

2018

SUSTAINABILITY
REPORT



2018

SUSTAINABILITY REPORT

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LETTER TO OUR STAKEHOLDERS

If someone would ask me to tell what we do here, in Pattern, I would probably answer that we create ideas. Ideas that arise from others' geniality and grow in strong hands with thin fingers. Gentle hands. Our hands. People's hands who want to create something intangible: the sense of beauty.

Pattern is made of women, men and technology. This is what we consider a crucial point for the creation of a product that goes beyond common expectations, and which represents a growth for us and the best possible choice for our Customers. Over time, we realized that what really gives value to the actions we made is the context in which these actions operate. This made us go beyond and move very determined to our third strategic pillar: sustainability.

Intellectual capital, cutting-edge technologies for design and production and sustainability have become the mainstays of Pattern.

Therefore, starting from 2012, we decided to get ready to obtain the International Standard SA8000-Social Accountability certification, which we obtained in 2013, concretizing the idea of a corporate social responsibility that we were pursuing. We had transferred this approach to the whole supply chain, following two main guidelines: firstly, through the certification in terms of adherence to SA8000 standards of all those companies that work for us; secondly through the purchase of raw materials that do not contain toxic substances or agents. So today, our goal is to contribute to the creation of a better world for those who will come after us, becoming environmentally sustainable and eliminating our emissions.

We know that all these efforts may appear as a cost at the beginning, but everybody in our Board and our Executive Committee feels that they are a significant investment for the future. Although it may seem still abstract, the limit between the ones who are fighting to create a sustainable future and the ones who live in an unsustainable future, it is starting to be visible. We choose which side we are on.

The idea of quality the we chase can be obtained only by working on the three pillars on which our dream rests on. For these reasons, since 2015 we have been engaged in drawing up this Sustainability Report, that has an enormous value for all those who are somehow connected to us, for all our stakeholders.

We are among the first ones not only capable to talk about Circular Economy, but also to create man and woman's garment made with an entirely recycled fabric, with the aim of communicating something new.

We have finally combined two excellences of luxury design, with the acquisition of Roscini Atelier, a reality that has contributed to reinforce this "sustainable" vision of our business.

We are still aiming to a sustainable development, in order to satisfy the needs of the present generation without compromising the capabilities of the future generations to meet their own needs. This is what sustainability means for us.

Francesco Martorella



METHODOLOGY

Pattern 2018 Sustainability Report is the expression of a business culture based on the real implementation of the Corporate Social Responsibility principles. This Report has been drafted following the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative). Particularly, we applied the Content Reporting Principles (Stakeholder Inclusiveness, Sustainability context, Materiality, Completeness) and the information quality (Balance, Comparability, Accuracy, Timeliness, Clarity, Reliability) as indicated in the G4 version. We also followed the indications of the General Standard Disclosures required by the Framework. After identifying the main stakeholders, we developed a Materiality Matrix. The sustainable performance analysis (economic, environmental and social) is based on a series of Key Performance Indicators (KPIs), which are developed according to the GRI-G4 indicators. For the social and economic aspects, we considered in an integrative way the principles of accountability, written by the Social Statements Study Group (GBS). The numerical data and information contained in the Sustainability Report refer to the year 2018 and apply to the activities developed by Pattern S.p.A. and its subsidiary Pattern Project S.r.l. during the year. The economic-financial values refer to Pattern S.p.A. and derive from the financial Pattern's Report at 31st December 2018. Its contents, focused on the on the most relevant topics according to Pattern stakeholders, testify the accomplished evolution of the company during 2018 in comparison to the previous years, and allows the drawing up an assessment of Pattern activities' dynamic growth throughout the year. The Summary table at the end of this Report illustrates the topics discussed in the text about the specific GRI -G4 indicators.

Starting from 2017, Pattern has been taking into account its Carbon Footprint, that is the amount of carbon dioxide produced every year during its activities. This amount is calculated using the natural gas Smc's consumption and the kWh, according to the national standard's guidelines. A similar procedure has been applied to estimate the emissions produced by the employees' travels to work during a year, monitoring approximatively the quantity of carbon dioxide emitted per each kilometer travelled.



COMPANY

HISTORY

Pattern S.p.A. was founded at the end of 2000 by Fulvio Botto and Francesco Martorella. Thanks to their previous work experience for the most prestigious and international brands, they decided to set up their own business in the field of clothes design & engineering. In 2006, the business introduced the creation and production of women fashion collections while in 2009 took place the opening of the new facility based in Collegno, Turin. In 2011 Pattern took over a tailor-made production chain with the aim of responding more effectively to Customers' needs and to offer a more customized service. In 2013 Pattern became the first Italian company to obtain the international Certification SA8000 Social Accountability. This certification has been obtained thanks to the internal processes adjustment to the principles of the environmental protection and to the safe and with the safe and right management of the human resources, both internally and within all the supply chain. In July 2014, Pattern took over Esemplare, a brand specialized in sportswear/urban and in Spring/Summer 2015, Pattern also launched the woman collection. Thanks to the international fashion trade shows as Pitti Firenze and Premium Berlin, the brand began its global growth phase. During 2016, Pattern published its first Sustainability Report based on GRI principles, the only one among SMEs in the textile and clothing sector. In November, Pattern was selected to become part of the Elite program of Borsa Italiana (Italy's main and only stock exchange).

During 2016, Pattern acquired a new area for logistics and product development on its facility area. By doing so, Pattern's surface increased by 25%, allowing a more careful management of logistic flows, of product development flows and the quality control of finished goods.

In 2017 Pattern acquired Roscini, revitalizing a reality that was going lost and reinforcing its activity in the design and production of women's collections. In 2018, Pattern received the Elite certification, and launched the project named "From Red to Green Carpet", with the aim of making the company sustainable having zero impact on the environment within 2023.

The main challenge is based on a business idea linked to the fashion sector, characterized by the implementation of internal activities in a vertical way: starting with the design, engineering and development of garments, going through the prototyping and the realization of samples, and finally arriving to the mass production for the most important fashion brands. The design of man's collections represents the starting point.



2000
FOUNDING OF
THE COMPANY



2005
CREATION OF WOMEN
FASHION LINES



2009
OPENING OF THE
COLLEGNO-TURIN
FACILITY



2012
PATTERN TOOK OVER A
TAILOR-MADE BRAND FOCUSED
ON HANDMADE GARMENTS



2014
PATTERN TOOK OVER
THE ESEMPLARE BRAND



2015
INVESTMENTS
IN TECHNOLOGY
AND CAD 2D/3D



2016
PATTERN ENTERS THE
ELITE BORSA ITALIANA
PROGRAMME



2017
PATTERN TOOK OVER
THE ROSCINI COMPANY



2018
BORSA ITALIANA ELITE
CERTIFICATION



Fulvio Botto and Francesco Martorella

PATTERN TODAY

Today, Pattern has an organizational structure based on production units; it employs 163 highly-skilled employees, also thanks to Roscini's acquisition, and it creates further 300 FTE indirect jobs. With around 8000 m² of working departments, during 2018 Pattern further extended and improved its workspaces for every phase of the design and production processes, with attention to the pattern-making, product development and prototyping phases as well as to a careful logistics management. Every year more than 30 men's and women's collections are produced, thanks to a flexible and constantly growing organizational structure that guarantees to the Customer a fast service with high quality and flexibility. Such an excellent service is possible thanks to the verticalization of the production phases. Pattern's strength is the ability to follow many different collections overseeing all the design and production processes in different categories, from coats and jackets to light dresses, skirts and trousers.





IN 2018 PATTERN RECEIVED THE ELITE COMPANY CERTIFICATION



Borsa Italiana



ELITE is a programme that aims to accelerate the growth of companies through an innovative path of organisational and managerial development designed to making excellent companies even more competitive and more visible to investors. The ELITE programme offers to selected companies a platform of tools and services designed to prepare for the acquisition of capital and seize new opportunities for visibility and networking, thus facilitating the growth and the cultural approach of businesses to financial markets.

Among the 1000 companies in the Programme, only 200 completed the path and obtained the ELITE company certification, and Pattern is one of them.

PATTERN MEETS THE UN CHALLENGES

PATTERN'S FOUR GOALS FOR A SUSTAINABLE WORLD

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Pattern has decided to meet the UN challenges by identifying four goals to work immediately on, with the aim of contributing to make our world sustainable.

Each of these goals is divided into different points.

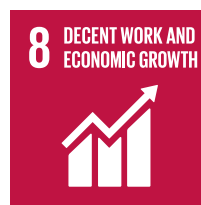


GOAL 5: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Ensuring women and girls an equal access to the educational system, to the health care, to a decent job and a representation on the political and economic decision-making processes,

will foster sustainable economies and will have a positive effect on society and humanity in general. Targets:

- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels



GOAL 8: PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL

Sustainable economic growth will require societies to create favorable conditions to allow people having high-quality jobs, in order

to stimulate economy without damaging the environment. Furthermore, decent work opportunities and working conditions are necessary for the entire working-age population. Targets:

- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



GOAL 9: BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

An inclusive and sustainable industrial development is the main source of income and allows a rapid and sustained living standard increase for all people, providing technological solutions for a sustainable industrialization. Technological progress underlies the efforts to be done to reach environmental objectives such as the increase in resources and energetic efficiency. Without technology and innovation, the industrialization can not improve, and without industrialization, neither can development. Targets:

- Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
- By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending



GOAL 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Sustainable consumption and production aim to "do more and better with less", increasing the welfare which comes from the

economic activities and reducing the use of the resources, degradation and pollution within the whole life cycle, while increasing simultaneously the life quality.

