without a transparent plastic bag and in the future, the aim is to expand this practice to also include other products.

Much of the intercompany logistics transport by road, except for that using specific boxes, is carried out on high quality plastic pallets that last, used on a closed cycle for several years. We have also introduced a procedure by which to recondition broken wooden pallets and ensure the recovery and recycling of “disposable” pallets.

In 2019, the Group’s packaging materials came to more than 11 thousand tonnes, of which 86% renewable, such as paper and cardboard and the wood used in pallets, and 14% not renewable, namely plastic bags, labels and film to package the packs. The Calzedonia Group aims to maximise the use of renewable materials and to foster recycling of those that are not. Below are the quantities of packaging broken down by type, used in the Group during the reporting period.

## Packaging

	Quantity (t)
Paper	2,143
Cardboard	6,385
Wood	1,024
Plastic	1,207
Film	282
Other	47
<b>Total</b>	<b>11,088</b>

All cardboard packaging, emptied in our warehouses, is recycled by specialised operators. In 2019, we recovered more than 1,800 tonnes of cardboard.

The consumption of paper and cardboard for packing and packaging is flanked by that of paper used for normal office activities, in the offices, factories and stores<sup>20</sup>, which is carefully monitored by the Group particularly as regards origin and composition. Total paper consumption exceeded 304 tonnes, of which 10% consists of recycled materials.

## Furniture and accessories

As part of the process for the design and development of the furnishing formats, the Group, for preference, opts for furnishing accessories that minimise the environmental impact.

More specifically, during the design phase, Calzedonia considers the entire life cycle of the various accessories - from manufacture to the useful life cycle and disposal - seeking to foster virtuous processes. Moreover, the Group pays increasing attention to looking for materials that can be sourced near its stores, thereby supporting the local community and also minimising the environmental impact connected with the transport of the components used. For example, starting 2018, stores on the Asian market, previously procured from European suppliers, are now for preference furnished using furniture made in China, thereby reducing the emissions linked to transport.

Supplies are developed in such a way as to avoid irreversible gluing and assembly of different materials, instead encouraging differentiation and recycling at the end of their useful life.

<sup>20</sup> The figures on paper consumption given in this paragraph refer to the Group's foreign companies, apart from the foreign commercial branches present in England, Portugal, China and Hong Kong. This data is not material. Office paper consumption for Italian companies is included in the quantities of paper specified in the tables on packing and packaging.

specialised in separate waste treatment or, in cases such as solid wood with no glue, used to heat production warehouses during the winter.

In some cases, furniture and furnishings can also be reused to renew some sales outlets or handed over to entities and associations. This is what happens, for example, to QUID brand store furniture, the association for social promotion that aims to re-include into the world of work people with a difficult past or who are in a "fragile" situation, with which the Group has been collaborating for several years now, also offering some excellent quality fabrics, but in limited quantities, which had been left in the warehouses after production.

The production of metal components is mainly handled by suppliers certified EN1090 and ISO9001 and raw materials are procured through distributors certified ISO14001, which guarantee sourcing of a high percentage of recycled materials. Process waste materials can thus in turn be assigned to complete recycling.

The materials used to develop the architectonic parts are also handled in respect of the highest safety and environmental compatibility standards, as well as disposed of in accordance with the same sustainability principles, at adequate structures. To provide an example, wall paints are exclusively water-based.

All flooring suppliers are certified ISO14001/14021/9001 with the Ecolabel ecological quality mark - the European Regulation that establishes the environmental and industrial policy criteria - and are members of the Green Building Council Italia, a voluntary adhesion system for businesses that enables a precise corporate policy of sustainable development to be implemented, such as, for example self-generation of energy. As can be seen from the table below, 95% of furnishing materials used in 2019 consist of ceramic flooring (40%), metal (25%), wood (19%) and plastic (10%).

## Type of furnishing materials

	Quantity (t)
Ceramic flooring	1,942
Metal	1,246
Wood	950
Plastic	500
Paper	115
Mixed materials	71
Glass	68
<b>Total</b>	<b>4,892</b>

## Respect for the environment in the stores and factories

Calzedonia stores need to be attractive, welcoming and functional to guarantee the well-being of those working there and the customers.

This is why the Group is particularly sensitive towards the study, development and continuous update of the stores, according to characteristics focussed on sustainability, acting in all areas where improvements can be made.

The stores are designed in-house, through processes that integrate energy, architectonic, systems and administrative needs, as well as taking into account a correct distribution of space, distinguishing between the sales area, the warehouse and the staff room. Stores are also designed with the help of qualified self-employed professionals to best comply with regulations in force in the various countries on town planning, energy and health and safety in the workplace.

For our factories, regardless of location, we have always sought to identify the best construction technology available on the market, to guarantee optimal working conditions, choosing the most efficient machines and plants in terms of energy efficiency and performance.

For the Calzedonia Group, production means construction standards that are aligned with Italian and European requirements for all plants, including those outside Italy. The more dated establishments are currently having updates planned, along with energy efficiency improvements.

In 2019, we reached our goal of having 100% of electricity consumed in Italy and by our production and logistics plants in Croatia, obtained from renewable sources.

