

SUSTAINABILITY REPORT

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LARIOTEX

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“Not life lived in and for itself, but a conscious life, is real life”

So said Carl Gustav Jung in his Works. With great modesty, we apply this saying by focusing on the theme of consciousness. The topics related to sustainability, identified in a business economic context, in fact require a full understanding of their role and the actions to be put in place. The objective is not unique and should not be pursued alone: it is a system that moves in a shared direction in which each actor, even the smallest, plays a key role.

The choice to draft the first sustainability report of Lariotex Spa started here, specifically from full awareness of the importance of these topics. This is a further step in a direction that, since 2018, has seen us invest in research activities and the identification of eco textile products to complete an offer that not only meets customers' needs, but that has enabled us also to channel these needs in more sustainable directions. A path that we have ventured to take with an awareness of the facts of the case and that we have undertaken decisively, engaging resources and time to achieve the goals that we set for ourselves.

Today our journey continues with even greater enthusiasm and awareness towards a more sustainable Lariotex, in respect of the relevance of these topics, which are also increasingly important in the strictest financial sense. Just consider the European targets linked to the Green Deal and to Next Generation EU.

And much more besides. We also want it be a daily commitment, spreading a message that can make us think and reflect about sustainable development and the future generations who we owe it to to provide a better and different vision. With this in mind, we have tried to effectively and actively involve as many stakeholders as possible in the creation of this sustainability report.

This is about generating value in respect of others and ourselves: in our small way, we will try to do it as sustainably as possible, trusting in the cooperation of each and every one of you.

Pierluigi Biondi
Sole Director



		2018	2019	2020
Economic performance				
Economic value generated	MILLIONS OF €S	64.5	68.9	51.9
Economic value distributed	MILLIONS OF €S	62.3	65.8	48.8
Governance: compliance and policies				
Organisational and Management Model ("Model 231")/Code of Ethics and Conduct		Adopted in the first half of 2021		
Sustainability policy		Updated in the first half of 2021		
Quality, sustainability & supply chain				
Chemical management - 4sustainability® Lariotex audit results		64% Implementation Level – Advanced.		
Suppliers subject to 4sustainability® test	% PURCHASES COVER (TEXTILE METRES)	68% - 100% test result PASS		
Eco-friendly textile collections	% OF TOTAL SALES	0.1%	9.7%	28.5%
Standards and certifications products/collections		GRS Global Recycle Standard - RCS Recycled Claim Standard FSC Forest Stewardship Council Ecovero by Lenzing BCI Better Cotton Initiative STANDARD 100 by OEKO-TEX® - OEKO-TEX Standard 100 GOTS Global Organic Textile Standard		
Human resources				
Female staff		38.5%		
Department managers - gender representation	% FEMALE OUT OF TOTAL ROLES	100%		
Health and safety - work-related injuries	NUMBER	-	-	-
Environment				
Energy consumption (internal)	GJOULE		1,192	1,006
Direct/indirect (GHG Scope 1-2) emissions	TCO ₂ E		87	72
Indirect (GHG Scope 3) emissions - DHL/WtW - Well-to-Wheel transport	TCO ₂ E			1,332.5

This document represents the first Sustainability Report of Lariotex S.p.A. (hereinafter also “Lariotex”, the “Company”). The document contains information related to social, environmental and economic topics, useful to ensure an understanding of the activities carried out by Lariotex, its performance, its results and the impact they have.

The Sustainability report was drawn up by reporting a selection of “GRI Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI), as indicated in the GRI Content Index of this document, according to the referenced reporting option.

The general standards applied to the preparation of the Sustainability Report are those established by the GRI Standard: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity.

The performance indicators selected are those provided for by the reporting standards adopted, representing the specific areas of sustainability analysed and consistent with the activities performed by Lariotex and the impacts it has. These indicators have been selected based on an analysis of their materiality, as described in the section “Impacts - Materiality analysis”. This analysis, performed based on that provided by the GRI Standards as part of Lariotex’s sustainability path, will be developed and explored in subsequent periods.

The various sections of the Sustainability report show the quantitative information used for the estimates.

The scope of reporting the data and qualitative and quantitative information relates to the performance of Lariotex S.p.A.

The Sustainability report is drawn up annually. In order to allow a comparison of data over time and the assessment of the performance of Lariotex’s activities, the data from the two previous reporting periods are presented for comparative purposes, where available. The data on energy consumption and direct (GHG Scope 1) and indirect (GHG Scope 2) emissions relate to the last two reporting periods, while the data of other (GHG Scope 3) emissions related to the main logistics operator relate to 2020.

Managers of the various Lariotex departments have been involved in the drafting process. The Sustainability report was approved by Lariotex’s Shareholders’ Meeting on 22 July 2021 and was not audited by an independent auditor.

The Sustainability Report is published on the company’s institutional website www.lariotex.com/sostenibilita. To request more information on this subject, contact the address sustainability@lariotex.com

01 — Lariotex

LARIOTEX

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Profile and identity - In the heart of Como textile district

Lariotex S.p.A. (Lariotex) operates in the wholesale trade of textile products sector, as a leading partner of Italian and foreign business customers for ready to print and/or ready to die textiles for businesses.

Founded in 2013, its registered office is in Vertemate con Minoprio (CO), a geographical area where the biggest and oldest Italian companies are located in the prestigious Como silk district.

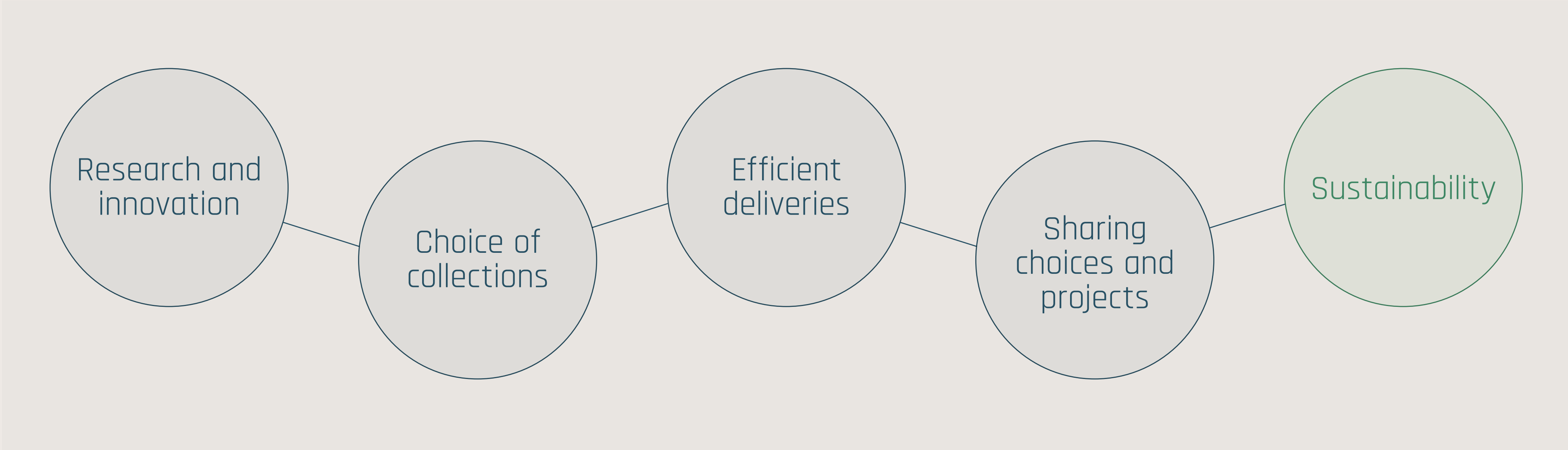
Lariotex works to provide its customers with high standards: constant research, a wide-ranging collection and speedy deliveries. At the same time, the ability to engage with suppliers to find solutions and share standards is crucial to ensure the variety and innovation of the offer in respect of the customer.

The research and implementation of new and innovative items make Lariotex’s sample collection one of the most complete, with a particular focus on polyester and viscose textiles and especially silk. Fibres such as wool, cotton and linen are also used, albeit to a lesser extent.

Lariotex believes that doing business means communicating and collaborating to share choices, projects, innovative paths and development strategies throughout the entire value chain.

Sustainability is an integral part of every strategic company decision.