A systemic approach and cooperation between the parties that operate in the supply chain, from the producer to the consumer, are required to reach this goal. This process involves the consumers by raising their awareness and by educating them about consumption and sustainable life styles, providing them adequate information through standards. Targets:

- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

FROM RED TO GREEN CARPET 2023



Pattern has always had the aim to develop and create the best luxury products, deploying the best know-how and technologies, in a more and more demanding world. But the traditional way of working in this industry has a price: it is the second most polluting industry.

Since we have started drawing up our sustainability report, we have always stated that Pattern is based on three pillars: human resources, technology and sustainability. And we want to take our responsibilities.

That is why Pattern started the 5 years plan “From Red to Green Carpet” and aims at help in the creation of a better future for the new generations as well as the best luxury products for our Customers with the lowest environmental impact.

“From Red to Green Carpet” is a five-year plan, which aims to create the same luxury that today walks on the most famous catwalks by drastically

reducing the impact on the environment. Pattern has identified three main goals to achieve:

- CARBON NEUTRAL
- SOCIAL AND ECONOMIC SUSTAINABILITY
- CIRCULAR ECONOMY & REVALUE WASTE

Our main goal is to have zero impact on the environment, being carbon neutral using renewable energy, in terms of efficiency and energy saving within 2023. The plan also involves social sustainability, in order to ensure a high-quality working environment, able stimulate our employees, as well as an economic sustainability, by using first-quality certified raw materials and guaranteeing respect to the environment. The last goal is to apply the principles of the CE, not only on our brand Esemplare, but also in everyday work, revaluing and reducing wastes.



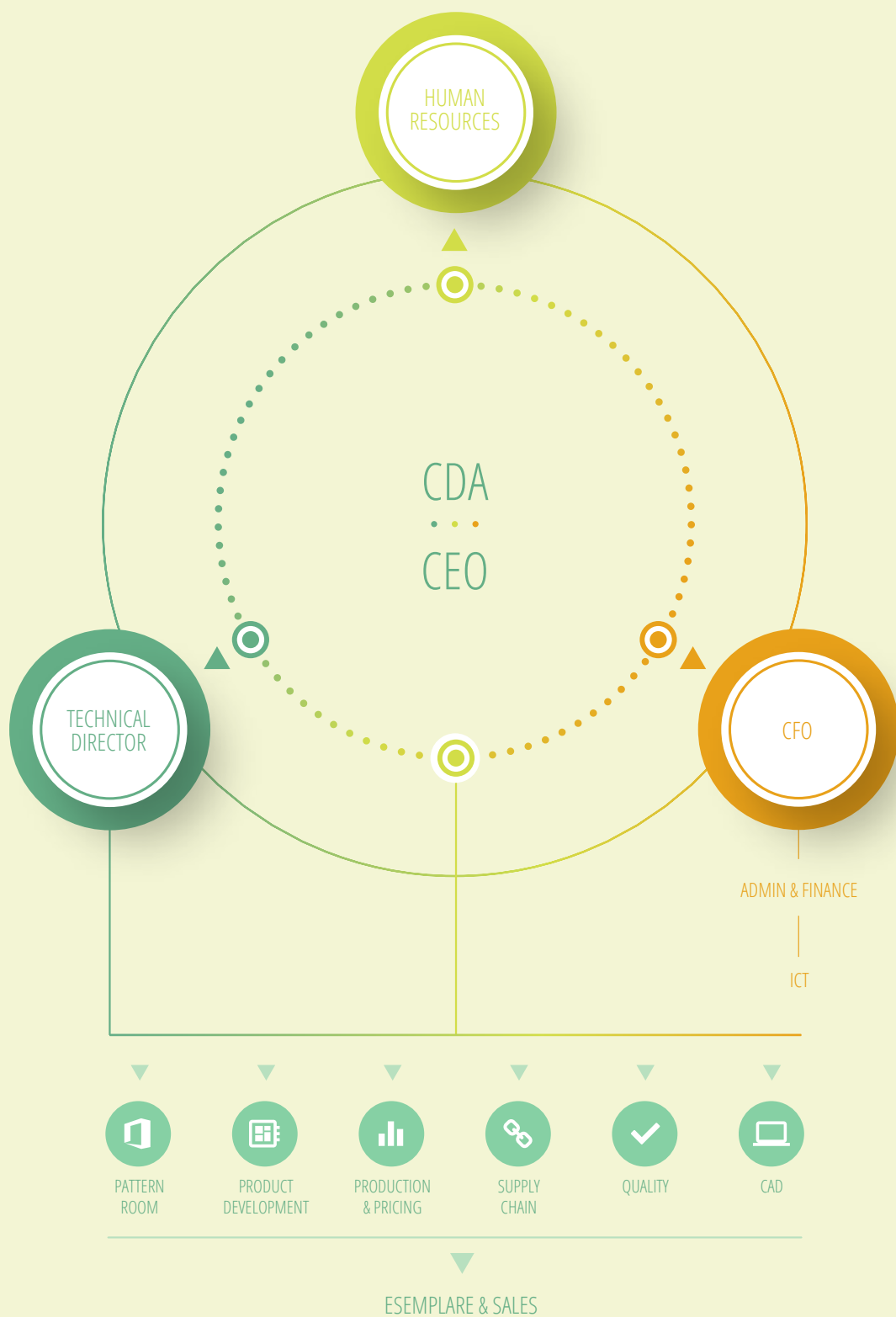
GOVERNANCE AND ORGANISATION

At the helm of Pattern, there are people that have a global vision of the processes and activities of the company. This is an essential factor to guarantee a global and innovative management of a SME. Furthermore, in the last three years, the company has realized a delegation process, which has led to an organizational structure based on a Client/Function Matrix. This organization is developed from the first contact with the designer to the delivery of finished garment to the Customer. The continuous presence of the two founders on the field, having the roles of Technical Directors, is another relevant factor for the management of design and operational aspects of Pattern's activities.

The Board of Directors is composed by:

- Francesco Martorella
- Fulvio Botto
- Luca Sburlati (CEO)
- Innocenzo Tamborrini (CFO)





1 | BEING CARBON NEUTRAL

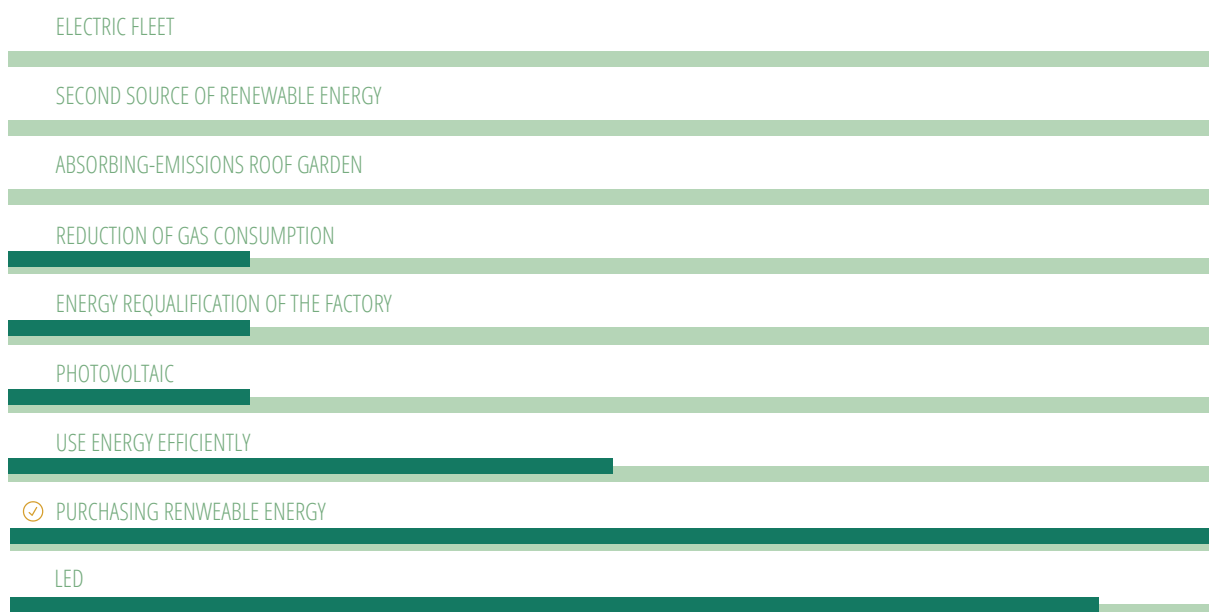
The first goal is to bring to zero the CO₂ emissions, not only using renewable energy but also teaching our employees how to use energy optimizing efficiency every day. In addition, we are implementing an efficient system with low energy's consumption, raising our employees' awareness on the fundamental issue of our planet safeguard.

Starting from these goals, Pattern is transforming its reality into a green

reality. After having carried out a research about its own consumptions and having analyzed the results, Pattern obtained the CO₂ emissions data and thought how to improve the environmental performance.

Integrating an ESG strategy into a business strategy is now fundamental, since focusing on these goals also translates into greater profits. Using clean energies in a more efficient way will bring advantages to a company.

UPDATED TO 12/31/2018



Since May 2018, Pattern is purchasing certified green energy to fully cover its consumptions.

The next step to become carbon neutral, was changing all the illumination system with a LED system. This change has drastically reduced both the energy consumption and the maintenance.