We are aware that dye factories are amongst those with the highest environmental impact and we are therefore committed to minimising their negative effects. More specifically:

- we use recovery systems, reusing the heat of waste water from the dye cycle for subsequent production processes;
- we recover the heater fumes containing CO<sub>2</sub> to regulate the pH of the water in the purifier, without using chemical acids;
- the sludge from the biological purifier is dried and reused in the cement production cycle, instead of ending up in a landfill. In 2019 alone, we avoided disposing of approximately 186 tonnes of sludge;

## Water consumption

For the Calzedonia Group, production also means water management: for years, we have assured the rational use of water within our production processes and everywhere we operate with stores.

As regards water consumption, we can define two site types: those where water is used for industrial processes (such as dyeing and washing) and those where water is used only for sanitary purposes.

In most of our plants, where there is not huge water consumption for production and where local water systems are available, water is taken from the aqueducts, mainly used for hygienic-sanitary purposes, and disposed of in the drains.

Instead, where plants consume large amounts of water for industrial processes, i.e. dye sites and production sites with washing and ironing, the water is obtained from underground wells, used mainly for the industrial processes, purified in treatment plants (if necessary) and then disposed of in the drains.

In any case, the waste water is released in compliance with the chemical and physical parameters envisaged by local laws. More specifically, in plants where water treatment systems are present, every day our specialised employees analyse the main chemical and physical parameters of the waste water using specific tools.

Additionally, once every three months we send waste water samples to independent certified laboratories for analysis.

In 2019, the Group collected a total of 2,620 megalitres. Factories account for 81% of collections with the remainder for offices and commercial branches.



### Water collection by source<sup>21</sup>

Source	All areas (megalitres)	Areas under water stress (megalitres)
<b>Surface water</b>	<b>173</b>	<b>2</b>
Freshwater	173	2
Other water	-	-
<b>Underground water</b>	<b>1,892</b>	<b>2</b>
Freshwater	1,051	2
Other water	842	-
<b>Water produced</b>	<b>140</b>	<b>1</b>
Freshwater	140	1
Other water	-	-
<b>Water from aqueduct</b>	<b>381</b>	<b>-</b>
Freshwater	381	-
Other water	-	-
<b>Other sources</b>	<b>33</b>	<b>-</b>
Freshwater	0	-
Other water	33	-
<b>Total</b>	<b>2,620</b>	<b>4</b>

Aware that the dye factories are those with the highest impact on water resources, in order to guarantee a responsible use, the Group promotes water recycling practices and new water recovery plant systems at the largest sites, so as to reuse a larger quantity of water for processes, wherever possible. Indeed, a study is in progress aimed at identifying possible systems for the reuse of process water after purification that enable the reuse of up to 90% of incoming water volumes.

Additionally, we collaborate with various suppliers of machines, dyes and chemical products to research new technologies and products by which to reduce water consumption. In the Brentino Belluno (VR) dye factory, for example, we have gone from consumption of 210 litres of water per kg dyed to today's 50 l/kg. In the Croatia plants, we have more than halved consumption of disposable dyes, modifying the work cycle and products used to significantly reduce the quantity of water to be treated in the purifier.

<sup>21</sup> The term "freshwater" is used to mean water with a concentration of total suspended solids (TSS) ≤1.000 mg/L; other water (TSS>1.000 mg/L). To identify the structures in areas of water stress, the World Resources Institute "Aqueduct Water Risk Atlas" tool was used. Store water is excluded for which no consumption data is available because billing takes place indirectly through the rental charges or if the sales outlet is managed by the host shopping centres.

### Responsible waste management

Calzedonia manages its waste in compliance with industry standards.

Each production unit has specific containers (containers, pre-containers, bins, etc.) and is committed to separating out the collection of waste produced as far as possible, dividing it up into type and distinguishing between industrial and domestic and ordinary and that deriving from work/maintenance.

This allows for a more precise classification of waste, according to the EWC codes, which is then entrusted to the various specialised suppliers able to guarantee its correct processing. In most cases, waste is sent for recovery/recycling and, when this is not possible, it is disposed of in a landfill.

In the production unit where biological sludge is produced from purification and fume treatment waste, in 2019, two plants were installed, one to dry the sludge, which aims to confer a more dehydrated waste to be disposed of, thereby drastically reducing quantity; the other to purify used oil, with the aim of separating out the part containing the oily residues from the water, thereby sending only the oily part for disposal.

Total waste generated by the Group's activities derives from packaging materials and process waste, 95% of which can be traced to the production branches.

Total waste produced in 2019 came to approximately 21 thousand tonnes, and can be classified almost entirely as non-hazardous waste. As regards the disposal methods, 48% of waste produced was sent for recycling and reuse, while 39% flowed to the landfill; the remainder was assigned to authorised suppliers whose disposal and incineration methods are not known to us.

### Waste produced<sup>22</sup>

	Quantity (t)
<b>Hazardous waste</b>	<b>723.8</b>
Textile waste	438.6
Waste water and sludge	105.8
Waste from fume treatment	78.5
Chemical product containers	19.9
Oil	17.5
Waste from electrical material	12.9

Toner and cartridges	3.8
Other	46.7
<b>Non-hazardous waste</b>	<b>20,188</b>
Paper and cardboard	9,046
Textile waste	4,919
Plastic	1,423
Waste water and sludge	1,335
Packaging	794.2
Waste from fume treatment	317.7
Metals	168.1
Organic waste	130.7
Demolition and construction waste	29.9
Multi-material waste	22.7
Other	2,002
<b>Total</b>	<b>20,912</b>

In 2019, the following initiatives were implemented to reduce waste in virtually all Group sites:

- introduction of water dispensers to reduce the consumption of disposable plastic bottles, providing employees with flasks for their personal use;
- elimination of paper towels for drying hands with the exclusive use of electric dryers;
- in the canteens that previously used plastic plates, these have been eliminated and replaced with environmentally-sustainable composite material plates;
- elimination of plastic bottles, cups and spoons in the break areas, replacing them with environmentally-sustainable materials;
- for packaging, plastic tags have been replaced by paper ones;
- sensitisation of employees on the use of printers.