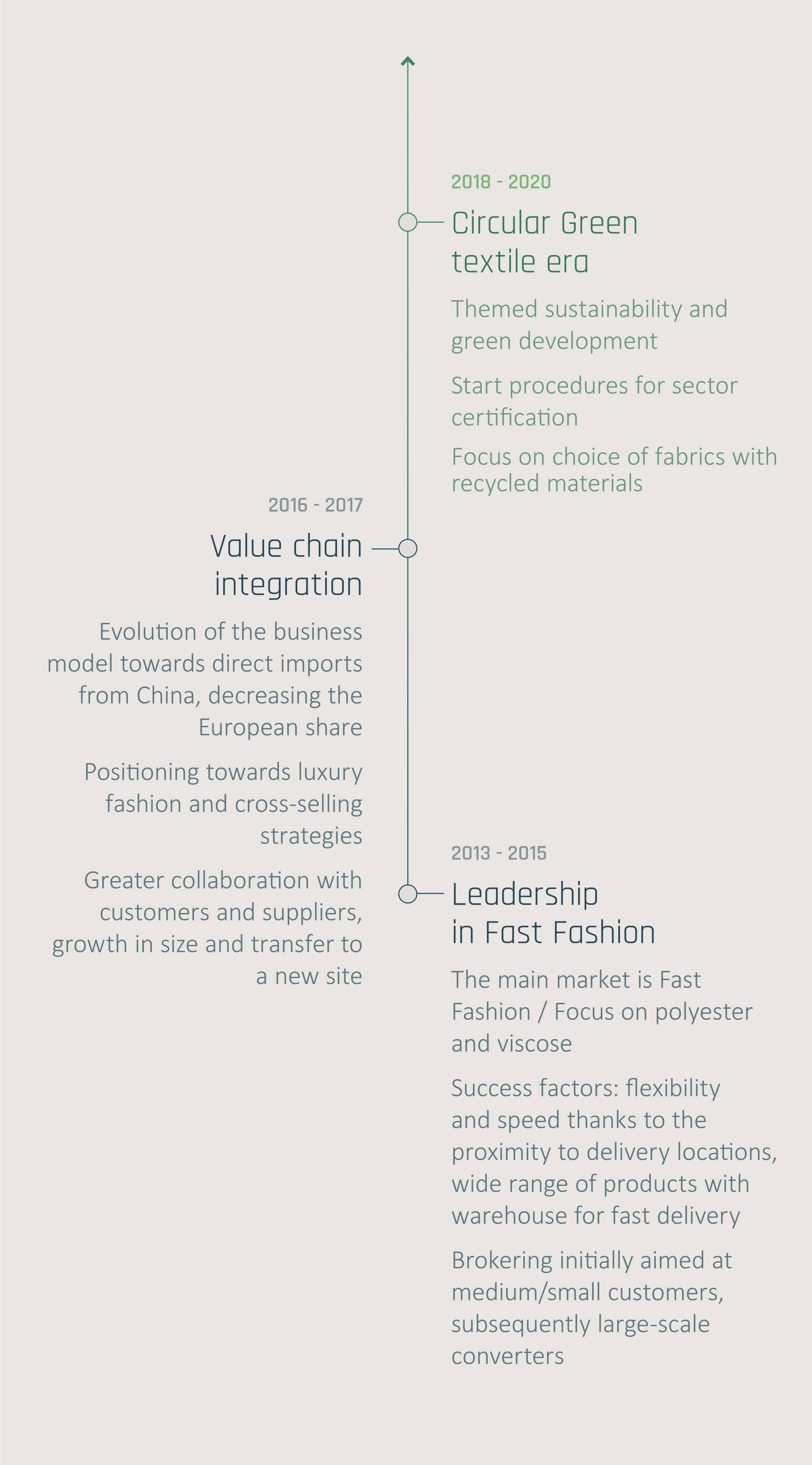
01 – Lariotex



Lariotex: recent history

Lariotex was founded with the aim of creating a new firm that, within the Como textile district, was able to provide textiles in rolls, ready for printing or for dyeing, to local companies. The textiles come from China, South Korea and India, and comprise different types of textile fibres. The intention of the shareholders, right from the outset, has been to develop items that could meet the many requests in the district, not only as regards silk textiles (a fibre that has always been associated with the Como textile industry), but also and especially for items made from other, less valuable but mass-consumption fibres, such as polyester and viscose.

Lariotex is an exclusively commercial company that does not perform any type of production or working on the fabric, unless requested by the customer and, in this case, it is outsourced to third parties (quality control rather than a process of washing the fabric).



The market, customers

The market is characterised by a few importers located in Europe (France, Belgium and Germany) which, based on their customers' purchasing schedules or with respect to individual business plans, resupply to ensure customer demand is met. With regard to the transport times needed to enable the goods to reach the national market (sea transport from China takes 35 to 40 days), many customers present in the district, while importing directly, need to buy on European territory, in order to have ready availability of goods. This phenomenon is increasing, mainly because of the steep rises in freight prices and the difficulty of finding space on ships departing from China.

Depending on the market/channel concerned, there are 4 types of end customers:

Fast Fashion - Market with low-medium level products. Characterised by very high turnover of garments present in store that is reflected in a purchasing policy in which the times between choosing the garment and marketing it are very short. The main players are the Inditex Group (brands Zara, Bershka, Stradivarius, etc.), H&M, Mango, Calzedonia, etc.

Luxury Fashion - in the world of high fashion the times for the producing the various articles (clothing and accessories) are longer. Some of the most known brands are those belonging to the Kering Group (Gucci, Saint Laurent, Balenciaga, Bottega Veneta), Dolce & Gabbana, Armani, Valentino, LVMH, etc.

Ready-to-wear 'planned' fashion - this is a medium-high range market, with operators such as Patrizia Pepe, Liu Jo, Pinko, Elisabetta Franchi, whose outputs are not as frequent as in fast fashion and which differ by the greater care and stylistic research that goes into the garments.

Classic ready-to-wear fashion - in this case, the market is particularly recognised by firms from the Prato district, with almost completely Chinese, low-cost and low-level production.

Most of the production, from the point of view of the end consumer, concerns female attire, which occupies significant slices of all the four sectors identified: exceptions can be found in the luxury sectors, in which accessories are a good component, while Fast Fashion is almost exclusively represented by women's ready-to-wear fashion.

At 31 December 2020, the share capital of Lariotex amounted to €3 million, corresponding to 3 million shares with voting rights. The controlling shareholder is Lariotrade S.r.l. In the financial year 2020, Lariotex's revenue was €51.8 million. At 31 December 2020, the company had 13 employees.

Lariotex's reference markets mainly comprise customers whose registered office is in Italy (80.9% in 2020), even though the share of sales in the European Union has risen significantly (17.2% in 2020).

In 2020, the textile sector significantly suffered from the effects of the Covid-19 pandemic; in particular, a marked decrease in that invoiced, across the various sectors. It is expected to recover in 2021, in particular for the clothing and footwear market segments. Recovery times and methods for the individual segments remain to be assessed, in a context in which phenomena such as the price fluctuations of raw materials and, as indicated above, the dynamic increase in sea and air freight, combined with the difficulty of finding space for goods, make daily operations more difficult.

Revenue	2019		2020	
	Amounts €1000S	%	Amounts €1000S	%
By geographical area				
Italy	61,229	88.2%	41,894	80.9%
European Union	7,681	11.1%	8,904	17.2%
Other countries	520	0.7%	997	1.9%
Total	69,430	100.0%	51,795	100.0%

Economic performance

Economic value generated and distributed

The direct economic value generated and distributed highlights the allocation of value distributed to the various internal and external stakeholders and is calculated by reclassifying the income statement from the annual financial statements. In particular, the value generated refers to Lariotex's net revenue (Revenue, Other operating income, Financial income, net of Losses on receivables), while the distributed Economic Value includes costs reclassified by stakeholder category, combined, where present, with dividends distributed to shareholders.

The economic value retained relates to the difference between the economic value generated and distributed, and includes depreciation of tangible and intangible assets, provisions, prepaid and deferred taxes. To assess Lariotex's business model, the overwhelming majority of the value distributed is to suppliers. During the three-year period considered dividends totalling €2,095,000 were distributed.

	2018	2019	2020
Economic value generated and distributed €S			
Economic value generated	64,531,091	68,889,284	51,878,548
Economic value distributed			
Suppliers - Operating expenses	(60,388,236)	(63,806,198)	(46,842,180)
Human resources - Staff costs	(591,856)	(660,677)	(599,946)
Banks and other lenders - Financial charges	(241,494)	(230,975)	(363,738)
Public administration - Taxes	(1,052,150)	(1,137,953)	(939,076)
Shareholders - Dividends distributed	(580,000)	(900,000)	(615,000)
Economic value distributed	(62,853,736)	(66,735,803)	(49,359,940)
Economic value retained	1,677,355	2,153,481	2,518,608

Lariotex occupies a particular segment in the textile sector: although it is a raw material supplier, it performs a delicate role of connecting requests that arrive from the world of converters¹ (in turn received from large-scale distributors and firms) and producers' needs. The research and development activity is therefore crucial for the role that Lariotex performs on the market, in the mutual interest of producers and distributors.

Lariotex implements and adopts sustainability issues in relations with the supply chain, performing necessary and appropriate checks on goods purchased, in order to ensure the standards required by its customers. It is known that the market is making great strides towards eco-sustainable production, confirming the effectiveness of the choice made in past years, investing time and resources on finding articles that meet this requirement. Trends and future scenarios are moving in this direction: just consider the themes of the Green Deal and the Next Generation Plan in a European context.

¹A textile converter is an essential actor in the supply chain: they perform the task of converting an idea, which can be either theirs or the client's, involving a network of trusted subcontractors or by integrating all phases of working internally and organising the production of the specific article from the first stages of the supply chain up to the finished product.

Sustainability by choice

Lariotex's two main areas of action to define and strengthen its sustainability profile concern:



Chemical management

The limitation of dangerous chemical substances used in the production of fabrics marketed is a strategic component of Lariotex's business model.

Attention is linked to two goals:

- Reducing the release of pollutants into the environment.
- Ensuring increasingly restrictive limits on the presence of dangerous chemical substances, both for humans and the environment, on the product delivered to customers.



Eco-friendly fabrics - Certified quality

Lariotex, through the specific brand dedicated LariotexECO, offers its customers an eco-friendly product line. The Company systematically seeks and according to a strategic vision to strengthen the market presence of suppliers of 'green' fibres to widen the range of sustainable proposals.

Strategy and sustainability

R&D - Research and development

The research and development activity, together with the capacity for innovation represent cultural heritage and sensitivity, developed by the founding members, which constitutes fundamental know-how and intangible value for the fashion industry.

This activity is a fundamental component for the Company's strategies, which enables us to anticipate and understand market tastes, trends and directions. This is the ability to research the product, with a unique and particular know-how, rather than simple knowledge (itself transferable and replicable), which comes across as cultural heritage and sensitivity, a factor of excellence and distinction in the field of fashion and from which follows an almost unique widening of the collections for a fabric importer.

Impacts - Materiality analysis

Stakeholders

Companies are constantly confronted with all their stakeholders, individuals or groups with different interests, through a system of relationships and dialogue. Creating, maintaining and developing relationships with stakeholders, through appropriate involvement tools, in fact allows a better understanding of their needs, expectations and assessments. The engagement of stakeholders, on different levels and with different instruments, favours conditions for a better definition of the business objectives and actions, which take account of the changes underway, risks and opportunities.

Lariotex's system of relationships is based on different tools for the various categories of stakeholders, which take account of the different nature of the relationships and interconnections.