Also, we analyzed a photovoltaic system to produce our own energy. The PV system, whose power is 100 kW, can cover about 45% of actual consumptions: it means that with a Led system and an efficient use of the

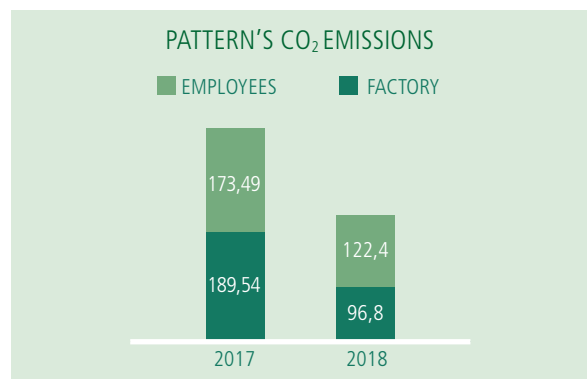
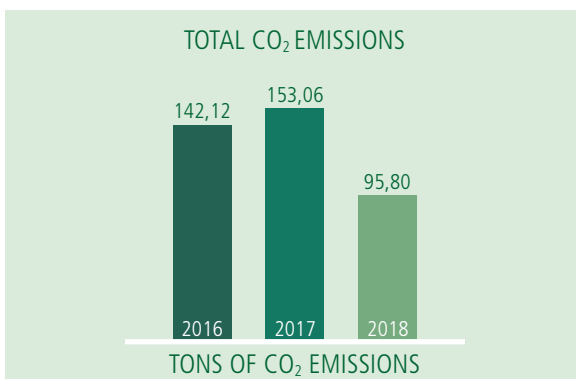
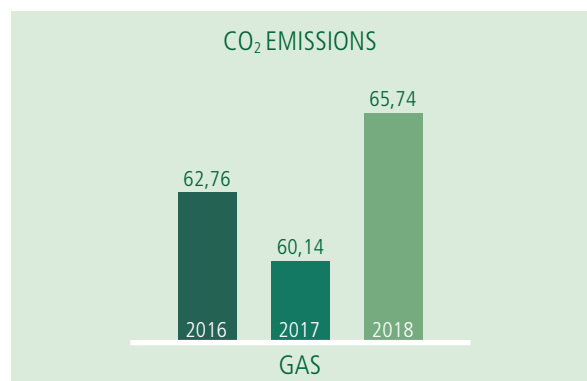
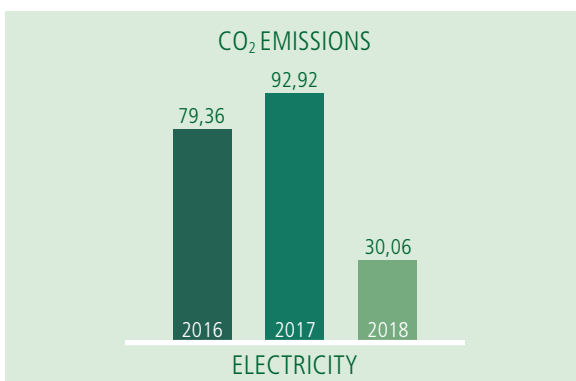
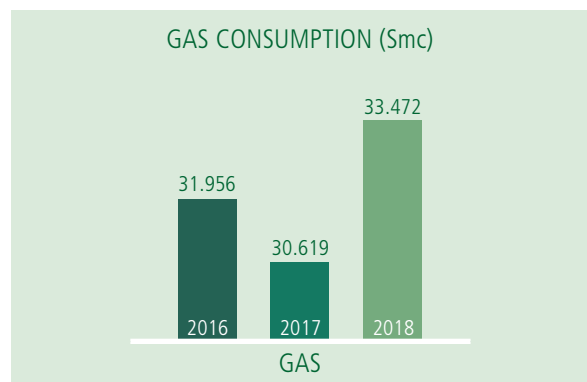
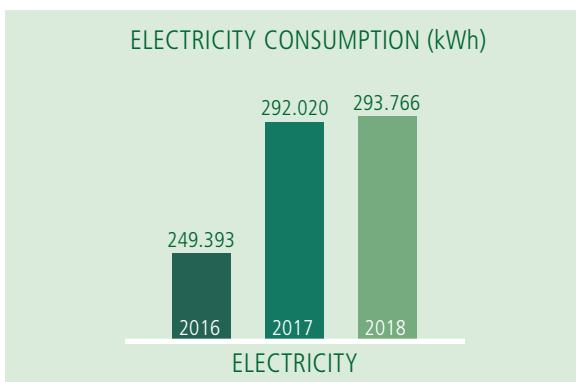
energy this percentage could be greater. Furthermore, the implementation of the PV system has an abstract added value that communicates a great message to our employees: we believe in what we do.

We are now thinking on how to improve the environmental sustainability of the workplace, by replacing the current window fixtures with new ones in order to better isolate and hold the temperature from the outside. Again, this change not only will help the company to improve its environmental performances but also the employees' welfare.



PATTERN CARBON FOOTPRINT

Willing to obtain the first records and consequently, to choose the best ways to pursue the goal of a zero-impact company, Pattern has calculated its emissions to understand its own weight and impact on environment, starting from electric and natural gas consumption, to the annual consumption produced by employees' cars during their working days, considering the kilometers they travel each day to work and back home.



ENVIRONMENTAL REPORT

Given the internal production structure, Pattern's energy consumption and its environmental impact are reduced and not relevant. Nonetheless, Pattern is committed, within its areas of activity, to reduce energy waste and to raise awareness of the main categories of stakeholders.

CONSUMPTIONS	2017	U.M.
meters of fabric	414.853,47	MT
cutting materials (fabrics, linings, adhesives)	397.291,80	MT
Virax paper purchases	0,00	KG
Virax paper purchases	110,00	ROLLS
Lectra paper purchases	553,00	ROLLS
purchase SGI cases	5.255,00	PC
purchase Abaco packaging	1.797,00	PC

	2018	U.M.
meters of fabric	427.078,54	MT
cutting materials (fabrics, linings, adhesives)	485.147,87	MT
Virax paper purchases	194,20	KG
Virax paper purchases	68,00	ROLLS
Lectra paper purchases	487,00	ROLLS
purchase SGI cases	5.461,00	PC
purchase Abaco packaging	1.450,00	PC

CONSUMPTIONS kWh and Smc	2017	2018
Electricity Collegno	259.200	260.258
Electricity Bricherasio	32.820	33.508
Totale Electricity	292.020	293.766
Gas Collegno	26.847	29.610
Gas Bricherasio	3.772	3.862
Total of Gas	30.619	33.472

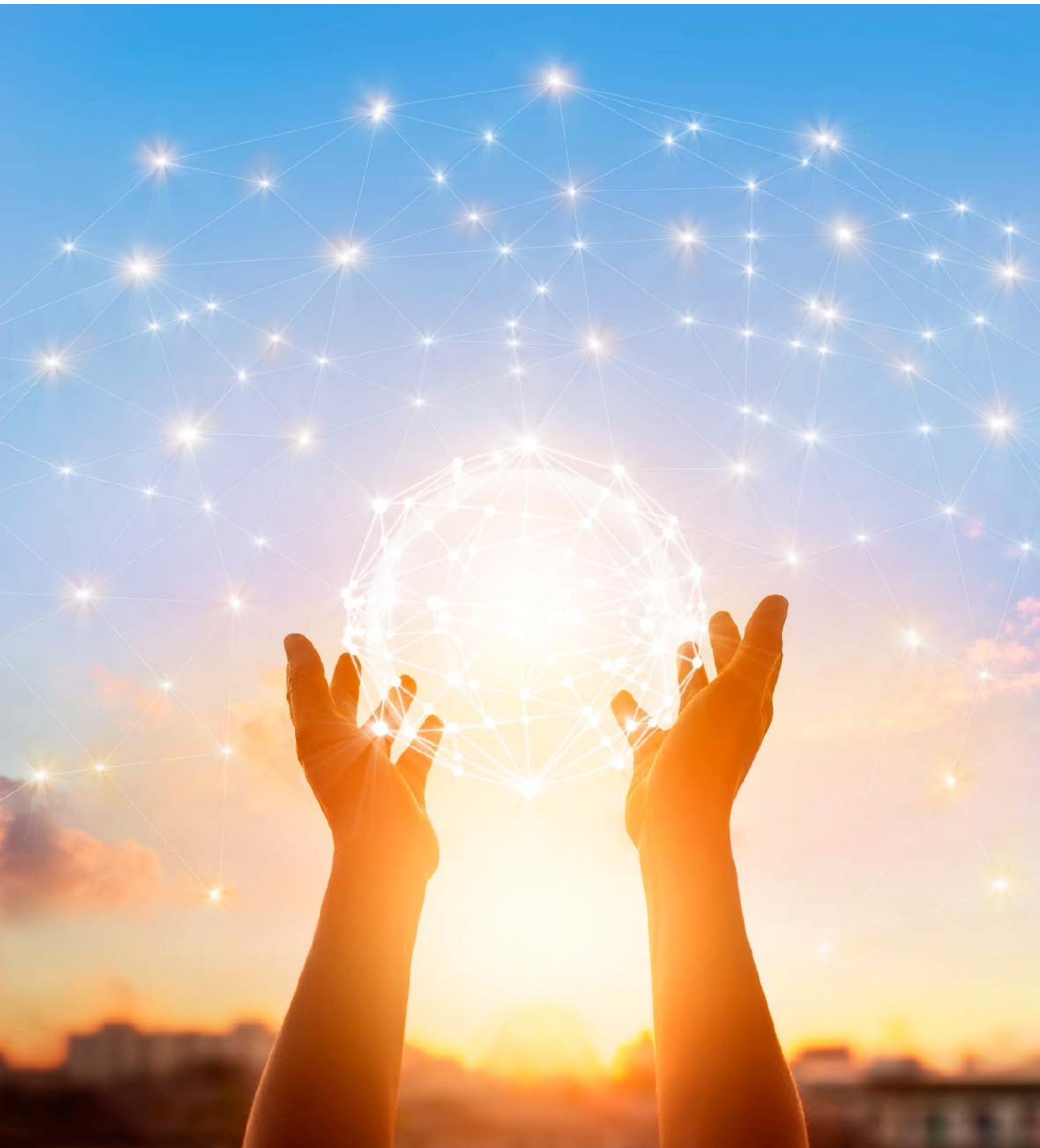
EACH PIECE PRESENTS THE FOLLOWING PACKAGING FEATURES

Garments withdrawn from contract manufacturers

Hanging garments packaging:
• hanger
• plastic wrapping

Garments sent to Clients

Packaging:
• travelling case one every 12 garments



2 | SOCIAL AND ECONOMIC SUSTAINABILITY

Economic and social sustainability are two sides of the same issue: if we want to achieve an economic sustainability, we need to have satisfied employees, who are working in a high-quality stimulating environment. But if we want to guarantee that, there also the need of an economic sustainability, that goes throughout the supply chain, from the raw material to the production processes.