<sup>22</sup> The data refers to the whole Group apart from the commercial branches in China, Hong Kong and Portugal. The data does not include waste managed directly by the local municipal companies. "Other" includes special hazardous and non-hazardous waste not directly able to be classified under the other categories of the table insofar as encoded with a different EWC code.

## CALL FOR IDEAS

The Calzedonia Group is always on the lookout for bright, motivated young minds to bring into our production segment. In particular, new colleagues are sought for routes in Italy and, above all, abroad, where we continue to grow both in terms of size and technological innovation.

In order to combine university collaboration with the search for young talent and the spirit of sustainability of the Group, in 2019, the university contest "Call for Ideas" was conceived.

Managerial engineering students from the Tor Vergata Rome, Florence and Padua universities were involved with the aim of proposing ideas on how to manage the waste fabric produced in the Calzedonia Group factories. It is a subject that is not only of major business value, but also huge environmental impact.

Upon delivery of the projects, 3 finalist groups are chosen, who will be given the opportunity to visit the Group's central headquarters, have an interview with the recruiters, present their project to a panel within the company, visit a production plant in Italy and receive a discount voucher for one of the Calzedonia Group brands.

The winning group will also have the chance to visit a cutting-edge technology production plant of the Group in Serbia, accompanied by the company's top management.



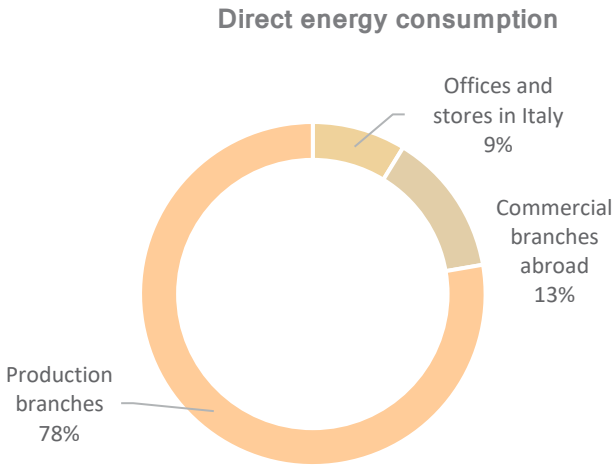
### Energy consumption and emissions

The Group's energy consumptions mainly derive from the production plants, lighting, heating and cooling the workplace. In addition to these consumptions, we also consume fuel on the company cars and owned logistics vehicles for transport within and between the various Group plants.

With reference to energy consumption only, whether electricity or thermal energy, for all plants, remote management and monitoring systems are operative. In this way, the Group monitors the operating procedures and plans interventions if anomalies are noted.

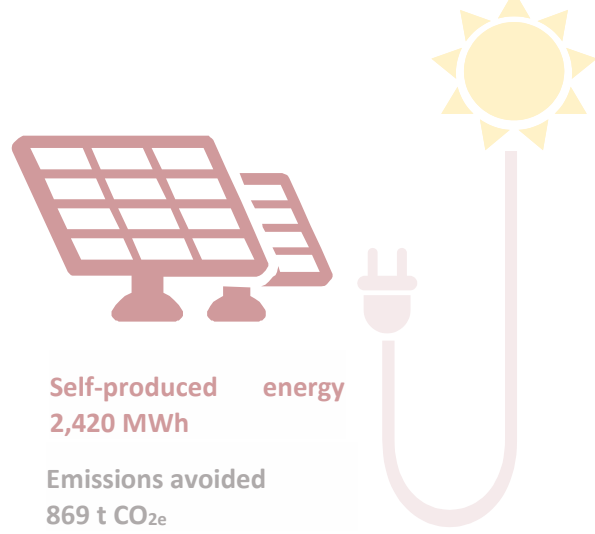
The history of consumption from the energy monitoring systems is also functional to the periodic analyses to assess possible interventions to increase the efficiency of plants and new facilities for the production of electricity from renewable sources through specific feasibility studies.

Most direct energy consumption (78%) is due to production, which uses 58% of Group employees. Although only contributing 13% towards total direct consumption, the commercial branches are more energy-intensive by each employees used with respect to indirect energy consumption.



According to the operative needs and the various different geographic areas in which the Group's production sites are located, the energy sources available also vary. The Group tries to direct its choices towards procurement from renewable sources, wherever necessary. In 2019, in fact, Calzedonia stipulated an electricity supply contract for Italy and Croatia with a provider that guarantees it is obtained exclusively from renewable sources. In general, the Group's electricity consumption comes approximately 48% from renewable sources.

In 2019, self-consumption from photovoltaic came to more than 8,700 GJ. Projects are being studied aimed at extending the portion of self-energy production from renewable sources, in particular in countries where access to energy is compromised by infrastructural deficiencies (e.g. Sri Lanka, Ethiopia).