Stakeholder	Involvement / relationship tools
Shareholder	Shareholders' Meeting
Banks/Lenders	Meetings - exchange of information - periodic reports on request
Employees	Dialogue with management and continuous training (including that on sustainability topics) - Company benefit initiatives (open pension fund) - Company intranet - Informal meetings and periodic company events
Suppliers (goods and services)	Definition and sharing of standards - business meetings and visits to the company and to suppliers' sites - Events and national and international industry trade fairs - Partnerships with suppliers to develop new articles and for optimal management of the analysis of textiles of Chinese origin
Customers	Business meetings and company visits - Self-assessment questionnaires - end customers/supply chain audits - Product research partnerships
Public authorities	National and local public bodies/National/local authorities - Supervisory and regulatory bodies: meetings/sending and exchanging communications to meet requirements or specific requests
Media	Institutional website - Publishing of financial statements on website
Community and local area	Meetings with representatives local communities - Visits to the company

Impacts - Materiality analysis

Materiality analysis

The relevant aspects (topics), as indicated by the GRI Standards are those topics that reflect significant (positive and negative) impacts of a firm on the economy and the environment and people, taking account of the expectations and interests and evaluations of its stakeholders.

According to the approach of the European Union, recently defined in the information on the subject of climate change guide (NFRD/Non-Financial Reporting Directive - Directive 95/2014) material topics are aspects that can have significant impacts on the development, performance and financial value of a firm. At the same time, a material topic is defined as such in relation to the social and environmental contexts and topics that the company has a significant impact on through its activities. This approach is also defined as 'double materiality'. The materiality analysis process is, by its nature, dynamic and always based on the reference context. The two directions of materiality are interconnected. Not all material aspects are of equal importance and sustainability reporting reflects the related priority.

The materiality analysis process, as this is the first year of drafting Lariotex's Sustainability Report, required the following steps:

The process	
1	Stakeholder mapping.
2	Sector benchmarking analysis (national and international comparables).
3	Workshops with managers of Lariotex departments on the business model and company priorities
4	Stakeholders - engagement evidence/activities carried out - feedback from recurrent engagement activities and interaction with stakeholders.
5	Validation of the materiality topics and the level of priority by the Sole Director.

Impacts - Materiality analysis

Materiality analysis /2

The material topics identified were grouped according to areas which allow them to be better represented. These topics have a different level of impact, but generally apply to all stakeholders.

Topics	Impacts and motivations relevance of the topic	Reporting GRI STANDARDS (SPECIFIC TOPICS)
Governance		
1 — Integrity and ethical conduct of the business	The governing body responsible for a firm requires the standards to be followed and the ethical standards to be applied. Regulatory compliance and integrity are pre-conditions for running a business.	GRI 205-3 GRI 307-1 GRI 419-1
Economics		
2 — Generation and distribution of value	Economic sustainability and financial balance are essential conditions for running a business and to ensure an adequate distribution of the economic value generated for its stakeholders.	GRI 201-1
Customers/Products		
3 — Product quality and safety	The topic relates to the ability to sell products of high quality, reliability and with safety guarantees for direct/end customers, to adequately and promptly respond to customers' requests and requirements, in accordance with the reference standards.	GRI 416-2
4 — Technological innovation and product research	The research into materials and fabrics is an aspect that strengthens a company's business model and its sustainability profile. Innovation in the sectors reduces the environmental impacts related to production processes and the raw materials used.	Material topic reported by the general GRIs (102)
5 — Customer satisfaction and responsible marketing	Performance depends to an significant extent on customer satisfaction. In this respect, responsible and transparent marketing policies are identified, also for the marketing of products and collections, in particular, for products that focus on technical characteristics, innovation and sustainability.	GRI 417-2

Impacts - Materiality analysis

Materiality analysis /3

Topics	Impacts and motivations relevance of the topic	Reporting GRI STANDARDS (SPECIFIC TOPICS)
Suppliers/Supply chain		
6 — Sustainability of the supply chain	Supply chain management according to sustainability criteria: governance, selection and evaluation of suppliers based on social-environmental parameters/indicators. An organisation’s sustainable profile cannot be separated from supply chain management according to consistent standards, through mechanisms and tools that can ensure, over time, not only control of the supply chain, but also a partnership for sustainability.	GRI 308-1 GRI 414-1
Environment		
7 — Sustainable products and processes/Circular economy	A sustainable approach requires a responsible use of raw materials, which reduces environmental impacts and that favours circular economy practices (eco-friendly fabrics and materials). The potential impacts on the environment are also related to industrial waste management (waste and its destination).	GRI 301-1 GRI 301-2
8 — Chemical management	Chemical risk is a topic specific to the field of textiles due to the risk associated with the potential presence of polluting substances and the related contamination level.	Material topic reported by the general GRIs (102)
9 — Energy consumption and emissions	Aspect that affects Lariotex’s internally and mainly comprises the energy sources used and the reduction/greater efficiency of energy consumption.	GRI 302-1 GRI 305-1 GRI 305-2 GRI 305-3
Human resources		
10 — Human resources and workplace management	The management and development of an organisation is based to a significant extent on people and related responsibilities. The ability to last over time is linked to a company’s ability to have people capable of supporting value creation.	GRI 401-1 GRI 401-3 GRI 405-1
11 — Health and safety of workers	The management of the company, its people and infrastructure makes constant control of sensitive processes necessary, with particular regard to the prevention of occupational accidents and diseases for all staff.	GRI 403-9

Impacts - Materiality analysis

Materiality analysis /4

The materiality analysis carried out to prepare this first sustainability report also included an assessment of the priority of the main topics, which is shown below. This assessment was carried out by Lariotex management.

TOPICS
Priority
— Integrity and ethical business conduct
— Human resources and workplace management
— Health and safety of workers
— Product quality and safety
— Sustainability of the supply chain

TOPICS
Very relevant
— Generation and distribution of value
— Sustainable products and processes/ Circular economy
— Chemical management
— Technological innovation and product research
— Customer satisfaction and responsible marketing

TOPICS
Relevant
— Responsible consumption of resources (Energy and waste)

02 — Governance



The governance adopted by Lariotex involves:

- **Shareholders' Meeting:** matters required by law and the Articles of Association.
- **Sole Director:** Company management. The Sole Director is vested with the most extensive powers for ordinary and extraordinary company administration, with the right to carry out any actions he deems appropriate to achieve the corporate purpose, excluding those which the law reserves for the Shareholders' Meeting.
- **Statutory Auditors:** supervision.

The statutory audit is entrusted to Audirevi S.p.A..

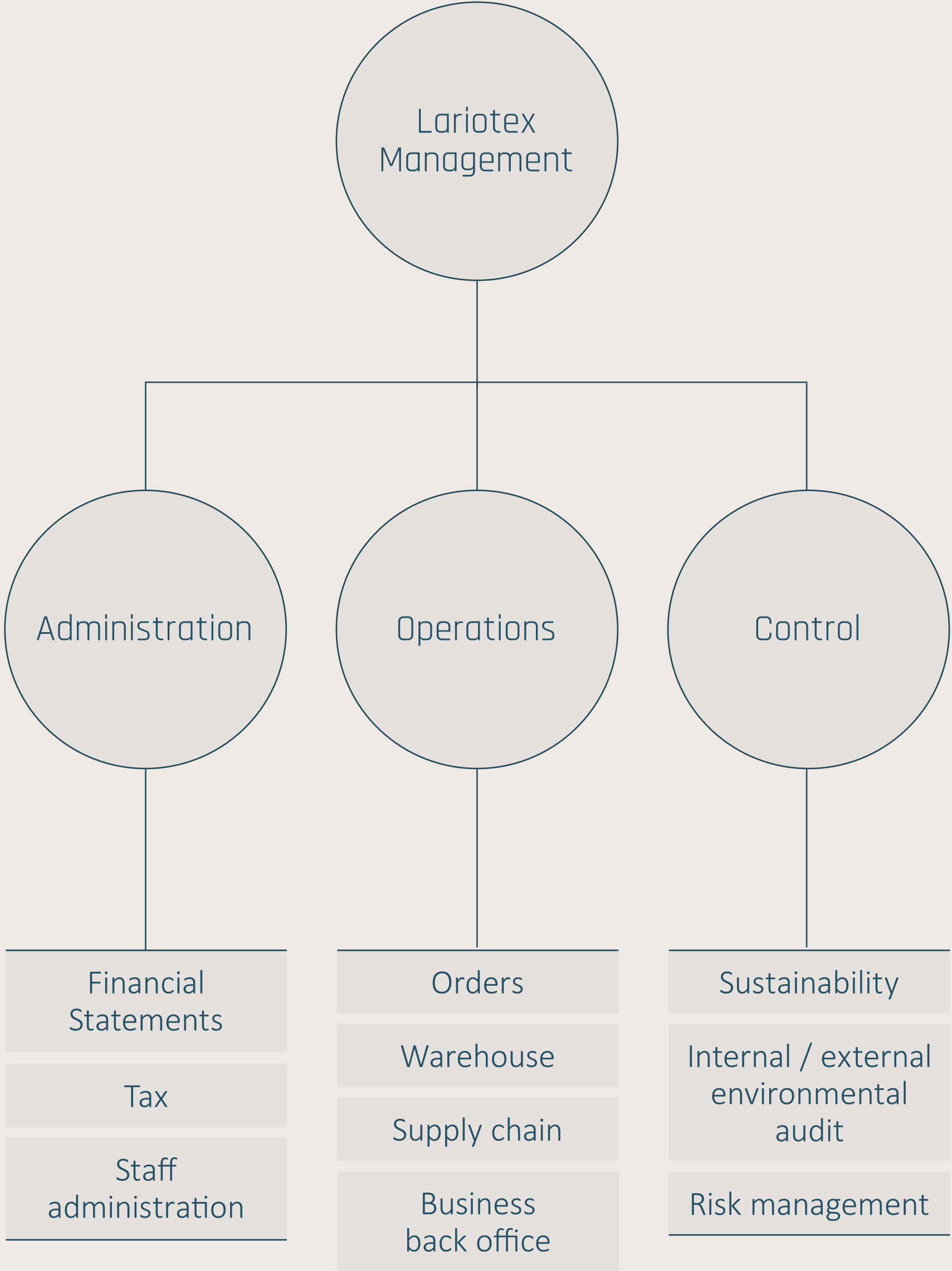
As a result of the adoption of the Organisation, Management and Control Model under the terms of Legislative Decree No. 231/2001 ("Model 231") a Supervisory Body was also appointed in 2021, which ensures correct operation of "Model 231" and ensures it is updated.