Pattern is already a certified company, in compliance with the international standards promoted by the SA8000, but is currently making efforts to enhance the working environment for its employees.

Furthermore, Pattern is committed in the Europe 2020 project, with the aim of monitoring the production process, with particular reference to the sustainability of the whole supply chain, requiring, also on behalf of its customers, precise certifications related to the working standards of vendors and suppliers.

UPDATED TO 12/31/2018

INSTALLING COLUMNS FOR RECHARGING ELECTRIC CARS

WASTE REDUCTION AND WASTE MATERIALS

GREEN ETIQUETTE

NETIQUETTE

IMPROVEMENT OF RELAXATION AREAS

USE OF SUSTAINABLE RAW MATERIALS

EUROPE 2020 PROJECT

✓ SA 8000 CERTIFICATION



MATERIALITY MATRIX



The Materiality Matrix is a conventional instrument internationally used in Sustainability reports. It is an indicator through which the company plots its most important distinctive features, charting them according to an importance scale. This provides a clarification of the enterprise' framework and activities, that are thought to be fundamental for its sustainability, by highlighting the elements on which it is important to channel the energies on. The Materiality analysis allowed the definition of a system based on monitoring and account rendering indicators, reported in the Sustainability Report.

The phases of the Materiality Matrix definition are:

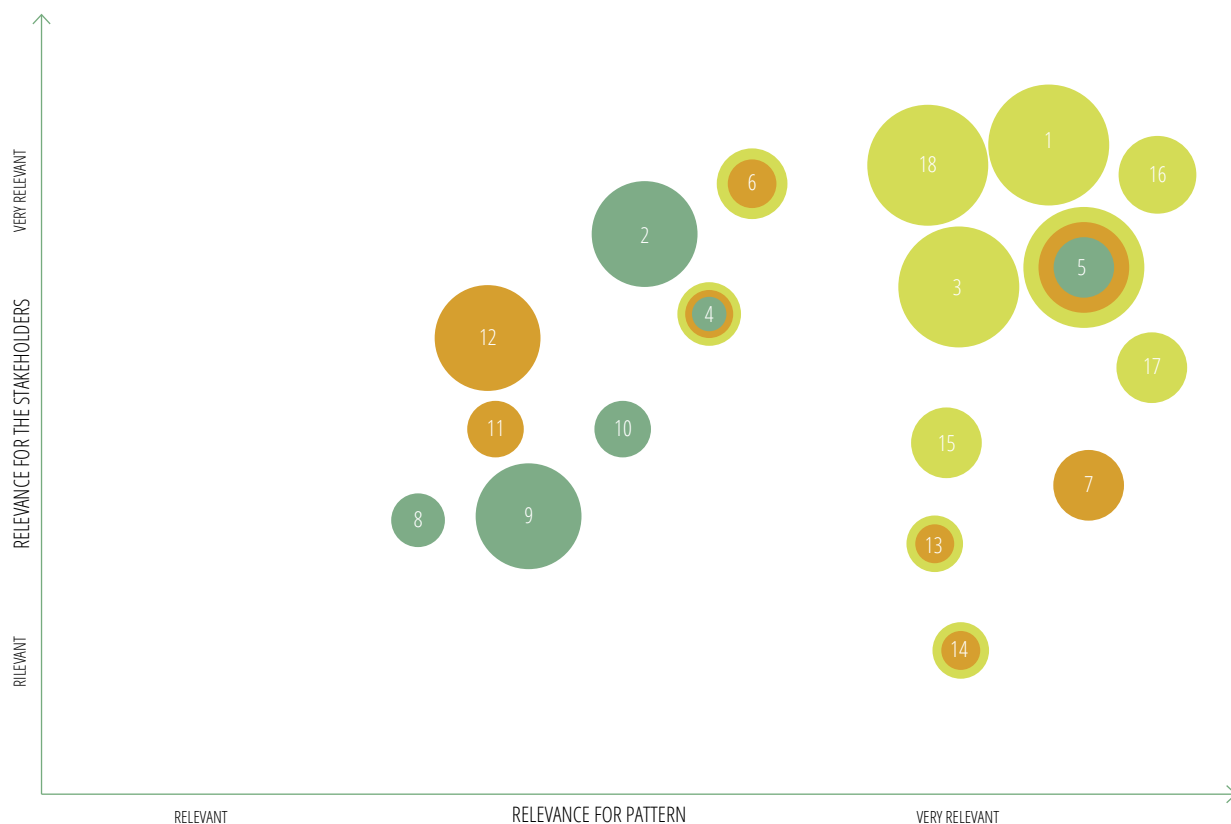
1. Identification: analysis of the leading trends influencing the business model and the relevant aspects of the activity's main areas, which contribute to the value creation;
2. Priorities definition: individuation of the most relevant aspects for internal and external stakeholders to evaluate their economic, social and environmental importance, understanding the influence they have on the decisions and the expectations of the company.
3. Validation: internal confirmation of the Materiality Matrix results by the directors and by a pool of managers to ensure that the Matrix represents a reasonable indication of the company key elements.

As mentioned, Pattern defines its strategic policies also by internalising the Corporate Social Responsibility principles. The assessment of the business and its stakeholders' relevancy to the main "real" aspects linked to Pattern's activity are shown in the materiality map

● ECONOMIC AND FINANCIAL GOVERNANCE

● ENVIRONMENTAL RESPONSIBILITY GOVERNANCE

● SOCIAL RESPONSIBILITY GOVERNANCE



TANGIBLE ELEMENTS

		2017	2018	Obiettivi
1.	Sustainability of the supply chain	CC	B	A
2.	Environmental Sustainability of the supply chain	C	CC	A
3.	Contract manufacturers loyalty	B	B	B
4.	Application of the circular economy principles	C	B	A
5.	Continuity in the collaboration with suppliers	B	B	A
6.	Contract manufacturers reputation	CC	B	A
7.	"Italianity" of suppliers	CC	CC	B
8.	Energy consumption	CC	B	B
9.	Materials consumption	CC	B	A
10.	Packaging	C	B	B
11.	Human rights and working conditions	A	A	A
12.	Certifications	B	B	A
13.	Talents and creativity development	B	B	A
14.	Investment in the know-how (technical ability, non-substitutability)	B	B	A
15.	Training	B	B	A
16.	Clients	B	B	A
17.	Technology	A	A	A
18.	Real time ability to answer to Clients	B	B	A

- C PRESENT ELEMENT TO IMPROVE
- CC VERY PRESENT ELEMENT WITH AREAS OF IMPROVEMENT
- B ALREADY CONSOLIDATED ELEMENT, TO BE PERFECTED
- A COMPLETELY IMPLEMENTED ELEMENT



CREATION OF SUSTAINABLE VALUE

The distinctive values of the company arise from founders' "vision". These values are: people and technology. The mix of these two aspects allows to combine style and quality through its products. The actual Pattern's competitive challenge is adding to these two original values a third pillar: sustainability. These three principles represent Pattern's main investment and its future value creation. It turns to be a new approach towards all stakeholders and company's main duties. This path has started with the implementation of an internal ethical code regarding social and organizational responsibility, together with working conditions. The ethical code was written according to the SA8000 Standard, and includes a six-monthly review of the business policy and the performance results.

The adherence to the SA8000 Standard has allowed the establishment of a precise landmark for the stakeholders, defining the mutual relations among them. The three core values guiding Pattern – people's talent, new technologies and business sustainability – represent the essential cornerstones for value creation and distribution. Pattern creates its sustainable value starting from these core principles and consequently, from their interrelationship it defines how the value added is assigned to stakeholders.





PATTERN AND GARMENT ENGINEERING

The heart of the company is the Pattern Room. Everything Pattern does, starts from the sketches of the prominent fashion labels designers. Thanks to talent, technical expertise and know-how of Pattern's employees, the Pattern Room is always able to find the perfect combination between the idea of the designer and the best processes and technical solutions. The designers' ideas are developed both in the traditional way (manually) or thanks to the best and newest software. The Product Development department is constantly in contact with the Clients, and it takes care of every phase of the prototype development, so everything proceeds in due time. The Product Development department also deals with the production launch, by as well giving information about the fabrics and the garments trimmings. The CAD department fulfils the placement of all textiles and fills in the technical documentation referring to the cutting process. At the same time, the warehouse prepares the garments' trimmings and provides the textiles for the cutting process. Pattern is equipped with automatic cutting machines, ground-breaking laser cutting machines and a manual cutting station if needed on custom requests.