In 2019, the Group's total energy consumption came to 3,198,554 Gj and total energy consumption emissions were 101,351 t CO<sub>2e</sub> (scope 1 and scope 2 - market based).

#### Direct and indirect energy consumption (Gj)

<b>Direct energy consumption</b>	<b>811,900</b>
<b>From non-renewable sources:</b>	<b>580,616</b>
Natural gas <sup>23</sup>	550,413
Diesel	24,837
LPG	5,366
<b>From company vehicles</b>	<b>222,571</b>
Petrol-driven cars	9,072
Diesel cars	61,343
Methane-powered cars	86
Petrol-driven vans	115
Diesel vans	91,586
Diesel buses	57,688
Aircraft	2,680
<b>From renewable sources:</b>	<b>8,713</b>
Photovoltaic	8,713
<b>Indirect energy consumption</b>	<b>662,300</b>
Electricity <sup>23</sup>	660,242
of which from non-renewable sources	346,077
of which from renewable sources	314,165
Thermal energy	2,058
<b>Total consumption</b>	<b>1,474,200</b>

<sup>23</sup> Sono esclusi il gas naturale per il riscaldamento e l'energia elettrica dei negozi per i quali non sono disponibili i dati di consumo in quanto la fatturazione avviene indirettamente tramite il canone di affitto o se il punto vendita è gestito dai centri commerciali ospitanti.

Oltre alle emissioni dovute alla movimentazione della flotta aziendale, che sono il 28% delle emissioni dirette del Gruppo, la maggior parte delle emissioni derivano dagli impianti termici per la produzione di vapore ad uso industriale e per la produzione di acqua calda per il riscaldamento (72%).

Negli stabilimenti dove sono presenti impianti termici con l'uso di combustibili fossili vengono effettuate periodiche manutenzioni in modo tale da assicurarne il corretto funzionamento e, secondo normative locali o secondo controlli preventivi, vengono effettuate misurazioni sulle caratteristiche di combustione dei bruciatori.

Direct and indirect emissions (tonnes of CO<sub>2e</sub>)

<b>Direct emissions<sup>24</sup> (Scope 1)</b>	<b>45,226</b>
<b>From non-renewable sources:</b>	<b>30,119</b>
Natural gas	28,110
Diesel	1,689
LPG	320
<b>From company vehicles</b>	<b>15,107</b>
Petrol-driven cars	590
Diesel cars	4,171
Methane-powered cars	4
Petrol-driven vans	7
Diesel vans	6,228
Diesel buses	3,923
Aircraft	184
<b>Indirect emissions<sup>25</sup> (Scope 2)</b>	<b>44,446</b>
Electricity - Location based	71,702
Electricity - Market based	44,360
Thermal energy	86
<b>Total emissions (Scope 1 and Scope 2)</b>	<b>89,671</b>

<sup>23</sup> Store electricity and natural gas for heating are excluded, for which no consumption data is available because billing takes place indirectly through the rental charges or if the sales outlet is managed by the host shopping centres.

<sup>24</sup> The factors used to calculate the emissions were published by the Department for Environment, Food & Rural Affairs (DEFRA) in 2019.

To calculate the indirect emissions, the Group used the location-based and market-based methods. The first considers the contribution made by average emission factors of the distribution network used by the organisation for its electricity consumption. The market-based method instead considers the contribution made by emission factors that an organisation has deliberately chosen by contractual form for its electricity consumption.

A comparison of the two gives us the emissions avoided by the Group thanks to its energy choices. More specifically, in 2019, more than 27 thousand tonnes of CO<sub>2e</sub> were avoided, accounting for 63% of total indirect emissions.

Finally, in order to calculate its energy and carbon footprint, the Group has compared its consumption and emissions with the number of items produced.

Energy intensity (KWh/pc)	Emissions intensity <sup>26</sup> (KgCO <sub>2e</sub> /pc)
1,39	0,31

The Group encourages the use of train travel instead of aircraft for national routes, also in order to limit the environmental impact of employee travel. In this context, conference calls are encouraged, and other forms of smart working to avoid corporate travel, particularly if long distance.

Emissions deriving from employee travel (t of CO<sub>2e</sub>)

<b>Emissions deriving from air travel (Scope 3)</b>	<b>11,206</b>
Short-haul	776
Medium-haul	2,694
Long-haul	7,736
<b>Emissions deriving from the use of hire cars (Scope 3)</b>	<b>806</b>
<b>Emissions deriving from train travel (Scope 3)</b>	<b>260</b>
National railway line	259
International railway line	1
<b>Total emissions<sup>27</sup></b>	<b>12,272</b>

<sup>25</sup> The factors used to calculate the emissions are:  
- electricity: Location-based, including self-consumption of photovoltaic energy, Terna 2017; Market-based, AIB 2017, where available, otherwise Terna 2017;  
- thermal energy: District heat and steam - DEFRA 2019.

<sup>26</sup> The emissions intensity considers market-based direct and indirect emissions.



The Group encourages the use of train travel instead of aircraft for national routes, also in order to limit the environmental impact of employee travel. In this context, conference calls are encouraged, and other forms of smart working to avoid corporate travel, particularly if long distance.