Sole Director	
Pierluigi Biondi	Sole Director
Board of Statutory Auditors	
Francesco Gianluca Pecere	Chairman
Gianmario Ferrari	Auditor
Giuseppe Erba	Auditor

Corporate governance

Organisational structure

The 3 department managers, reporting directly to the Sole Director (Management) are female, two of whom have been executives since 2021.



Associations and external initiatives

Codes of conduct/standards adhered to: please refer to Chapter 3 (Quality, sustainability and partnerships) with regard to the information on the organisations and initiatives Lariotex adheres to, with specific reference to fabric production according to standards that are consistent with environmental and social sustainability, in particular, the BCI - Better Cotton Initiative.

Associations: Lariotex has been a member of Confindustria since 2021.

Ethics and integrity in business management

Organisation, Management and Control Model Legislative Decree No. 231/2001

The Organisation, Management and Control Model under the terms of Legislative Decree No. 231/2001 (“Model 231”) was adopted by a resolution of the Shareholders’ Meeting of 28 June 2021.

Legislative Decree 231/2001 concerning the “*Administrative liability of legal persons, companies and associations, also without a legal personality*” introduced the administrative liability of companies into our legislation. The afore-mentioned liability arises when a certain offence is committed, expressly set out in the Decree, in the interest or to the advantage of the company, by persons (and their subordinates) who exercise (*de jure* and *de facto*) representation, administration and management tasks. Administrative liability also applies to the offender’s staff and involves the application of sanctions (fines and disqualifications) to the company as an autonomous legal entity. *quale entità giuridica autonoma.*

The purpose Model 231 is as a measure to prevent the risk of committing the offences expressly set out in Legislative Decree No. 231/2001. Model 231 also has an exemption effect, as it allows the company to be waived of any liability. For this purpose, pursuant to the provisions referred to in Article 6 paragraph 2 of the Decree, Model 231 must meet the following requirements:

1. Identify sensitive activities where liable offences could be committed.
2. Produce specific protocols to define the making and implementation of company decisions in relation to preventing offences.
3. Identify the methods for managing the adequate financial resources to prevent the commission of these offences.
4. Provide information obligations in respect of the body tasked with monitoring operation and compliance with Model 231.
5. Introduce a suitable system to internally govern failure to comply with the measures indicated in Model 231.

Ethics and integrity in business management

Organisation, Management and Control Model Legislative Decree No. 231/2001 /2

Model 231 adopted by Lariotex consists of:

1. a General Part, with the related appendices, which contains an analysis of Legislative Decree No. 231/2001, a description of the business conducted by the company and a definition of the structure necessary for effective and efficient implementation of Model 231.
2. Code of Ethics and Conduct, which contains all the rights, duties and responsibilities of the company in respect of “stakeholders” (employees, suppliers, customers, Public Authorities, shareholders, financial markets, etc.). This code has the function of “recommending, promoting or banning certain behaviours, regardless of that expected at regulatory level, providing sanctions proportionate to the severity of the infringements committed”.
3. 3. a Special Part, with the related appendices, whose purpose is to:
 - a. identify the sensitive activities of committing offences and the related preventive measures.
 - b. specify the rules that the exponents and company departments are required to observe for correct application of Model 231.
 - c. equip the Supervisory Board and the other control functions with the tools to carry out monitoring, control and audit tasks.

The Special Part comprises several sections that relate to the various corporate functions.

The adoption of Model 231 involved the setting up of the Supervisory Board (SB), which is entrusted with the task of supervising the operation and observance of Model 231 and ensuring it is updated. The SB is required to and carries out audit work aimed at checking the correct application of the rules defined and that Model 231 as a whole can respond to the risk profiles highlighted.

During the financial year 2020, as well as in previous financial years subject to reporting, no episodes of asset or liability corruption were established involving directors or employees of Lariotex.

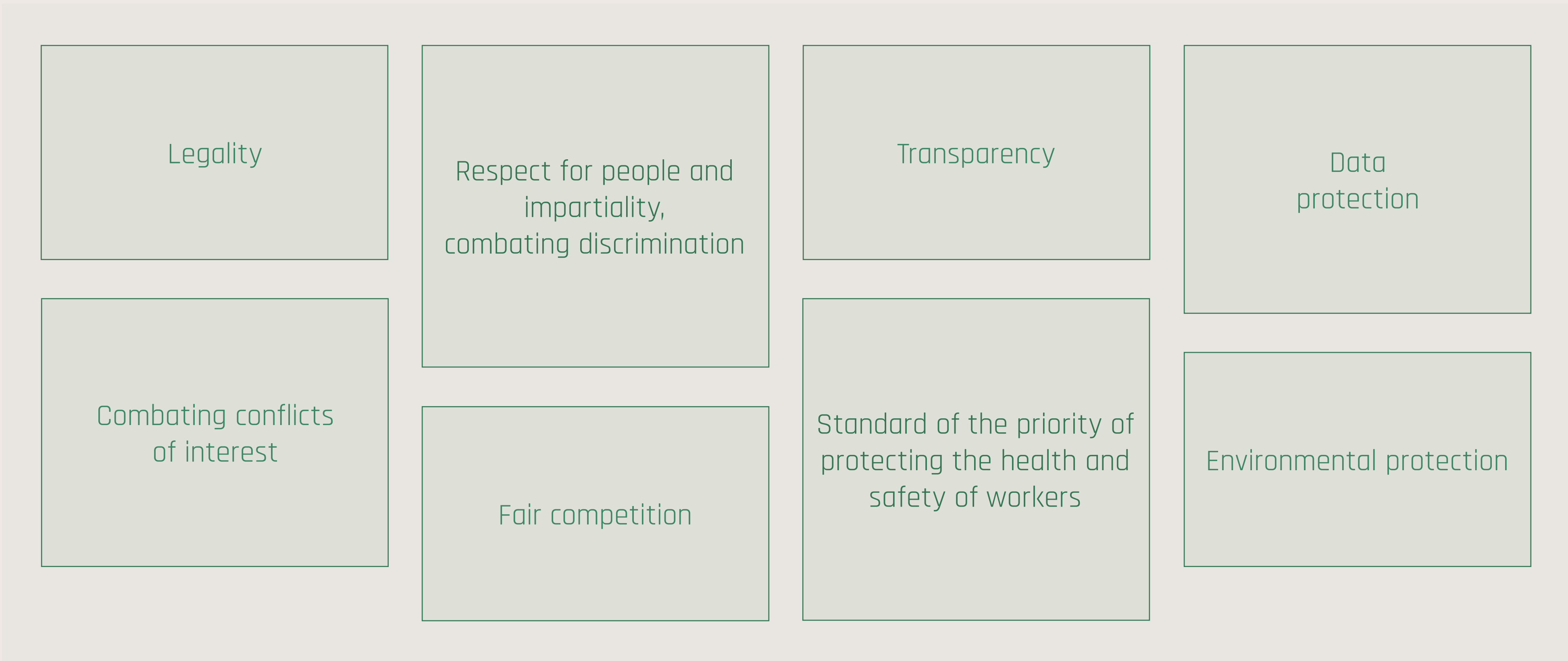
Ethics and integrity in business management

Code of Ethics and Conduct - General standards

The Code of Ethics and Conduct (“Code”) is an integral part of Model 231 adopted by the Company and contains a series of business ethics standards, i.e. a set of rights and obligations of the Company in relation to stakeholders.

The values and standards contained in the Code reflect the ethical standards on which the Company’s work is based, hereinafter called:

The “Code” and Model 231 are available using this link: <https://www.lariotex.com/comunicazioni-istituzionali/>



Sustainability policy

L ariotex does not believe ethics and profit conflict, since there can be no economic development that is separate from social and environmental matters. Since 2018, the company has consequently adopted a Sustainability policy, which envisages objectives related to environmental and social aspects. The aim is to contribute to generating positive change at global level, assuming a clear environmental and social responsibility.

Environmental responsibility

L ariotex tackles the aim of reducing the environmental impact its business, by adopting an approach to monitoring and continuous improvement of performance, starting from compliance with the regulations in force with a constant focus on innovation, research and development. Specifically:

- Reducing the release of pollutants in the productive processes of its supply chain and respecting the limits for the presence of hazardous chemical substances for humans and the environment (in increasingly restrictive terms).
- Seek partnerships with organisations that share the same values of attention to protecting the environment, people and focussed on innovation.

Sustainability policy

Environmental responsibility /2

Reduced environmental impact

- Implement a chemical risk management system, aimed at reducing the environmental impact caused by using harmful chemical substances for humans and for the environment in the production processes along the production chain, according to the state of progress of technical knowledge in the field, by means of implementing the MRSL, ZDHC (Manufacturing Restricted Substances List).
 - Ensure the constant monitoring and improvement of the quality of the wastewater directly and indirectly connected to Lariotex production.
 - Inform and train employees on the company's activities in the context of sustainability to stimulate research and innovation.
 - Search for legislative compliance by constantly seeking partners and suppliers who share the same values and strategic objectives.
 - Use cutting-edge technical and managerial tools to improve performance in the context of sustainability.
 - Periodically share the results achieved and the new improvement objectives defined with stakeholders.
- Correctly and responsibly manage waste resulting from the production process.
 - Favour, where possible, raw materials with a lower environmental and social impact, such as raw materials that are recycled or regenerated, traced and traceable, organic and/or related to sustainable initiatives.
 - Seek and favour solutions aimed at reducing waste production and/or increase reuse and recycling practices.
 - Limit the impact on forests caused by using components derived from plant raw material, originating from them and linked to situations of: i) illegal logging or trade in wood or illegal cellulose; ii) breach of human rights in forestry activities; iii) destruction of areas of particular botanical interest; iv) significant conversion of forests into plantations; v) the introduction of GMOs into forestry activities; vi) breach of the ILO Convention on the rights of workers involved in the related supply chain.