PROTOTYPES AND SAMPLES

After the cutting process, Pattern makes the first prototype in its laboratories. These prototypes are checked for defects and then shown to the Client for fitting, last check and approval. The final prototypes, with all the changes decided with the Client, contribute to the creation of the garment sample and to the whole clothing production, which is managed in a dedicated area. At this point, the collections are ready to be launched at Runways, Show Rooms & Fashion Shows. Subsequently, Pattern handles production orders for the final distribution. Even at this stage, Pattern supports its top brands and designers by assisting them during the Fashion Shows with its highly-skilled staff.









MANUFACTURING & PRODUCTION CHAIN

At the Client's request, before the launch of the collection, Pattern can make a pre-production sample to verify one last time the garment. The "Product and Production" team takes care of all production steps, paying close attention to the quality of every garment and also to the delivery timing. Every production step and all Pattern's suppliers are followed through certification processes, specifically through the SA8000 Standard.

The company also deals with a wide management area. The clothing manufacturing phase is coordinated by Pattern in close cooperation with its contract manufacturers, chosen through a certification process. Being primary stakeholders of the supply chain, they have to follow the management and social responsibility lines undertaken by the company. This has allowed the building of a trust-based relation between the contract manufacturers and Pattern. The solidity of these collaborations has reached such an extent that Pattern initially asks the contract manufacturers to sign a letter of intent and shared values.

QUALITY CONTROL

The final phases of quality control are the most delicate, and for this reason, considerable attention is dedicated to them: Pattern's Quality department works together with the Clients' Quality Team before the final delivery. The collections and the garments are then ready to be presented and distributed by Pattern's Clients worldwide.

EXPERIMENTATION AND TECHNOLOGY

Pattern commits itself to experiment, with the intention to improve and innovate. For this reason, the plant has 3 machineries: a laser cutting machine, a heat-sealing machine and an ultrasound machine. These types of machineries allow considerable freedom of experimentation and at the same time, the possibility to promptly respond to customer's requests, and to have a better control after the production of prototypes



INNOVATIVE CRAFTSMEN

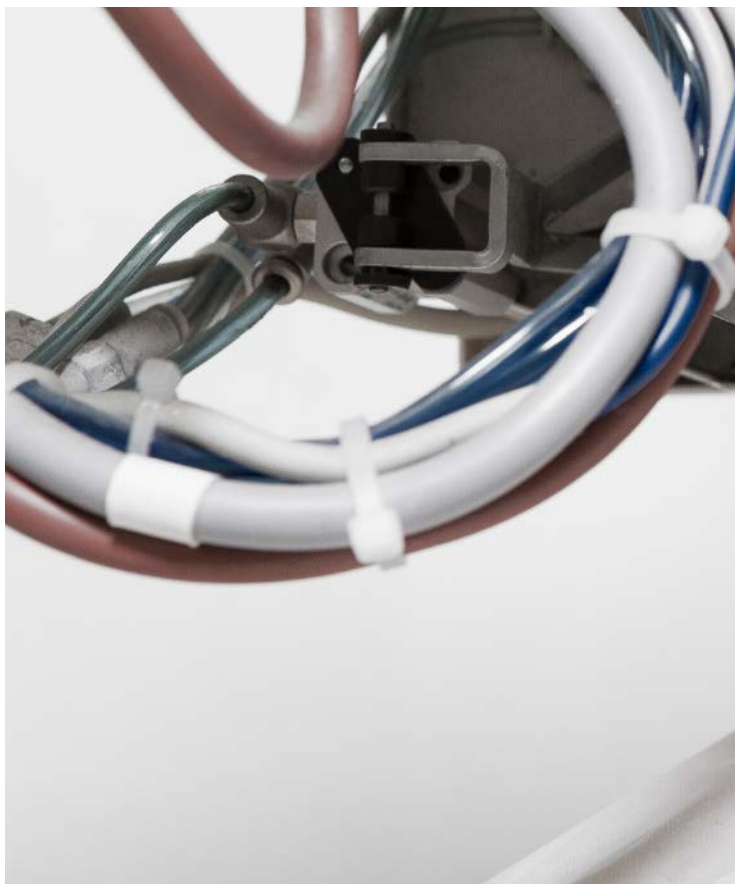
Pattern's main characteristic is the combination of craftsmanship and technology: this is a factor of success and a way to guarantee perpetuity to the firm and its Clients. Pattern models in 2D and 3D using the most advanced software on the market. Furthermore, bucking the trend, in the last years Pattern has launched an in-sourcing process linked to the design and productive phases, which are today completed at 100% at the Collegno premises. From the design to the cutting phases, from manufacturing to quality control of prototypes and runaway samples, everything is carried out inside the facilities of the company. Recently, in this respect, Pattern has invested by purchasing ultimate cutting machines, like laser cutting machines. Even if Pattern is a small business operating in a sector where the stages of manual and craftsmanship work are crucial, it has always invested in technology, preferring to adopt the best solutions on the market, which typically, due to their costs and complexity, are created for medium and large companies

Time has shown that this choice was not in vain. Firstly, because Pattern has experienced growth, by becoming a medium enterprise and this allowed to generate a return on the capital invested; secondly because Pattern's Clients are multinationals with which, consequently, it is necessary "to speak the same language" also from the IT perspective. The aim was and still is to become an ever-growing international centre of expertise in this operational segment. The choice of placing emphasis on technology, by focusing on CAD solutions for the design of items of clothing, is confirmed every year since Pattern invests mainly in this area. The investments, as it is explained in the last pages of the report, concern all the aspects of a modern IT infrastructure.

INTRODUCTION OF THE PDM

A significant step forward compared to the simple installation and employment of CAD machinery took place in 2011-2012 with the implementation of the PDM (Product Data Management) for the complete management of the finished product, from its ideation to the samples realisation with all the needed information, even graphically.

The project was subsequently improved through the integration of a new management system implemented in the same years, with the aim of creating a single workflow from the Pattern Room. Everything starts there: from the design to the productions launches, ending with the delivery of finished garments to the Clients and the corresponding management of the warehouses.



EVOLUTION OF PDM AND 3D

During 2013, with a project that has continued even in the following years, Pattern made a transition to the most advanced versions of CAD and PDM, targeted to enable the use of more complete and more useful industrialisation tools. This evolution aimed at reaching a better productivity and at making possible a wider harmonisation with other design systems.

These improvements involved both the Pattern Room and the CAD department, which deals with grading and marker making. Eventually, this evolution mainly concerned the possibility of prototyping virtually in 3D, exploiting workstations aimed at particularly complex manufacturing processes.



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INTRODUCTION OF A NEW AND MORE ADVANCED PLOTTER MACHINERY

The complexity of the before described updates required several hours of training for the employees of the concerned departments. In the meantime, to make the best of the new technologies, the connected hardware was upgraded, and new Plotters for full-scale printing of the cutting chart and the cardboard cutting of the models' details were bought.

CUTTING AREA

The attention to technology and the consequent adoption of best-performing tools can also be observed in the Cutting Area, where there are two automated cutting systems: a brand-new one and a laser cutting one bought in 2014/2015.

IMPLEMENTATION OF THE ERP BUSINESS MANAGEMENT SOFTWARE AND NEED FOR CUSTOMISATION

Between the end of 2010 and the beginning of 2011, Pattern had to choose an ERP for the integrated management of its business activities because of a first increase of its turnover. This development led to a more complex business management and in the meantime, it was clear that almost all the products on the market, even the most proven ones, were developed for clothing companies working for their trademarks. Pattern's activity, which is focused on collections development on behalf

of third parties, requires much flexibility during the phases of prototyping, production logistics and launches, and purchase management for the Clients. This made necessary a customisation development. A different aspect that must be considered regards the particular need of being able to establish the quantity of raw materials and trimmings required for each season/collection to answer rapidly to the Clients' demands. This is crucial, for example, for substitution of productions, cancellations, repetitions and, equally important, to attribute to the single Client the warehouse residues at the end of the production seasonality.

It is necessary to track all the movements, linking them to the information of the season/line in a semi-automatic mode to meet the Clients' needs and avoid a cumbersome management of raw materials in the warehouse. The one just described is a customization process that made necessary the creation of specific functions for inventories analysis, virtual exchanges management of season/line and the re-sampling or sale of the same stocks at the end of the season.

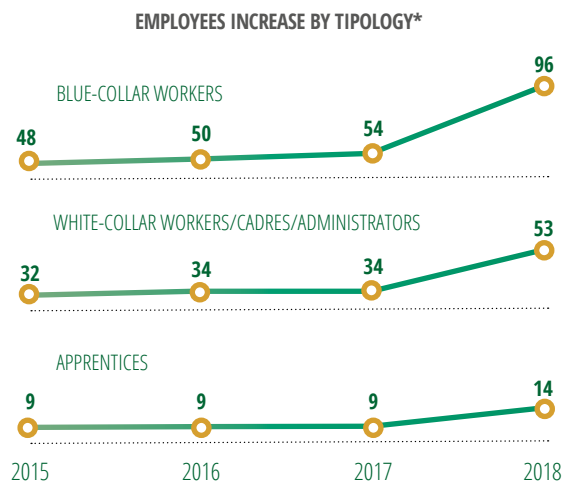
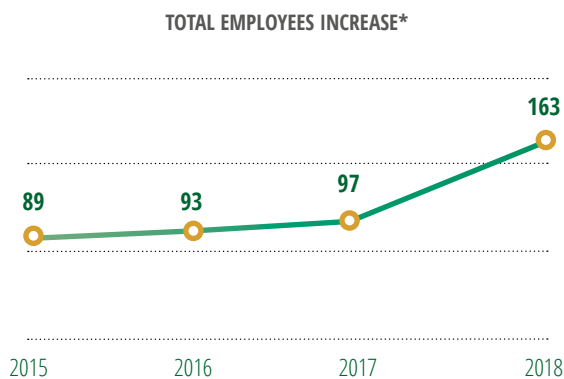
ADAPTATION OF HW INFRASTRUCTURE AND SW BASE SYSTEM

The proper functioning of this complex system, which includes and links the management environment and the modelling, is guaranteed by a second redundant server platform with double NAS (Network Attached Storage). The NAS should ensure the data stability and the speed of machinery interfacing. A virtualization system manages everything with VM-ware technology and a firewall for secure remote connections.