Energy efficiency

Every year, the Calzedonia Group makes major investments in modernising its plants, focussing the choice on cutting-edge technology able to optimise performance and reduce energy consumption.

For some time now, it has been using LED lighting, with controlled processes and high energy efficiency materials, in respect of the EC “Ecodesign” Directive 2009/125/EC for energy saving. Growing use of low consumption, high performance LED technology in stores, offices and plants, successfully rationalises the inclusion of light sources, making for concrete energy savings and lesser dispersion of heat into the environment. All this results in reduced use of air conditioning systems and reduced technical lighting maintenance, guaranteeing optimal visual comfort for customers and employees alike. To date, around 52% of our stores only use LED technology lighting.

By end 2023, we expect all the Group’s production plants to have low energy consumption LED lights. Where possible, we are also implementing DALI smart lighting systems to control luminosity.

	Commercial Area	Production Area
Goal	100% LED by 2024	100% LED by 2023

We are directing our technical choices to a limited use of air barriers installed near entrances, privileging door closure in periods of the greatest temperature difference, so as to guarantee a stable temperature in the stores and consequently lesser energy consumption.

All technically obsolete air conditioning systems have been replaced by high energy efficiency systems, the use of low environmental impact coolant gases and lesser acoustic impact. Water-powered air-conditioning systems, installed in just a few cases, have been further reduced with the aim of eliminating them entirely over the next few years.

<sup>27</sup> The factors used to calculate the emissions were published by the DEFRA in 2019. In some cases, emissions deriving from rental cars were supplied directly from the transport service provider.

The main efficiency drives implemented by the Group were focussed on reducing electricity consumption used for lighting sales outlet areas worldwide, with estimated savings of 4,375 MWh, thanks to the LED installations. In examining the production plants, the renewal of all lighting plants towards low consumption systems is at an advanced stage; in 2019, the main investments were made in Italy, Croatia, Serbia and Sri Lanka.

2018 also saw the launch of a monitoring campaign of all thermal plants in all production sites to replace obsolete machines with new, low-consumption plants. In total, these interventions resulted in savings in excess of 7 thousand MWh, making for more than 2,400 tonnes CO<sub>2e</sub> emissions avoided.

Reduction of energy consumption and emissions

Type of intervention	Estimated savings (KWh)	Emissions avoided <sup>28</sup> (tCO <sub>2e</sub> )
Replacement of lighting systems with LED technology	6,796,000	2,344
Renewal of thermal plants	75,700	27.2
Installation of photovoltaic plants	215,000	77.2
Total	7,086,700	2,449

Thanks to the interventions described, the Group has benefited from multiple advantages, not only in terms of energy savings but also emissions avoided in relation to such consumption if we assume that the consumption comes from electricity produced from fossil fuels.

Responsible logistics management

Logistics has always been a strategic part of the Calzedonia Group’s activities. Our distribution centres prepare continuous and fashion products every day to replenish the stocks of the sales outlets in Italy and abroad, and send out new articles every week.

<sup>28</sup> The emissions avoided thanks to energy efficiency interventions have been estimated using the location-based emission factors TERNA, 2017.



Most of the Group's stores can, if necessary, receive goods every day.

The store restocking process is supported by the close integration of the various computer systems involved in the different phases of the flow: from the issue of an order on the sales outlet to the verification of goods availability in distribution centres and the physical movement in the warehouse.

We try to locate our distribution platforms strategically for distribution to the stores and, where possible, near the production plants, which are also owned by the Group. This choice allows us to reduce the time and energy necessary for transfer, as well as to recycle packaging and return it to factories, which can reuse it up to seven times. Additionally, the items are sent out without hangers, thereby reducing the annual consumption of plastic and optimising transport.

All our logistics structures have been built in compliance with recent earthquake protection standards.

**Our distribution centres**

- Vallese di Oppeano (VR)
- Castagnaro (VR)
- Varazdin (CROATIA)
- San Paolo (BRAZIL)
- Shanghai (CHINA)

Transport is entrusted to external companies, connected by computer to the Calzedonia Group companies. Our customer service constantly controls the service level of transporters, verifying return time and disservices through the relationship with the sales outlets.



In collaboration with the suppliers of logistics services, the Calzedonia Group has started to monitor CO<sub>2</sub> emissions deriving from the transport of its products and raw materials.

In 2019, it was estimated that these emissions totalled approximately 2.8 million tonnes CO<sub>2e</sub>. The most used transport is by road (70%), followed by air (23%).

**Logistics emissions (Scope 3)<sup>29</sup>**

Type of transport	Emissions (t CO <sub>2e</sub> )
Road	1,999,032
Air	670,577
Sea	74,298
Combined	77,872
<b>Total</b>	<b>2,821,779</b>

The Group's logistics adheres to guidelines that help ensure the efficiency of the system, through simplifying and standardising warehouse activities as much as possible and assuring the constant collaboration with our partners in order to always guarantee a high level of plant quality/efficiency.

Constant attention is paid to digitising documents issued as much as possible. In the last year alone, we have reduced the printed paper needed to handle our deliveries worldwide by approximately 8%.

Packaging sizes for the finished product are designed in such a way as to optimise space within the vehicles, thereby minimising partial loads.

For on-line customers, we have activated the collect and return service at our stores. In 2019, this saved around 564,000 deliveries.

At the end of the season, we collect all unsold stock for the fashion collection from our stores. The items are then sorted, checked and re-packaged to be returned for sale in our outlets.