Sustainability policy

Social responsibility

In a social-ethical context, Lariotex undertakes to respect workers' rights according to the Universal Declaration of Human Rights and respect the main conventions of the International Labour Organisation (ILO), national legislation and the conditions laid down by national collective bargaining on the matter of:

- Freedom of unions and the right to collective bargaining.
- Child and minor labour.
- Forced labour.
- Health and safety.
- Prevention of every case of discrimination and abuse.
- Regularity and transparency in employment contracts, logging of work time, payment of the salary due.

Lariotex also undertakes to favour collaborative relationships with partners that pursue the same social objectives, in accordance with the applicable regulations and to ensure, where possible, their correct application in partner companies.

Disclosure

Lariotex has undertaken to disclose the contents of the Sustainability policy within its own organisation, so that it is known and pursued at all levels. At the same time, all the tools for disclosing these purposes to external entities that the company is in contact have been set up; mainly customers and suppliers, as they are directly related to the manufacturing cycle, but also reference associations, communities and public institutions, to raise awareness of the attention to sustainability issues.

Following the rules - Compliance

Model 231, governance instruments and Lariotex's Sustainability policy define the main reference parameters on the matter of legislative compliance.

Following the environmental rules

During the year, and in the previous one, no events have occurred that have given rise to sanctions and/or disputes for non-compliance with laws, rules or regulations on environmental matters. Similarly, on the date of this Sustainability report, no environmental disputes are in progress.

Non-compliance with laws and regulations in the social, economic and tax area

On the date of this document, there are no existing cases of breaches of the laws and/or regulations relating to provisions of a social, economic and tax nature. No sanctions of this type were received in 2020 and no important proceedings in this respect are indicated.

Human rights

The issue of human rights can potentially affect processes related to the supply chain. See in this regard that specified in the Sustainability policy mentioned above and in the paragraph dedicated to managing relations with suppliers.

Procedures for respecting competition

During the reporting period in question, there have been no episodes and/or the opening of proceedings or legal action in respect of Lariotex relating to a breach of free competition, monopolistic practices or antitrust.

Health and safety of customers - Compliance and labelling of products

In 2020, there were no episodes and/or opening of proceedings or legal actions in respect of Lariotex relating to the consequences on the health and safety of customers resulting from the use of Lariotex products, product and/or labelling non-compliance. There are not proceedings in progress in this regard.

Security of data and information and Privacy Notice

Any dispute, complaint by an external party or by regulators has been received to date by the company with respect to breaches of legislation, data subject rights and the personal information of which the company is the data controller.

03 – Quality, sustainability, partnership

Lariotex is in and oversees a niche market where, at local and national level, there is no well-identified and specialist operator, but rather a series of companies involved not only in fabric ready for printing, but also the world of yarns. Many companies in the district, even medium-sized, sometimes directly import the product, although it is not favourable for them from an economic point of view, given the limited quantity purchased, therefore with a higher on average price and the financial and administrative costs related to the import.

Over the years, Lariotex's clientèle has, besides growing in number, diversified in the types and sizes of its customers. Various structured operators, through strategic choice, are deciding to resort to direct imports to a lesser extent and turn to Lariotex to maintain an adequate warehouse, also recognising its logistics role, in addition to the variety of the collection, reliability and speedy deliveries.

03 – Quality, sustainability, partnership

Chemical management

Chemical management: a virtuous, clean and responsible system - Lariotex is committed to reducing the impact of the use of harmful chemical products for humans and for the environment throughout the production chain. An essential condition and prior conducting the company's business is legislative compliance, towards which Lariotex also directs its choices of suppliers and partners.

The 4sustainability® commitment

Lariotex Spa has joined the 4sustainability® commitment and has adopted the Chemical Management protocol for the elimination of toxic and noxious substances in production via ZDHC MRSL®, which implements the MRSL ZDHC (zero discharge of hazardous chemicals) with a structured method. The management system systematically tackles the topic of the risk of toxic and harmful chemicals, integrating activities and targeted controls in the production cycles aimed at gradually eliminating their presence to protect human health and the environment.

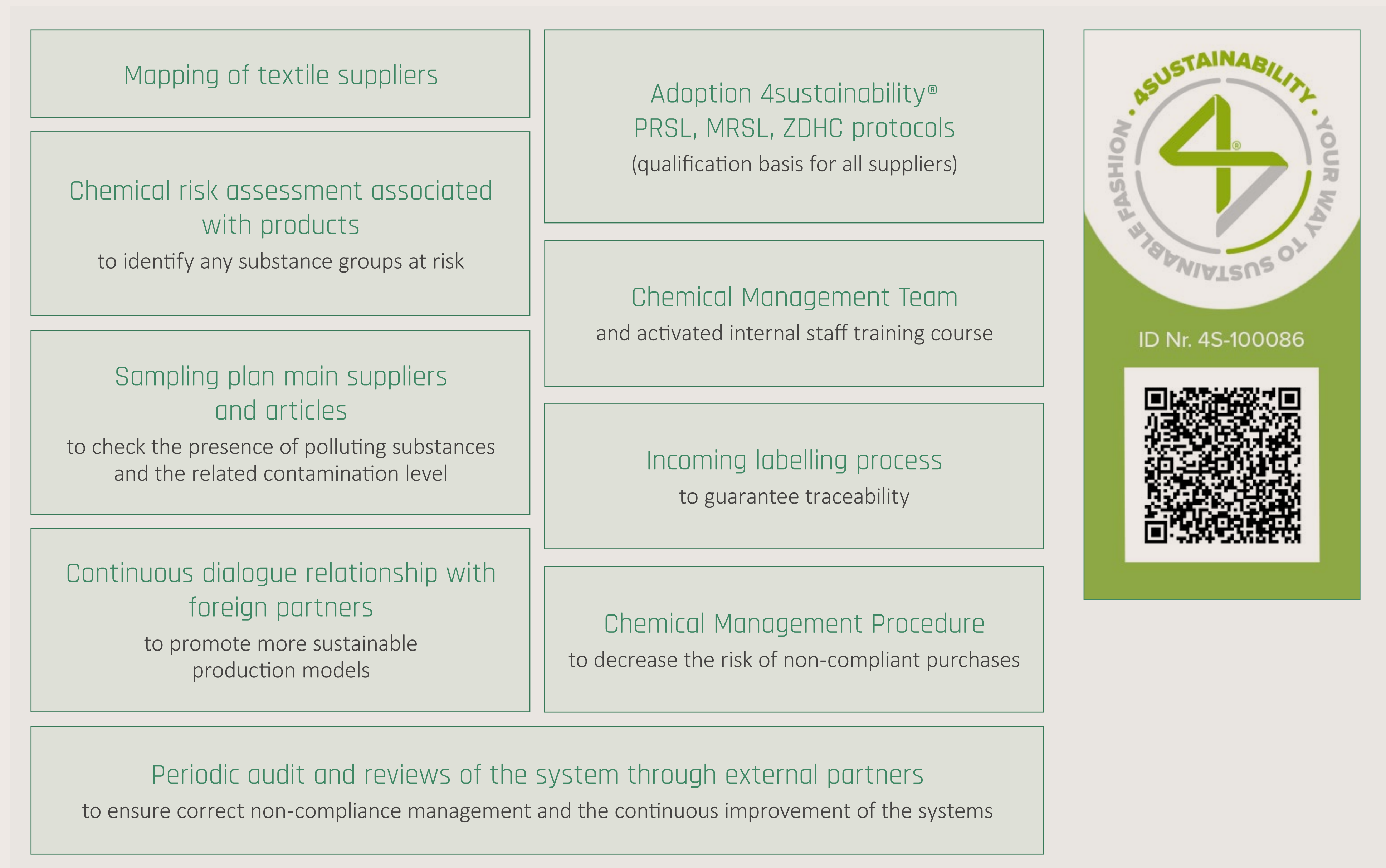
The 4sustainability® PRSL (Product Restricted Substances List) and the MRSL ZDHC (Manufacturing Restricted Substances List (www.roadmaptozero.com)) have been adopted. These tools represent a step deemed necessary towards reducing the chemical risk in production processes and are periodically updated according to the state of progress of technical knowledge in the field, in a context of continuous improvement.

The policy for managing chemical substances is disseminated within the company, to be known and pursued at all levels. At the same time, tools have been developed for dissemination to customers and suppliers - because it is directly linked to the manufacturing cycle. The involvement of stakeholders has also involved reference associations, communities and public institutions, to strengthen the attention paid to sustainability issues.

Chemical management

The 4sustainability® commitment /2

The 4sustainability® chemical management system adopted by LARIOTEX comprises a series of initiatives and operational practices.



Chemical management

Supplier monitoring

Among the various activities of the chemical substances system management, the main role is represented by the supply chain qualification and monitoring system. Lariotex keeps the mapping of its suppliers updated in the 4s platform, software by Process Factory, dedicated to chemical management and management of related activities.

Suppliers are required, by means of suitable approved communication, to certify the compliance of the material delivered to the internal PRSL (4sustainability® PRSL), of the corresponding production processes for MRSL ZDHC (current version) and its addendum, and complete the self-assessment questionnaire. The aim of this questionnaire is to collect information on the Chemical Management performance of suppliers and is the main tool for collecting indicators such as the level of qualification of the Chemical Inventory and that of ClearStream, in addition to other parameters.

The Suppliers' response generates a rating, resulting from the combination of a series of specific variables which take account of the type of supplier, including: the supplier's level of reliability, approval level of commitment, assessment questionnaire score and the chemical tests carried out according to the controls plan.

In order to monitor the chemical compliance of raw material purchases with respect to the internal PRSL, Lariotex has adopted an annual raw material checks plan, including the results of the chemical tests on the material purchased, defining the preliminary chemical substances to be included in the test.

In 2020, a percentage of suppliers representing 62% of the purchases of the raw materials of Lariotex have already committed to share data and evidence in order to check the correct implementation of the chemical management system. 100% of the tests carried out in 2020 (63 tests) passed the 4sustainability PRSL. The suppliers monitored by means of the test represent 68% of the volume of linear metres of fabric purchased in 2020.