VALUE OF TALENT

Pattern is aware about the importance of its employees and knows how safeguard them. According to the achievement of the second macro-goal, works to reach the best working environment.

Employees, whose number has steadily been growing in the last years, have a high-profile know-how with skills developed to satisfy the most different expectations and needs of both Italian and international designers or brands. According to Pattern's philosophy, each employee contributes to improve the quality and the awareness of the value of everyone's work. For this reason, Pattern adheres to the SA8000 Social Accountability International standards, which safeguards the personnel and encourages its participation in achieving the goals of the company. Furthermore, the SA8000 Standard monitors whether Pattern's partners, suppliers and contractors implement these principles. The compliance with the SA8000 requirements – universally applied regardless of the size of the company, the geographic location or the industrial sector – allows Pattern to develop, implement and maintain policies and procedures, with the aim of managing situations, which could control or have an influence in terms of management, training and growth of the personnel, working climate, health and safety at work.



*after Roscini Atelier's acquisition

In Pattern, the human capital is expressed through its employees' talent and professionalism. Their skills and know-how are fundamental to give continuity to Pattern's business operations. In other words, every job is a major reservoir of competencies exploited in the present and valued for the future.

Over the years, Pattern has collected and enhanced these skills. Thus, its employees are real talents and, as such, represent the fundamental pillar of the company. Pattern has always put in place a regular dialogue in the workplace, paying particular attention to the expectations of employees and primary stakeholders. Pattern has also always worked to ensure that employees can actively participate in the implementation of the Social Responsibility system, involving them through information training and meetings as well as through an anonymous questionnaire regarding the working environment, whose results were published.

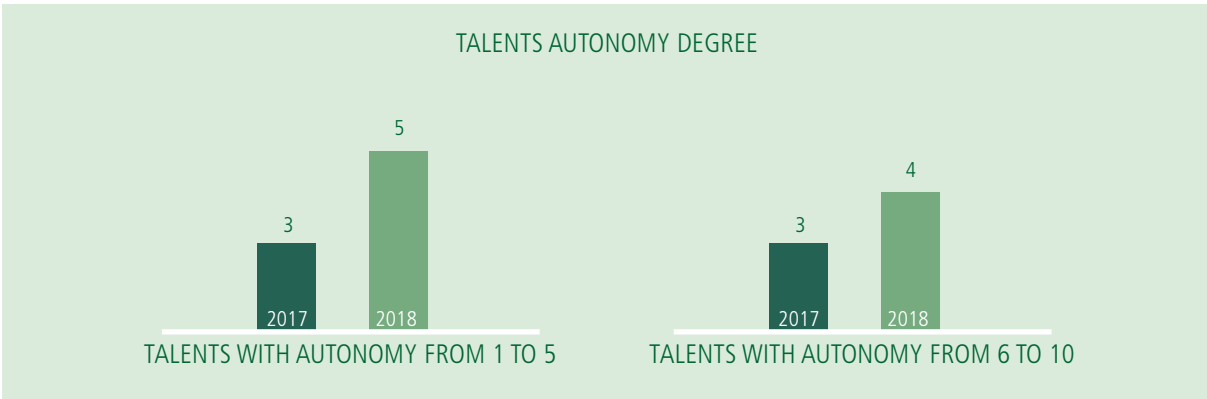
With the aim of achieving integration between the people who daily carry out operational tasks and processes of responsible value creation, Pattern involves its employees through the adoption and distribution of information material related to the Internal Code of Ethics, the Code of Conduct and the SA8000 procedures; all shared on the corporate intranet. Pattern's workforce is made up of a stable core of direct employees and staff of its contract manufacturers and partners, with which the company has formed a solid partnership network. Pattern, in a negative economic context, has invested in the labour force, increasing the number of

employees about specific company requirements. This was done to ensure greater support to its Clients.

The recent acquisition of a production complex already active in Bricherasio is an expression of this line of action. It is a clear choice concerning extension and maintenance of certain technical and operational expertise in the prototypes and samples area (including the highest level of "tailor-made" know-how). Moreover, this acquisition presents also economic benefits for the local territory, through the sale of tailor-made suits, formal suits and dresses.

Promoting key talents in the light of the business structure of the company is one of the cornerstones on which Pattern is based. The company is acutely aware of the talent and know-how importance, as these features are considered Pattern's main strength. The strategic value recognised to the specialised internal employees becomes an expression of ability to develop, for the Clients' benefit, excellent services and productions both from the technical/business point of view and regarding creative partnership development. Pattern's technical and design skills, in particular, allow to create and innovate while remaining faithful to the quality of the service offered. The autonomy granted to its human resources and talents is fundamental to the company. The availability of internal segments, that, thanks to their high professionalism, can manage and maximise talents and skills with the support of the productive structure, allows a unique dynamism.

PROFESSIONAL SKILL/SPECIALISATION MATRIX		
SPECIALISATION	LOW	DIFFICULT TO REPLACE EMPLOYEES
	EASILY REPLACEABLE EMPLOYEES	
	13	6
	HIGH	VERY DIFFICULT TO REPLACE EMPLOYEES
	23	65
	LOW	HIGH
PROFESSIONAL SKILL		



FULLY DEVELOPED HUMAN RESOURCE MANAGEMENT: DIVERSITY AND EQUAL OPPORTUNITIES



Pattern pays particular attention to the management of gender issues, avoiding any discrimination and difference, including subtle forms of women discrimination and attitudes that could be offensive to human dignity. By believing strongly in the value that may arise from diversity, Pattern promotes and

encourages the presence of both genders in the working teams, creating an atmosphere of mutual respect among colleagues.

Pattern is committed on many different fronts, regarding the implementation of a Social Responsibility system compliant with GRI norms.

The company abstains from exploiting, even indirectly, child labour. The company is engaged to ensure that the Work requirements are applied not only internally but also within the supply chain (supplier, sub-suppliers, subcontractors and in particular contract manufacturers). If the company becomes aware during the audits (also through the checklist of the supplier qualification procedures) and/or through any other source that child labour is exploited or that the work of minors that have not completed their education is used or become aware of any other violation of regulations, there is going to be an immediate verbal warning and request for problem solution before a specified date (max 60 days). Subsequently, the company will verify if the problem has been solved. If a situation is considered severe immediately, the company undertakes to put in place specific corrective actions:

- Warning letter to the supplier;
- Letter of explicit request of resolution of the situation with specific dates;
- Reporting to competent authorities / NGOs of what has been discovered;

→ Direct contact with the social workers in charge of resolution of the situation, until its conclusion

The attention paid to its employees and, more generally, to all the staff involved in the network of collaborations that gravitate around the company, has motivated Pattern to periodically monitor the activity in the area of its production chain partners so that they will adapt to Pattern's values and lines of action. This aspect, which was already present in previous years, has led Pattern to look for new strategies to work at best on these points. Moreover, a Social Performance Team is operational both in Pattern and Roscini Atelier since 2017.

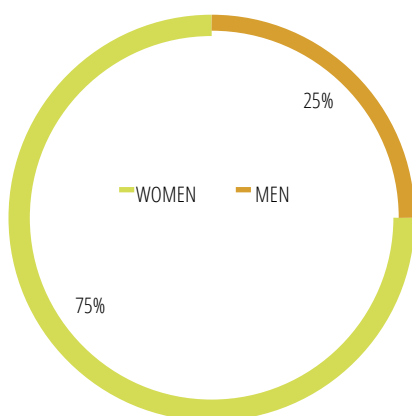
The provision of work is carried out on a voluntary basis in compliance with the regulations provided by the CCNL (NCEC - National Collective Employment Contract) Textile Industry to which Pattern adheres. The careful and accurate creation of a pleasant, safe and healthy working environment helps to prevent potential accidents and damage to workers' health. In compliance with the law, an external HPPS (Head of the Prevention and Protection Service) is appointed by the Management to ensure a safe working environment following the provisions of the applicable laws and certification standards;

The staff, who enjoy community and trade union rights provided by law, can freely establish trade union organisations and freely elect their union representatives with whom they have constant relationships;

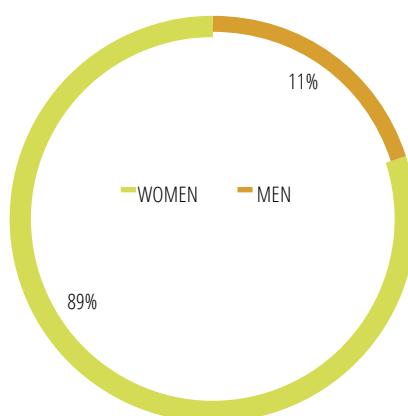
The internal team bans all forms of discrimination in respect of aspects such as recruitment, remuneration, access to training, promotion, dismissal or retirement. The regular working week is 40 hours, in line with the National Collective Employment Contracts. According to these regulations, the extraordinary work is carried out voluntarily, at the request of the Management, to support the Clients' specific requests during the two traditional annual production peaks (winter and summer).