Together with unsold stock, we also collect articles with minor flaws. These items, which are considered as second quality garment, are checked carefully and duly noted, before being put up for sale in our outlets or donated to charity.

Annexes

Employees by professional category and gender (%)			
	Men	Women	Total
Country Managers - Plant Managers	0.2%	0.1%	0.3%
Managers reporting to Country Managers - Plant Managers	0.5%	0.8%	1.3%
White-collar	1.2%	3.5%	4.8%
Sales staff	0.3%	2.3%	2.6%
Store staff	1.0%	30.3%	31.2%
Blue-collar	6.3%	53.5%	59.8%
Total	9.5%	90.5%	100%

Turnover by gender and age bracket (no.)					
	Men	Women	< 30	≥ 30	Total
Employees hired	1,104	25,491	22,347	4,248	26,595
Employees left	870	23,130	20,037	3,963	24,000

Turnover by geographic area (no.)					
	Italy	Europe	America	Asia	Africa
Employees hired	1,593	14,851	406	8,848	897
Employees left	1,420	13,386	790	17,121	1,434

Injuries and employee indices			
	Men	Women	Total
Injuries recorded at work	67	2,548	2,615
In the workplace	60	2,466	2,526
Italy	12	33	45
Europe	22	207	229
America	-	1	1
Asia	26	2,225	2,251
Africa	-	-	-
During commute	7	82	89
Italy	3	23	26
Europe	4	59	63
America	-	-	-
Asia	-	-	-
Africa	-	-	-

Injuries with severe consequences that occurred at work (excluding deaths)	4	27	31
Italy	-	-	-
Europe	1	-	1
America	-	-	-
Asia	3	27	30
Africa	-	-	-

# Methodological note

## Reporting standards applied

The Calzedonia Group Sustainability Report contains information about environmental, social and staff-related topics, as well as respect for human rights and the fight against corruption, useful to ensuring a proper understanding of the activities carried out and their impact, as well as the Group performance and results.

This Report has been prepared in compliance with the GRI Standards: core option, published in 2016 by the Global Reporting Initiative (GRI) and in 2018 with reference to the health and safety at work aspects (GRI 403) and water and effluents (GRI 303).

The GRI is an independent international organisation whose standards are today the most widespread and best recognised worldwide in terms of reporting on economic, environmental and social impacts. In order to facilitate the reader in finding information within the document, pages 137-143 give the GRI-Index, namely the index of the contents reported.

The Report has been prepared according to the principle of materiality, which characterises the GRI Standards. The topics covered in the Report are those that, following a materiality analysis and assessment described in pages 33-34 of this document, are considered relevant insofar as able to reflect the social and environmental impacts of the Group's business or influence the decisions of its stakeholders.

The data given in this Report refers to FY 2019 only, insofar as, during the first publication of the Sustainability Report, the decision was made to provide a summary and qualitative comparison with respect to the previous years. The Group will provide the relative comparison with qualitative/quantitative data starting the next year.

## Reporting scope

The qualitative and quantitative information and data given in the 2019 Sustainability Report refers to the Calzedonia Group performance (hereinafter the "Group" or "Calzedonia") for the financial year ended 31 December 2019. The Report includes the data of the parent company (Calzedonia Holding SpA) and its subsidiaries consolidated on a line-by-line basis, with the exception of the company Calzedonia Sucursal Estrangera (Andorra) and Eme Cro d.o.o., for which it was not possible to promptly and effectively organise the non-financial information collection process as well as its agricultural and real estate companies<sup>30</sup> and

<sup>30</sup> Cep s.r.l., Tekstil Nova d.o.o., Iris 2004 s.r.l., Nalmor Trading Ltd, Corso 26 Immobiliare s.r.l., Cve 710 s.r.l., Immobiliare Santa Croce s.n.c., Vittem s.r.l., Verona Immobiliare s.r.l., VPalace srl and Società Agricola Agribel s.s.

other service companies<sup>31</sup>. These companies have, however, non-material impacts.

Any further limits to this scope have been duly indicated in the document.

## Reporting process

The preparation of the Sustainability Report is based on a structured reporting process that involves the various corporate departments that contributed towards the identification and assessment of the material topics, projects and significant initiatives to be described in the document and data collection, analysis and consolidation phase, with the role of verifying and validating all the information given in the Report, each insofar as under their remit.

The Sustainability Report will be published on the corporate website so as to make it available transparently to all stakeholders.

## Reporting principles

The identification and reporting of the contents of this Sustainability Report took into account the GRI principles of relevance, inclusivity, sustainability context and completeness. In order to define the information quality criteria and reporting scope, the GRI principles of balance of positive and negative aspects were also applied, with comparability, accuracy, timeliness, clarity and reliability.

<sup>31</sup> Enosocial s.r.l., Calzedonia Investments s.r.l.