Chemical management

Lariotex's chemical management results

Adhering to the 4sustainability® Process Factory also requires evidence of the adherence of textile companies, fashion & luxury and the sustainability roadmap. The implementation of each initiative is checked and measured annually, based on a structured protocol of activities. The audit carried out during the first few months of 2021 (4s Audit Report Chemical Management) assigned Lariotex the significant audit overall rating of 64% Implementation Level - Advanced.

In particular, and with respect to the different areas of analysis:

- Management System **69%**
- Raw Materials/Raw materials risk management **90%**
- Supply Management/Supply chain assessment **80%**
- Production Progress/Process management **83%**

Eco-friendly fabrics

Lariotex offers a line of ecological products in its catalogue. The trademark LARIOTEX ECO helps to identify certified products in the catalogue. An extra guarantee of transparency to simplify customer choice. Lariotex is constantly engaged in the search for suppliers of sustainable fibres to widen the range of proposals that meet customer demands.

Within the scope of this strategic choice, Lariotex has launched a project to prepare for the certification scheme and a path for research and development of partnerships with some leading suppliers.

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SUSTAINABILITY
REPORT
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03 – Quality,
sustainability,
partnership

Eco-friendly fabrics

Fabrics: collection volumes

The data presented below show the increasing weight of the fabrics sold that respond to sustainability policies of the sector in terms of certifications/characteristics of the production supply chain and the origin of the material (regenerated and recycled fibres).

During the three-year period 2018-2020 the sale of the products of the Eco-Friendly collections rose from 0.1% in 2018 to the significant share of 28.5% in 2020.

Quantities sold	2018		2019		2020		Renewable materials
	METRES	%	METRES	%	METRES	%	
by type of fibre							
Polyester	16,172,263	54.7%	17,864,610	50.6%	15,190,767	52.5%	
Viscose	8,635,321	29.2%	11,605,302	32.9%	8,086,945	28.0%	basic material of natural / renewable origin
Silk	2,443,489	8.3%	2,310,947	6.5%	1,520,715	5.3%	basic material of natural / renewable origin
Cotton	1,932,812	6.5%	2,800,306	7.9%	3,928,156	13.6%	basic material of natural / renewable origin
Other fibres	360,924	1.2%	707,350	2.0%	201,599	0.7%	
Total	29,544,809	100.0%	35,288,515	100.0%	28,928,183	100.0%	
Per collection							
Basic	22,155,675	75.0%	24,721,239	70.1%	15,010,833	51.9%	
Eco	38,142	0.1%	3,419,410	9.7%	8,246,377	28.5%	
Fashion	7,350,992	24.9%	7,147,866	20.3%	5,670,973	19.6%	
Total	29,544,809	100.0%	35,288,515	100.0%	28,928,183	100.0%	

Eco-friendly fabrics

Eco-friendly fabric lines

The fabrics in the ECO collection may originate from recycling, certified according to the standards indicated above or meet both the characteristics/conditions.

In detail:

ECO-Friendly collection	2018		2019		2020		Material origin / certifications
	METRES	%	METRES	%	METRES	%	
Polyester	3,150	8.3%	1,700,381	49.7%	3,115,435	37.8%	From recycling GRS Global Standard Recycle
Viscose	34,992	91.7%	1,467,691	42.9%	3,059,935	37.1%	RCS Recycled Claim Standard FSC Forest Stewardship Council ECOVERO by Lenzing
Silk			17,006	0.5%	56,235	0.7%	GOTS – Organic
Cotton			234,332	6.9%	2,014,772	24.4%	GOTS – Organic BCI
Total	38,142	100.0%	3,419,410	100.0%	8,246,377	100.0%	

Eco-friendly fabrics

Eco-friendly fabric lines /2

Fabrics	Characteristics and certifications
Polyester	Articles with a share of recycled material (from 30% to 70% PET Post consumer) <u>GRS Global Recycle Standard</u> — Mark that certifies products obtained from material to be recycled in the manufacturing activity and enhances the environmental and social criteria of the supply chain.
Viscose	<u>RCS Recycled Claim Standard</u> <u>FSC Forest Stewardship Council</u> — - International organisation recognised as an certifying body of correct forestry management and traceability of the sustainable product. <u>ECOVERO by Lenzing</u> — One of the most famous brands in the Lenzing group to identify revolutionary and innovative fibres. Derived from certified sources of renewable wood that use an eco-responsible production process that meet high environmental standards.
Cotton	<u>BCI Better Cotton Initiative</u> — The Better Cotton Initiative (BCI) is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to improve the global production of cotton for the people who produce it and to reduce its environmental impact.
Polyester, viscose, cotton and linen	<u>STANDARD 100 by OEKO-TEX®.OEKO-TEX Standard 100</u> — Single standard of certification and control in the field of textile raw materials, at all stages of processing that identifies products that do not present any risk to the consumer’s health.
	<u>GOTS Global Organic Textile Standard</u> — It is the most important international standards for the certification of the textile products made with natural fibres from organic farming.



03 – Quality, sustainability, partnership

Supply chain management

The factors of excellence and specificity that distinguish Lariotex, in line with the operating model adopted by the Company, highlight the key role in the selection, collaboration and supply chain management, not only of textile suppliers, but also of logistics.

With regard to specific markets, within the scope of fast fashion, a competitive factor is undoubtedly the strict control of the supply chain, an element that provides speed and agility in the procurement of fabrics and in the making of new collections.

03 – Quality, sustainability, partnership

Converters and suppliers collaboration

- Close collaboration with the converters of the textile sector - to share research and studies on articles requested - and with our suppliers to offer products

Supply chain check - Green compliance

- Direct import to guarantee a controlled and guaranteed supply chain in terms of sustainability and green compliance
- Technical analysis of fabrics

Logistics and sustainable mobility

- Logistic proximity to customers and speedy deliveries.
- Efficient logistics (central warehouse + external DHL hub) for a sustainable logistics and transport/mobility system

Logistics and environmental impact

Logistic proximity to customers and speedy deliveries represent an important competitive factor for Lariotex, as well as logistic efficiency, with an infrastructure that is based on the central warehouse and the external DHL hub. Logistics represents an important aspect for the sustainability of the supply chain as a whole.

The partnership with DHL

The main operator Lariotex uses is DHL (DPDHL Group), which deals not only with managing the external hub (warehouse), but represents Lariotex's main transport partner (for 50% of the total of the quantities imported/in linear metres).

The transport activities Lariotex entrusted to DHL comprise, in particular, imports by air and sea from procurement markets in Asia and road transport on the route between the port in Genoa and the logistics hub in Milan.

DHL is a world transport leader mostly committed to sustainable mobility. DHL's sustainability roadmap focuses on guidelines which provide, limited to environmental aspects (clean operations for climate protections), the following main objectives, which are also important for Lariotex's sustainability profile:

- Green last mile & line haul - Electrification of 60% of the last-mile delivery vehicles and an increase in the share of sustainable fuel in line transport to >30% by 2030.
- Leader in sustainable aviation - Target >30% of fuels for sustainable aviation by 2030 in the air freight transport business.
- Increased use of sustainable maritime fuel for shipments.
- Most comprehensive portfolio of green products - alternative green offer for all our main products/solutions using, for example, sustainable fuels and low-carbon technologies.

DPDHL has committed to investing to reduce emissions, adhering however, in this respect, to the Science-Based Targets (SBTi) initiative.

Logistics and environmental impact

Emissions resulting from DHL's transport activities (GHG - Scope 3)

Lariotex's sustainability reporting process also included the estimate of data relating to GHG (greenhouse gas) emissions: CO2 carbon dioxide and other greenhouse gases) concerning the financial year 2020 (as the first reporting period and the reference base) arising from transport operations entrusted to DHL. These data, requested by Lariotex of DHL, were prepared based on the quarterly reports *DHL Global Forwarding Standard Carbon Report - Overview of Customer Carbon Footprint at DHL Global Forwarding*.

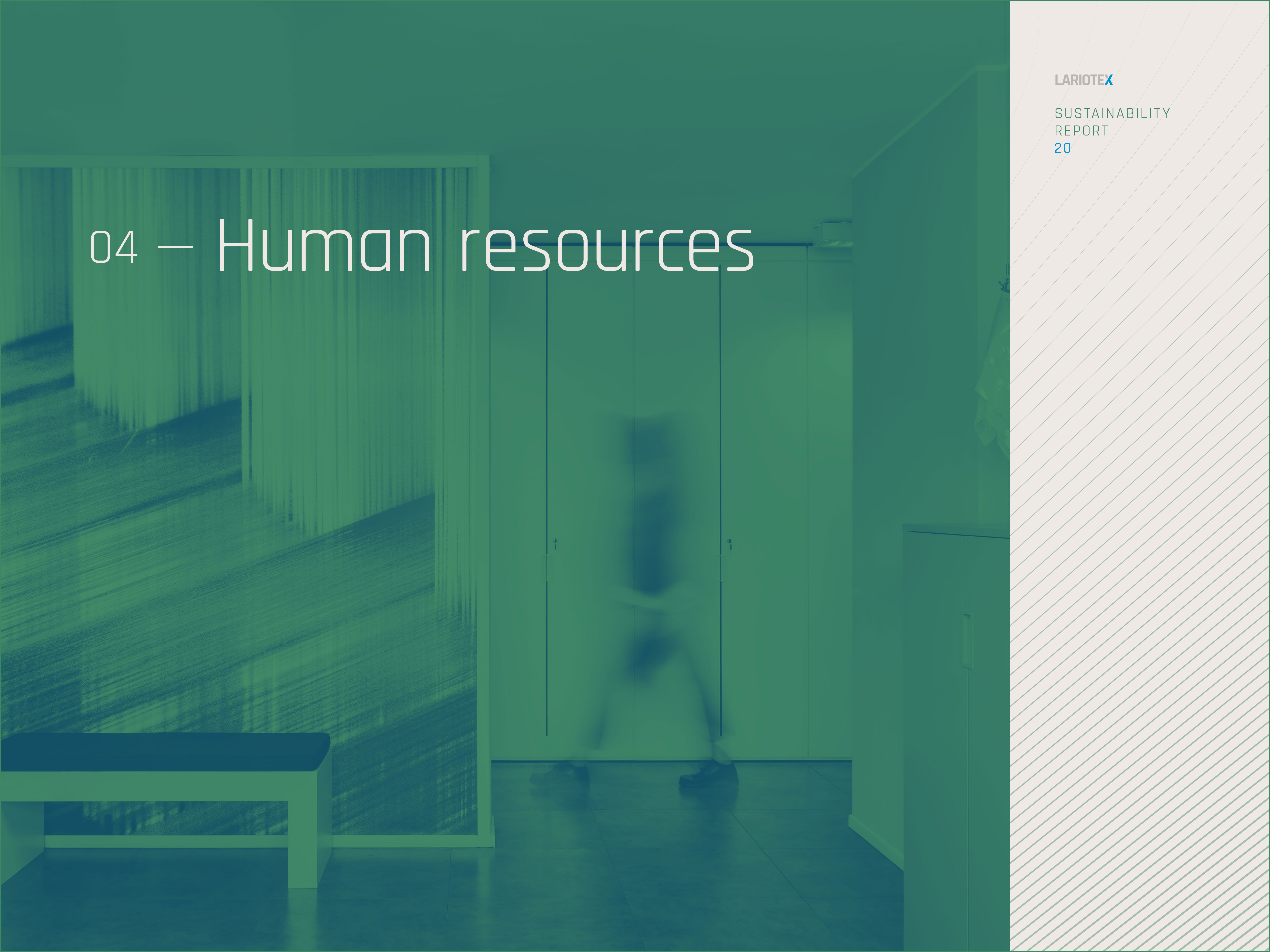
The data reported in tonnes of CO2 equivalent (tCO2e) cover the entire carbon footprint for fuel consumed.