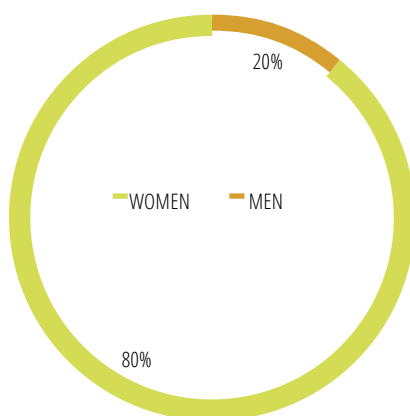
PATTERN



ROSCINI



FEMALE AND MALE PRESENCE



STAKEHOLDERS

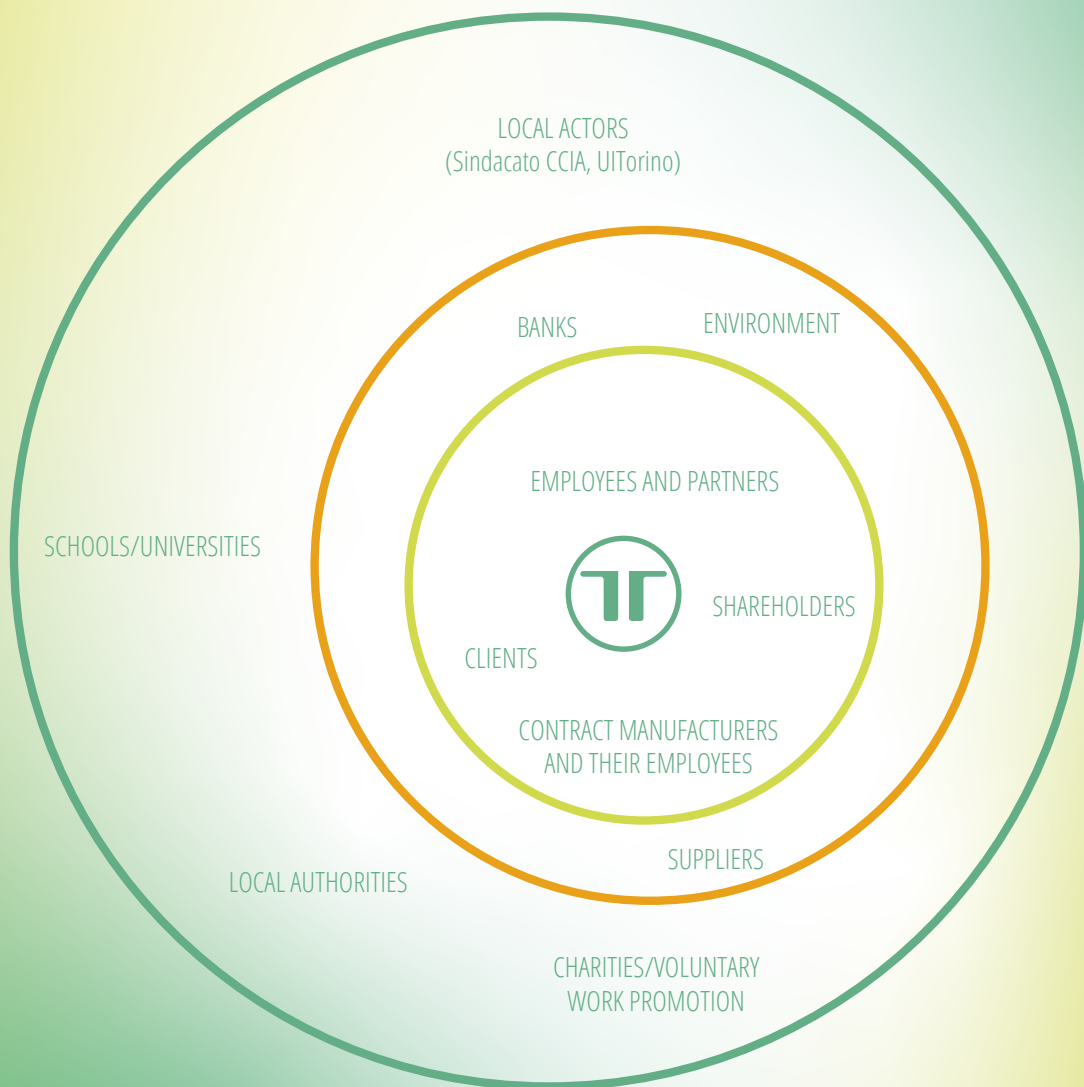
Pattern has decided to give voice to its socially responsible nature, by letting it emerge with the aim of reporting its strengths, weaknesses and core values. This choice made necessary the mapping of its stakeholders. This was a fundamental step to identify accurately the people that have economic, social and environmental interests linked to Pattern's activities.

In particular, it has been decided to split the stakeholders into three different groups, according to the influence they have on Pattern, following the GRI international classification method.

1. Primary stakeholders are those that have "absolute" expectations about their relationship with Pattern. Without their constant and continuous participation, it would not be possible to achieve the objectives of the company, and it would be difficult for the business to last. Consequently, Pattern's primary stakeholders are Clients, employees and partners, contract manufacturers and their employees, and lastly shareholders.
2. Secondary stakeholders are non-essential for the sustainability of the company, but they have an interest in Pattern's business because its activities influence them. Banks, environment (the physical-natural ecosystem) and suppliers are secondary stakeholders.
3. Finally, tertiary stakeholders are schools and Universities, local authorities and Charities.

The "mapping" of the different types of people or organisations contributing, with various degrees of involvement, to the creation of value for Pattern, is represented in the "Map of Pattern's stakeholders".

Within an open business environment, inside which relations with many different parties are established, stakeholders are those who, voluntarily or involuntarily, have an interest linked to the activity of the company. These parties are influenced, directly or indirectly, by the company and they have or can have an influence on it.



RELATIONSHIPS WITH THE TERRITORY AND THE TRAINING WORLD

Training is crucial for Pattern because culture can contribute to the creation of value. According to Pattern, cultural and technical knowledge is fundamental for personal and business growth. The employees' know-how is essential: for these reasons, every year Pattern organizes internal training courses concerning different business areas (technical area, CAD, product development, administrative area, etc.). Pattern's training sessions contribute to the growth of internal and external expertises and know-how. Pattern also organises training programs funded in collaboration with Fondimpresa and Fondirigenti.

The trainings that were made between 2017 and 2018 are:

1. Modelling system transition from 2D engineering to a 3D one (150 hours per each technical employee);
2. The Programme "From Red to Green Carpet" was presented during the first group management meeting held in Intesa Sanpaolo's Tower in Turin.

These courses were attended by 50 working units altogether, which received approximately 3500 of training. The entire workforce has also taken part in the courses required by law regarding environment and workplace safety.

**26 — 27
ottobre**

piemonte
**fabbriche
aperte** **2018**

Dentro al cuore del
Piemonte industriale,
in due giornate
di visite gratuite.

A CARDIO PROTECT COMPANY – LIFESAVING BLUE POINT

Pattern devotes particular attention to educational institutions and organizations linked to their reference production sector. Pattern has always been sensitive and functional regarding health matters, so it has decided to make its premises available in a concrete way for the territory by installing a Lifesaving Blue Point, a defibrillator installed within the company. This defibrillator is registered at the 118-emergency number, and it can be requested, if necessary, by authorized personnel also externally, and is therefore also available to anyone who would need it outside the company: Pattern is now a reference point for the area. Patterns have already trained some staff that deal specifically with this new life-saving tool, although its aim is to organize more specific courses for the company staff in 2018.

Thanks to its winning experience, Pattern gave a significant contribution to the event. With the aim of spreading the style culture in the fashion world through its business case, Pattern has organized the following initiatives:

- 21st of March 2018: the CEO was a guest in the radio show “Post in Fabbrica” by RTL 102.5
- 21st of March 2018: the CEO took part to the workshop promoted by Fondirigenti “Industria 4.0: i primi 25 digital readiness assessment svolti in Piemonte”, to testify the results of the digital transformation of our company.
- Esemplare Contest, 4th edition: a contest organized for young designers, where many Italian schools took part.
- The CEO was a guest of a class at the Politecnico di Torino with regard to the Commercial Engineer course.
- Management of the course “Management 2” at the IED (European Institute of Design).
- 26th October 2018: Pattern participates at the “Fabbriche Aperte” initiative.
- Pattern completes the path for the Elite certification

Besides, internships and training have been activated to the students of professional schools with which the company maintain a close partnership. These initiatives allow students to discover, on one hand, the potentialities of local area, and on the other hand to be in contact with a productive reality characterized by a high international, not only commercial but educational perspective as well. From this point of view, it is important to remember the collaboration with foreign educational institutions. The organizations and the educational institutions involved in these projects (in addition to those already mentioned above) are the following:

- Politecnico di Turin;
- I.I.S. Sella Aalto Lagrange;
- Associazione Scuole Tecniche San Carlo of Turin;
- Lycée Français Jean Giono of Turin;
- I.I.S. Alberto Castigliano;
- IAAD.



INTERNAL COMMUNICATION

The internal communication and the one among Clients, contract manufacturers and suppliers are fundamental for Pattern.

Following the social accountability report path undertaken by the company in 2015, Pattern presented the Sustainability Report to the whole staff. In 2017 a SPT (social performance team) has been implemented between representatives of the company, management and employees.

In addition to the internal institutional communications and the two annual conventions with the employees, Pattern has taken steps so that everyone could have a channel to express any request, concern or solicitation, even anonymously. The creation of a physically present in the company mailbox has been Pattern's response to this matter.