Table linking the material topics and the GRI standards

MATERI AL TOPICS	REPORTING AREAS	TOPIC-SPECIFIC GRI STANDARDS OF REFERENCE	SCOPE OF IMPACTS	
			IMPACTS WITHIN THE GROUP	IMPACTS EXTERNAL TO THE GROUP
People	Attraction and developing talent	Employment (GRI 401)	Whole Group	Community
	Staff training and development	Training and education (GRI 404)	Whole Group	Customers
	Quality of the workplace and respect for human rights	Diversity and equal opportunities (GRI 405) Non-discrimination (GRI 406)	Whole Group	Community, Customers, Suppliers
	Worker health and safety	Occupational health and safety (GRI 403)	Whole Group	Community, Customers, Suppliers
	Corporate welfare and incentive systems	Training and education (GRI 404)	Whole Group	Customers
	Customer satisfaction and excellence of service	General disclosures (GRI 102-43)	Whole Group	Customers
Customer	Nearness to the customer, an omnichannel approach and digitisation	With regards to the topic in question (not directly related to a Topic-Specific GRI Standard), Calzedonia reports the management approach taken and the related indicators in the document.	Whole Group	Customers
	Data security and protection	Customer privacy (GRI 418)	Whole Group	Customers
	Marketing and communication	Materials (GRI 301)	Whole Group	Customers, Community

Suppliers	Responsible supply chain management	Procurement practices (GRI 204)	Whole Group	Suppliers, Community
	Traceability of the chain and labelling	Marketing and labelling (GRI 417)	Whole Group	Suppliers, Customers
Environment	Efficient use of resources and fight against climate change	Energy (GRI 302) Water and effluents (GRI 303) Emissions (GRI 305)	Whole Group	Environment, Suppliers
	Responsible procurement and consumption of materials	Materials (GRI 301)	Whole Group	Environment, Suppliers
	Responsible packaging and waste management	Effluents and waste (GRI 306)	Whole Group	Environment, Suppliers
	Respect for the environment in the sales outlets and factories	Environmental compliance (GRI 307)	Whole Group	Environment, Suppliers, Customers
Product	Product quality and safety	Customer health and safety (GRI 416)	Whole Group	Customers, Suppliers
	Product and process sustainability	With regards to the topic in question (not directly related to a Topic-Specific GRI Standard), Calzedonia reports the management approach taken and the related indicators in the document.	Whole Group	Environment Customers, Suppliers
Governance	Ethics and integrity in business management	General disclosures (GRI 102) Anti-corruption (GRI 205) Environmental compliance (GRI 307) Socioeconomic compliance (GRI 419)	Whole Group	Community, Customers, Suppliers, Environment
	Corporate governance	General disclosures (GRI 102)	Whole Group	Community

		Diversity and equal opportunity (GRI 405)		
Community	Contribution towards social well-being and the community	Economic performance (GRI 201) Indirect economic impacts (GRI 203)	Whole Group	Community

# GRI Content Index

Disclosure	Description of the indicator	Page number /Notes	Omissions
GRI 102: GENERAL INFORMATION 2016			
TABLE OF THE ORGANIZATION			
102-1	Organization name	Page 14	
102-2	Activities, main brands, products and / or services	Page 7, 14-21	
102-3	Place where the organization's headquarters is located	Back cover	
102-4	Number of countries in which the organization operates	Page 12-13	
102-5	Ownership structure and legal form	Page 23-25	
102-6	Markets served	Page 12-13	
102-7	Size of the organization	Page 7-13	
102-8	Information on employees and other workers	Page 58, 60	
102-9	Description of the supply chain	Page 89-90, 92-93	
102-10	Significant changes during the reporting period regarding Group size, structure, ownership or supply chain	There have been no significant changes	
102-11	Method of application of the prudential principle or approach	Page 25	
102-12	Adoption of external codes and principles in the economic, social and environmental fields	Page 38	
102-13	Membership in associations or organizations of national or international support	Page 38	
STRATEGY			
102-14	Statement by the Chairman and the Chief Executive Officer	Page 4-5	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and rules of conduct within the company	Page 29-32	
GOVERNANCE			
102-18	Corporate governance structure	Page 23,25	
INVOLVEMENT OF STAKEHOLDERS			



102-40	List of stakeholders involved	Page 39
102-41	Percentage of employees covered by collective bargaining agreements	Page 60
102-42	Identification and selection process of the stakeholders to be involved	Page 38
102-43	Approach to stakeholder engagement	Page 38-39
102-44	Key and critical aspects emerging from stakeholder engagement and related actions (stakeholder engagement)	Page 38-39
<b>REPORTING PRACTICES</b>		
102-45	List of companies included in the consolidated financial statements and indication of companies not included in the report	Page 132-133
102-46	Process of defining the contents of the report and the perimeter of each aspect	Page 133, 134-136
102-47	List of aspects identified as material	Page 34
102-48	Explanation of the effects of any changes to information included in previous financial statements and reasons for such changes	This is the first Sustainability Report.
102-49	Significant changes compared to the previous reporting period	This is the first Sustainability Report.
102-50	Reporting period	Page 132
102-51	Date of publication of the most recent financial statements	This is the first Sustainability Report.
102-52	Reporting periodicity	Yearly
102-53	Useful contacts and addresses for requesting information on the report and its contents	Back cover
102-54 / 102-55	GRI content index and choice of the "in accordance" option	Page 132 and this GRI Content Index
102-56	External attestation	No external assurance was conducted on this Sustainability Report.