More specifically:

- **WtT / Well-to-Tank (energy processes)**
Energy consumption and all indirect emissions arising from the supply of fuel, including losses during the production of renewable energy.
- **TtW / Tank-to-Wheel (vehicle processes)**
All direct emissions resulting from operating a vehicle.
- **WtW / Well-to-Wheel (vehicle and energy processes)**
The sum of the well-to-tank and tank-to-wheel emissions, i.e. direct and indirect emissions.

Other indirect emissions (GHG Scope 3) - DHL transport activity		2020	
Means of transport	TtW Tank-to-Wheel tCO₂e	WtW Well-to-Wheel tCO₂e	
Air	931.0	1,136.2	
Ocean FCL Dry - Full Container Load	147.3	161.7	
Ocean LCL Dry - Less Than Container Load	7.8	8.7	
Rail (Pick-up and Delivery emissions included)	0.7	26.0	
Total emissions	1,086.8	1,332.5	

04 – Human resources



People management

Human resources management is based on that indicated in the Sustainability policy, referred to in Chapter 3 above. Lariotex's staff policy is based on values that are also present in the Code of Ethics and Conduct.

The Company's local roots, in addition to the intense interchange with the main actors in the district, is further proven by the fact that most employees live in the area where the Company is located.

As regards the effects of the Covid-19 pandemic, the Company, as reported in the financial statements for the year, in addition to complying with the specific legislation and the related protocols, has implemented all the measures at its disposal to protect the health and safety of workplaces. In addition, efforts have been made to enable agile working for most employees (working from home), while for the remaining part, the F.I.S. - Income Support Fund - Ordinary allowance, was deployed with the reason given as "National Covid-19".

It should be noted that the task was deliberately interrupted a week before the national lockdown in March and partially resumed with a prefectural derogation in the second half of April, to then return to normal operation at the start of May.

Employees

Diversity

At 31 December 2020, Lariotex had 13 employees. The following data representing the workforce are calculated with reference to employees at the end of each reference period (HC/Head Count). It is clear that in the first few months of 2021, the workforce increased by 1 unit (hiring of a female employee).

The existing contracts with employees are all permanent, while female employees at 31 December 2020 represented 38.5% of the total. It is a part-time contract.

Lariotex applies the NCEC - national collective labour agreement for the Trade sector.

	2018			2019			2020		
	women	men	total	women	men	total	women	men	total
Employees at the end of the period	6	7	13	6	8	14	5	8	13
Py type of contract									
Permanent	6	7	13	6	8	14	5	8	13
Temporary	-	-	-	-	-	-	-	-	-
Per type of job									
Full-time	5	7	12	5	8	13	4	8	12
Part-time	1	-	1	1	-	1	1	-	1

Employees

Diversity ^{1/2}

Up to 2020, there were no managers and supervisors in the workforce. Since 2021, 2 employees have been promoted to executives. It is also noted that the 3 senior staff, responsible for operations, are women (2 of whom have been executives since 2021).

		2018			2019			2020					
		women	men	total	women	men	total	women	men	total			
Total	UNITS %	6 46.2%	7 53.8%	13 100.0%	6 42.9%	8 57.1%	14 100.0%	5 38.5%	8 61.5%	13 100.0%			
Category													
Clerical staff	UNITS %	5 38.5%	2 15.4%	7 53.8%	5 35.7%	3 21.4%	8 57.1%	4 30.8%	3 23.1%	7 53.8%			
Manual workers	UNITS %	1 7.7%	5 38.5%	6 46.2%	1 7.1%	5 35.7%	6 42.9%	1 7.7%	5 38.5%	6 46.2%			
Age													
< 30	UNITS %	2 15.4%	-	2 15.4%	2 14.3%	-	2 14.3%	1 7.7%	-	1 7.7%			
30 ÷ 50	UNITS %	1 7.7%	4 30.8%	5 38.5%	1 7.1%	5 35.7%	6 42.9%	1 7.7%	5 38.5%	6 46.2%			
> 50	UNITS %	3 23.1%	3 23.1%	6 46.2%	3 21.4%	3 21.4%	6 42.9%	3 23.1%	3 23.1%	6 46.2%			
Category / age group													
Clerical staff	UNITS %	2 15.4%	2 15.4%	2 15.4%	6 46.2%	2 14.3%	3 21.4%	3 21.4%	8 57.1%	1 7.7%	3 23.1%	3 23.1%	7 53.8%
Manual workers	UNITS %	-	3 23.1%	4 30.8%	7 53.8%	-	3 21.4%	3 21.4%	6 42.9%	-	3 23.1%	3 23.1%	6 46.2%

Employees

Turnover

L ariotex’s staff turnover during the three-year period 2018-2020 was very small: with respect to one employee hired in 2018 (male/age range from 30 to 50 years of age) 2 people left (of their own accord), one in 2018 and the second one in 2020. In the first few months of 2021, one employee was hired. In view of the above, it is not considered significant to accurately indicate the turnover indexes/rates.

Maternity leave

D uring the period considered, there were no cases of maternity leave, meaning compulsory and optional maternity related to the birth of a child.

Training

D uring 2020, the average training hours per employee were limited as a consequence of the difficulties arising from the Covid-19 pandemic and the fact that some training modules are cyclical in nature.

Occupational health and safety

Occupational health and safety policy

Lariotex considers the promotion of health, safety and personal well-being a value and a priority standard of its way of working. The protection of employees, customers and suppliers and, in general, of anyone who enters the Company's sphere of influence, in fact, guides both the approach to everyday activities and the strategic approach to business.

Lariotex is committed to spreading a culture of safety, promoting responsible behaviour and aware of the risks and making organisational and financial resources available with the aim of not only preventing accidents and occupational diseases, but also continually improving the conditions involving occupational health and safety, in particular, to:

- Minimise the risks to the health and safety of all the staff that access the workplaces.
- Continuously improve our performance in relation to occupational health and safety and the related management methods.
- Promote a “culture of safety” throughout, the company, i.e. adopt behaviour based on protecting our own and others' health and safety, through continuous training and information programmes.

Occupational health and safety

Lariotex Spa's health and safety management system

Lariotex is committed to implementing a health and safety management system in line with the requirements of international standard ISO 45001. The pillars on which the Lariotex management system is based are:

- **Compliance with applicable regulations.** Lariotex acts, as a minimum requirement, in full compliance with the applicable regulations on the subject of health and safety, with a view to continuous improvement.
- **Health and safety first.** Lariotex does not compromise in its effort to ensure safe workplaces and conditions. Compliance with the rigorous health and safety standards is indeed a pre-requisite for implementing any decision of a strategic and operational nature.
- **Shared responsibility and involvement of people.** In accordance with their respective tasks and responsibilities, everyone is called on to make their own active contribution to promoting a safe working environment. The contribution of each and every single person is, in fact, decisive: every individual must be an example and a promoter of culture of prevention. Everyone is required to adopt all the necessary preventive measures to not put their safety or that of others at risk and to be proactive, indicating any dangerous behaviour or working conditions. Lariotex undertakes to consult and inform its own people, also via their representatives.
- **Preventive approach.** In any work activities, Lariotex endeavours to avoid the occurrence of accidents and occupational diseases, by adopting a proactive approach that provides suitable protective devices, work procedures, regular health monitoring and a scrupulous audit and risk assessment activity with the consequent implementation of improvement plans. With this in mind, the regular maintenance of workplaces, equipment, systems and safety and protective devices play an important role for protection and prevention.
- **Continuous improvement.** Lariotex's health and safety management system is subject to continuous review and is constantly changing in line with the dynamics of business development and with the identification of areas of improvement.
- **Health beyond safety.** Lariotex is mindful of health in all its meanings and it undertakes to assess and prevent work-related stress and to promote training initiatives on issues of well-being, diet and cancer prevention. By means of regular health monitoring, Lariotex promotes maintaining the highest degree of physical, mental and social well-being of workers in all occupations, preventing any damage caused to health by conditions linked to work. The employment and retention of workers in occupations well suited to their physiological and psychological aptitudes falls under the Occupational Medicine goals.

Occupational health and safety

Lariotex Spa's health and safety management system ¹²

Lariotex prohibits the use, possession, sale and the distribution of illegal substances in work environments and requires each activity to be carried out by workers in full possession of their faculties. Therefore, it prohibits the abuse of alcoholic beverages and/or the use of drugs or any other substance that can prevent work being performed safely and effectively.

- **Respect for people.** Lariotex promotes a work environment that respects people and most categorically does not tolerate any form of aggression, be it physical or verbal.
- **Communication and training.** Training is a fundamental tool for spreading the culture of health and safety, to create an awareness of the risks and promote safe conduct. Lariotex prepares educational programmes every year on matters involving the health and safety of workplaces. Lariotex supports the development of the skills necessary for the purpose of carrying out work activities, delivering training programmes and training useful to correctly identify and manage risks.
- **Product safety.** Lariotex undertakes to develop and create products that meet the strictest standards applicable in matters involving health and safety.
- **Health and safety along the supply chain.** Lariotex requires its suppliers to define and adopt behaviour and standards involving health and safety aligned with its own policy.

The policy is regularly updated to remain in line with international best practice.

Accidents

In the three years 2018-2020 only one on-the-job accident occurred (not serious, which involved an absence of 3 days).

05 – The environment: direct impacts



Environmental policy and commitment

The contents of the environmental policy are included in the Sustainability policy recalled in more detail in Chapter 3 of this document, which should be referred to. The most relevant aspects affect management of the supply chain and chemical management.

Energy and emissions

Direct energy consumption

The data presented relate to internal energy consumption in the years 2019 and 2020. The data are summarised in GJoule. At the moment, energy consumption does not include renewable sources.

	2020	2019
Energy consumed GJoule		
Electricity - purchased	360	317
Fuel - diesel	780	634
Methane gas	52	56
Total energy consumption	1,192	1,006

Energy and emissions

Emissions

The emissions data is reported in tonnes of carbon dioxide equivalent (tCO₂e). The tables show the data relating to direct emissions (Scope 1 GHG - Greenhouse Gases), combined with indirect emissions associated with the consumption of electricity purchased from the grid (GHG Scope 2). The quantitative data presented, determined based on the estimates are derived from converting the amount of the different energy sources consumed.

The calculations are presented according to the location-based method where you enter the emissions from electricity consumption, by applying national average emission factors for the various countries electricity is purchased in.

Chapter 3 above indicates the data relating to other GHG emissions arising from the logistic activities entrusted to the supplier DHL which, for 2020, amounted to 1,332.3 tCO₂e (GHG Scope 3). This data, in relation to the characteristics of the business model of Lariotex is significantly higher than that resulting from the energy consumed internally.

Sources of emission factors

- Methane gas/Emission factor EU ETS/Ministry of the Environment - Table of national parameters for calculating emissions
- Diesel/DEFRA (UK Department for Environment, Food and Rural Affairs) Coefficients
- Electricity/ISPRA - SISANET/National Environment Information System Network - Emission factors for the production and the consumption of electricity in Italy (updated in 2019 and preliminary estimates for 2020)

	2019	2020
GHG Scope 1 Emissions tCO ₂ e		
Fuel - diesel	57	46
Methane gas	3	3
Total	60	49
GHG Scope 2 Emissions tCO ₂ e		
Electricity	27	23
Total	27	23
Total GHG Scope 1 / Scope 2 emissions tCO ₂ e	87	72

Water and waste

The water resource is sampled by the local aqueduct network and exclusively for sanitary uses. In relation to waste, it is highlighted how Lariotex management does not generate significant amounts of waste.

06 — GRI Content Index



Where not otherwise specified, the GRI Standards published in 2016 have been used. 403 Occupational health and safety published in 2018 has been used for the “Occupational health and safety” policy and mandatory application from the reporting referring to the financial year 2020.

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER/PARAGRAPH REFERENCES	NOTES STANDARD APPLICATION
102	General disclosures		
	Organisational profile		
102-1	Name of the organisation	01 Lariotex/Profile and identity - In the heart of Como textile district	
102-2	Activities, brands, products and services	01 Lariotex/Profile and identity - In the heart of Como textile district	
		01 Lariotex/The market, customers	
102-3	Location of headquarters	01 Lariotex/Profile and identity - In the heart of Como textile district	
102-4	Location of operations	01 Lariotex/Profile and identity - In the heart of Como textile district	
		01 Lariotex/Economic performance	
102-5	Ownership and legal form	01 Lariotex/Economic performance	
102-6	Markets served	01 Lariotex/The market, customers	
		01 Lariotex/Economic performance	
102-7	Scale of the organisation	01 Lariotex/Economic performance	
102-8	Information on employees and other workers	04 Human resources/Employees	
102-9	Supply chain	03 Quality, sustainability and partnerships/Supply chain management	
		03 Quality, sustainability and partnerships/Logistics and environmental impact	
102-10	Significant changes to the organisation and its supply chain		First year of reporting - Not applicable
102-11	Precautionary principle		For the purposes of decisions and operational choices Lariotex takes into account a risk assessment that incorporates the precautionary principle
102-12	External initiatives	02 Governance/Governance of the company	
102-13	Membership of associations	02 Governance/Governance of the company	
	Strategy		
102-14	Statement from senior decision-maker	Letter to stakeholders	

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER/PARAGRAPH REFERENCES	NOTES STANDARD APPLICATION
	Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	01 Lariotex/Strategy and sustainability	
	Governance		
102-18	Governance structure	02 Governance/Governance of the company	
	Involvement of stakeholders		
102-40	List of stakeholder groups	01 Lariotex/Impacts - Materiality analysis	
102-41	Collective bargaining agreements	04 Human resources/Human resources management	
102-42	Identifying and selecting stakeholders	01 Lariotex/Strategy and sustainability	
102-43	Approach to involve stakeholder engagement	01 Lariotex/Impacts - Materiality analysis	
102-44	Key topics and concerns raised	01 Lariotex/Impacts - Materiality analysis	
	Reporting practices		
102-45	Entities included in the consolidated financial statements	Methodological Note	
102-46	Defining report content and topic boundaries	Methodological Note	
102-47	List of material topics	01 Lariotex/Impacts - Materiality analysis	
102-48	Restatements of information		First year of reporting - Not applicable
102-49	Changes in reporting		First year of reporting - Not applicable
102-50	Reporting period	Methodological Note	
102-51	Date of most recent report	Methodological Note	
102-52	Reporting cycle	Methodological Note	
102-53	Contact point for questions regarding the report	Methodological Note	
102-54	Claims of reporting in accordance with the GRI Standards	Methodological Note	
102-55	GRI content index	GRI Content Index	
102-56	External assurance		The sustainability report is not subject to review (external assurance)

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER/PARAGRAPH REFERENCES	NOTES STANDARD APPLICATION
	Management approach		
103-1	Explanation of the material topic and its boundary	01 Lariotex/Impacts - Materiality analysis	
103-2	The management approach and its components	02 Governance/Ethics and integrity in business management	
		02 Governance/Sustainability policy	
		03 Quality, sustainability and partnerships/The 4sustainability® commitment	
		03 Quality, sustainability and partnerships/Eco-friendly fabrics	
		03 Quality, sustainability and partnerships/Supply chain management	
		03 Quality, sustainability and partnerships/Logistics and environmental impact	
		04 Human resources/People management	
		05 The environment - direct impacts/Environmental policy and commitment	
103-3	Evaluation of the management approach	02 Governance/Following the rules - Compliance	
		03 Quality, sustainability and partnerships/Eco-friendly fabrics	
GRI 200	Economic topics		
201	Economic performance		
201-1	Direct economic value generated and distributed	01 Lariotex/Economic performance	
205	Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	02 Governance/Ethics and integrity in business management	

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER/PARAGRAPH REFERENCES	NOTES STANDARD APPLICATION
GRI 300	Environmental topics		
301	Material		
301-1	Materials used by weight or volume	03 Quality, sustainability and partnerships/Eco-friendly fabrics	
301-2	Recycled material inputs used	03 Quality, sustainability and partnerships/Eco-friendly fabrics	
301-3	Recovered or reclaimed products and related packaging materials	03 Quality, sustainability and partnerships/Eco-friendly fabrics	
302	Energy		
302-1	Energy consumption within the organisation	05 The environment - direct impacts/Energy and emissions	Data presented for 2019 and 2020
305	Emissions		
305-1	Direct (Scope 1) GHG emissions	05 The environment - direct impacts/Energy and emissions	Data presented for 2019 and 2020
305-2	Energy indirect (Scope 2) GHG emissions	05 The environment - direct impacts/Energy and emissions	Data presented for 2019 and 2020
305-3	Other indirect (Scope 3) GHG emissions	03 Quality, sustainability and partnerships/Logistics and environmental impact	Data referring to the main logistics operator
307	Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	02 Governance/Following the rules - Compliance	
308	Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	03 Quality, sustainability and partnerships/The 4sustainability® commitment 03 Quality, sustainability and partnerships/Supply chain management	
GRI 400	Social topics		
401	Employment		
401-1	New employee hires and employee turnover	04 Human resources/Employees	
401-3	Parental leave	04 Human resources/Employees	

GRI SUSTAINABILITY REPORTING STANDARD		CHAPTER/PARAGRAPH REFERENCES	NOTES STANDARD APPLICATION
403	Occupational health and safety - 2018		
403-1	Occupational health and safety management system	04 Human resources/Occupational health and safety	
403-2	Hazard identification, risk assessment, and accident investigations	04 Human resources/Occupational health and safety	
403-3	Occupational health services	04 Human resources/Occupational health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	04 Human resources/Occupational health and safety	
403-5	Worker training on occupational health and safety	04 Human resources/Occupational health and safety	
403-6	Promotion of worker health	04 Human resources/Occupational health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	04 Human resources/Occupational health and safety	
403-8	Workers covered by an occupational health and safety management system	04 Human resources/Occupational health and safety	
403-9	Work-related injuries	04 Human resources/Occupational health and safety	
405	Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	04 Human resources/Employees	
414	Supplier social assessment		
414-1	New suppliers that were screened using social criteria	03 Quality, sustainability and partnerships/The 4sustainability® commitment 03 Quality, sustainability and partnerships/Supply chain management	
416	Customer health and safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	02 Governance/Following the rules - Compliance	
417	Marketing and labelling		
417-2	Incidents of non-compliance concerning product and service information and labelling	02 Governance/Following the rules - Compliance	
419	Socio-economic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	02 Governance/Following the rules - Compliance	

Company data

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