<b>ECONOMIC: TOPIC SPECIFIC STANDARDS</b>		
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>		
GRI 103	Management approach 2016	Page 27
201-1	Direct economic value generated and distributed	Page 27
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>		
GRI 103	Management approach 2016	Page 75-79
203-1	Infrastructure investments and financed services	Page 75-78, 85-86
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>		
GRI 103	Management approach 2016	Page 92-93
204-1	Percentage of expenditure concentrated on local suppliers in relation to the most significant operating offices	Page 92-93
<b>GRI 205: ANTI-CORRUPTION 2016</b>		
GRI 103	Management approach 2016	Page 31-32
205-3	Any episodes of corruption found and corrective activities implemented	Page 32
<b>ENVIRONMENTAL: TOPIC SPECIFIC STANDARDS</b>		
<b>GRI 301: MATERIALS 2016</b>		
GRI 103	Management approach 2016	Page 51,93,95,109-115
301-1	Materials used divided by weight and volume	Page 109,112,114,116
301-2	Percentage of materials used that come from recycling	Page 112
301-3	Recovered or regenerated products and related packaging materials	Page 51-52
<b>GRI 302: ENERGY 2016</b>		
GRI 103	Management approach 2016	Page 106-107, 116, 122-123, 126-127
302-1	Energy consumption within the organization	Page 122-123
302-2	Energy consumption outside the organization	Page 123-124
302-3	Energy intensity	Page 125
302-4	Reduction of energy consumption	Page 127
<b>GRI 303: WATER AND WATER DISCHARGES 2018</b>		
GRI 103	Management approach 2016	Page 107, 117-119

303-1	Interaction with water as a shared resource	Page 117-119
303-2	Management of impacts related to water discharge	Page 117
303-3	Water withdrawal	Page 118
GRI 305: EMISSIONS 2016		
GRI 103	Management approach 2016	Page 106-107, 116, 123-127, 129
305-1	Direct greenhouse gas emissions (Scope 1)	Page 124
305-2	Greenhouse gas emissions generated by energy consumption (Scope 2)	Page 124
305-3	Other indirect greenhouse gas emissions (Scope 3)	Page 125,129
305-4	Greenhouse gas (GHG) emissions intensity	Page 125
305-5	Reduction of greenhouse gas emissions	Page 127
GRI 306: WATER DISCHARGES AND WASTE 2016		
GRI 103	Management approach 2016	Page 107, 119-120
306-2	Waste produced by type and method of disposal	Page 120
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
GRI 103	Management approach 2016	Page 106-108
307-1	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental regulations and laws	Page 108
SOCIAL: TOPIC SPECIFIC STANDARDS		
GRI 401: EMPLOYMENT 2016		
GRI 103	Management approach 2016	Page 59-62
401-1	Total number and rate of hiring and staff turnover	Page 59, 130
GRI 403: HEALTH AND SAFETY AT WORK 2018		
GRI 103	Management approach 2016	Page 70-72
403-1	Occupational health and safety management system	Page 71-72
403-2	Hazard identification, risk assessment and investigation of accidents	Page 72
403-3	Occupational medicine services	Page 72

403-4	Participation and consultation of workers and communication in occupational health and safety	Page 72
403-5	Training of workers on occupational health and safety	Page 71-72
403-6	Promotion of the health of workers	Page 70-72
403-7	Prevention and mitigation of health impacts and occupational safety within commercial relations	Page 70-72
403-9	Accidents at work	Page 73, 131 The Group makes little use of temporary agency workers, therefore the statistics relating to accidents are not reported for all workers who are not employees, but whose work and / or workplace is under the control of the organization
GRI 404: TRAINING AND EDUCATION 2016		
GRI 103	Management approach 2016	Page 62-64
404-2	Employee skills refresher programs and transition assistance programs	Page 63-64
404-3	Percentage of employees receiving periodic assessment of performance and professional development	Page 61-62
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016		
GRI 103	Management approach 2016	Page 65-66, 69-70
405-1	Composition of governance bodies and breakdown of employees by category with respect to gender, age, belonging to protected categories and other indicators of diversity	Page 25, 57-58, 129
405-2	Ratio of basic salary and pay of women to men	Page 66
GRI 406: NON-DISCRIMINATION 2016		

GRI 103	Management approach 2016	Page 65, 69-70
406-1	Any episodes of discrimination found and corrective actions implemented	Page 70
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>		
GRI 103	Management approach 2016	Page 96-99
416-1	Percentage of product and service categories for which health and safety impacts are assessed	Page 99
416-2	Total number of cases of non-compliance with regulations and voluntary codes regarding the impacts on the health and safety of products and services during their life cycle	Page 99
<b>GRI 417: MARKETING AND LABELING 2016</b>		
GRI 103	Management approach 2016	Page 100-101
417-1	Type of information relating to the products and services required by the procedures and percentage of significant products and services subject to such information requirements	Page 100
417-2	Total number of cases of non-compliance with regulations or voluntary codes concerning information and labeling of products / services	Page 101
<b>GRI 418: CUSTOMER PRIVACY 2016</b>		
GRI 103	Management approach 2016	Page 46-47
418-1	Number of documented complaints related to privacy violations and loss of consumer data	Page 47
<b>GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016</b>		
GRI 103	Management approach 2016	Page 30-32
419-1	Non-compliance with social and economic laws and regulations	Page 32

## Contact details

Federico Fraboni - Sustainability Manager

Federico.fraboni@calzedonia.it

### Registered office

#### Calzedonia Holding S.p.A.

Malcesine (VR) - Via Portici Umberto Primo, n. 5/3

### Legal data

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## Sustainability Report