Furthermore, in line with what is required by the SA8000 Standard, Pattern has provided the contacts of three external people that have been affixed on the company's notice boards, with the aim of collecting any solicitation made by the employees. In recent years, Pattern has carried out a survey on how the employees perceive the internal working climate: the results of the analysis on all the aspects of the employees/ company relation were released through internal channels (posting up on the company notice boards and sharing on the intranet of the enterprise).

THE KEY TO GROW

The 5th of December 2017, Pattern's CEO intervened during Fondimpresa conference, held in Rome, to comment the chapter dedicated to Pattern in Massimo Mascini's book "The key to grow" (La chiave per crescere), that collects the experience of 11 Italian SMEs selected for ability to innovate.

Pattern is a little jewel. [...] Its main characteristic is the strong propensity to innovation. In 2001 it had already bought the first informatic systems of advanced CAD to apply them for the production.

Today, it has made the leap in the 3D and considers obtaining a strong competitive advantage towards the competitors. [...] Pattern has grown very fast during last years, increasing its revenue, since 2009 to 2016, from 6 to over 26 mln of euros. [...] With the new high computerized system, Pattern can work on many collections at the same time and can show to the Customers not only different prototypes obtained from stylist's ideas, but also the possible diversifications of these prototypes, depending on size, fabric used, modifying extremely fast the model in question. [...] For this reason, Pattern's technological leap is important because it anticipated the time and is ready to respond in a structured way when the market will come with a more substantial demand of advanced technology. [...]

Pattern's collaboration with Polytechnic of Torino has been very important for the quality of training and for the meaning it has had. In fact, the Polytechnic together with its Management and Production Engineering Department are cutting edge and working together with this international excellence has been for Pattern very educational. [...]

("La chiave per crescere", Massimo Mascini, [2017] pp. 33-39)



ECONOMIC VALUE AND SUSTAINABILITY: CREATION AND DISTRIBUTION OF THE ADDED VALUE



The company enters the international market of design and clothing production with dynamism, both from the production profile and regarding being always on the lookout for new partnerships. These new opportunities complement the regular and loyal Clients, which are some of the largest players in the fashion industry. The well-established business relations with these companies are an expression of the way of Pattern works: oriented to establish close and lasting partnerships, supported by integration and productive collaboration.

As evidence of this dynamism and appreciation at a global level, there is also a high level of exports, amounting to about 80% of production. The production concerning design - developed entirely in Italy - makes Pattern an important key player for the Made in Italy and its know-how. Pattern's expertise and its technical, operational skills, together with the acquired reputation, are aspects and values widely appreciated by Clients such as large Italian, English, French and American companies, working in the fashion and luxury sector. These businesses turn to Pattern since they do not have such specific skills on their territory, although it would be the easiest and most obvious solution and, in some cases, even the logistically and economically more convenient one. The result of this trend was the creation of fashion collections, which are the expression of the Made in Italy quality in the design and pattern engineering. These fashion lines were produced in collaboration with the major global clothing businesses, thus, taking Pattern to a higher level of internationalisation. During this process of growth, development and internationalisation, Pattern felt the

need to involve also its suppliers to improve the business performances and to increase awareness towards the company. Therefore, Pattern requires its suppliers to sign a letter of intent, which asks "to ensure the chemical legislative compliance of all their products".

The goal is to create a healthy and responsible supply chain, which starts with raw materials and ends with the delivery of the product to the final Client. This process follows a pioneering philosophy of "Social Responsibility chain", which tries to avoid the risk of a non-uniform Social Responsibility. According to this idea, stability and constancy of business relations with Clients are the key points, since the aim is to create stable and long-lasting relationships with them. Starting from such cooperation, it is possible to develop a Social Responsibility chain process able to contribute to the creation of more and more pieces of work in line with market expectations.

CLIENTS' LOYALTY

2018

< 3 YEARS	11,11%
3 - 10 YEARS	77,78%
> 10 YEARS	11,11%



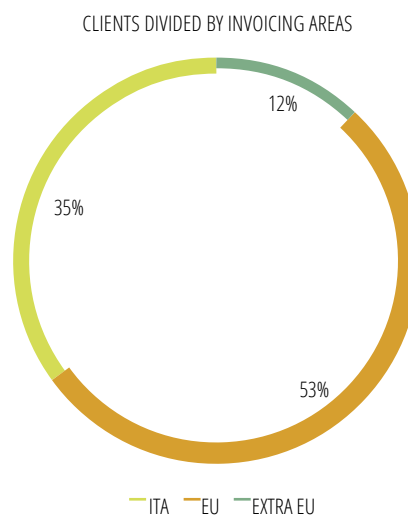
Pattern's long-term economic sustainability is linked to the ability to attract the best Customers and provide them with an adequate product/service. To do this, it is necessary that the plurality of people participating actively in the value formation processes is adequately rewarded. The behavior followed by Pattern in this area is summarized in the tables below that illustrate the value-added training and how the generated economic value is distributed among stakeholders. The ability to create lasting value in a competitive context is highlighted in the table below.

To better understand how value added is created and the evaluation of economic sustainability (considered as the stabilized ability to generate revenue), it is highlighted that Pattern produces about 98% of its revenues in Europe (9% in Italy), operating with about 88% of its total Customers, while about 2% of the income is realized outside Europe, a little more than 12% of Customers.

Particularly, Pattern has chosen to focus its operations on a limited number of Customers characterized by commercial and organizational reliability. In this way, the risks and the problems related to the management of a vast number of active commercial relations are reduced. However, there is a downside: a higher risk of drastic revenue reductions due to the loss of even a single Customer.

During last years, Pattern has sought to ensure and strengthen the collaboration with some of the greater Italian and foreign fashion labels. These businesses are famous for their tradition and

prestige, being characterized by a multi-annual solid business plan. The stability of these Customers' business activity and, in some cases, the improvement of their performances despite the negative economic period, are expression and guarantee of solidity and growth for Pattern. This underlines how the revenues trend has a strong influence on the business economic sustainability.



ABILITY TO CREATE ENDURING VALUE IN THE COMPETITIVE ENVIRONMENT (VALUES EXPRESSED IN THOUSANDS OF EUROS)

	2015		2016		2017		2018	
Revenues from ordinary activities	24.389	104,09%	26.427	98,45%	30.829	102,02%	38.342	100,24%
External costs of production (contract manufacturers excluded)	11.922	58,80%	11.860	50,62%	15.381	65,65%	17.268	73,70%
Specific value added	12.467	53,21%	14.567	62,17%	15.448	65,93%	21.074	89,94%
Global value added (gross contract manufacturers¹⁾	12.497	53,34%	14.677	62,64%	15.600	66,58%	21.318	90,50%

1) In determining the value, Pattern has chosen not to insert among the external business costs the one met to acquire the productions made by contract manufacturers (external clothing manufacturers). This exclusion is ordinary as it is common practice in the sector in which Pattern operates. In fact, contract manufacturers have been considered as a special category of stakeholders that cannot simply be part of the macro category of external suppliers. They actually represent a class of suppliers vertically integrated in Pattern's productive activity.

For these reasons, Pattern is aware of the traditional risks associated with the possibility of Customers and revenue loss. However, by the process of collaboration and relations stability, Pattern believes that the risks are more manageable than it might appear to external stakeholders.

This positive trend is the result of a precise choice made by Pattern since it constantly invests in the improvement of the work cycle phases. This path is a fundamental lever to win the Customers' loyalty in the medium-long term.

The complete analysis of the composition and nature of the revenues must highlight how the acquisition and the development of Pattern's own brand represent the improvement of the strategic perspectives through a diversification of revenue sources and a profit margins improvement.

The Esemplare project – being Pattern's own brand - should allow better planning and better monitoring of sales volumes, although this benefit appears to be counterbalanced by higher economic and financial risks related to higher fixed expenses and wider payment terms granted to Customers.

The analysis of the loyalty degree of the main Customers shows that over 89% of them maintain stable and lasting relationship with Pattern, helping it to achieve and maintain economic sustainability over time. The breakdown of costs analysis has pointed out that Italian suppliers are mainly providing "core" raw materials. Again, Pattern aims to establish stable and lasting business relations, helping to support the growth of suppliers, firstly the Italian textile producers. This category is deemed to be an essential complementary element of the production process, since the Italian textile producers are representative of the already mentioned know-how characterizing "Made in Italy". More than 50% of the "core" raw material suppliers are quality certified with an improvement compared to the previous' year situation.

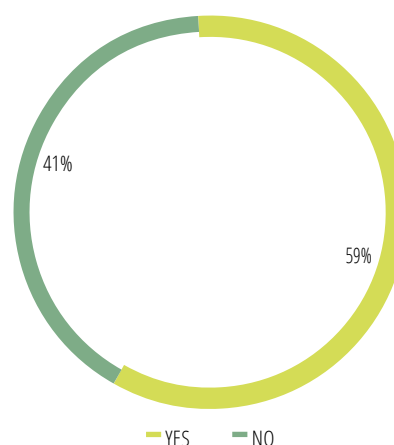
Since Pattern is rooted in the territory, it succeeds in being a reference point and a job opportunity for the companies consolidated in this area. Moreover, Pattern is also able to create benefits that affect the national economy through its network of suppliers and contract manufacturers: 84% of the raw materials used by Patterns are Italian. The clothing manufacturing and production confirm this trend, since they occur predominantly in Italy, and, more generally, in Europe. These choices motivate the reason why Pattern is a remarkable Italian company from a

macroeconomic point of view: its production is mainly exploiting Italian workforce, while the largest volume of revenues is generated outside the national borders.

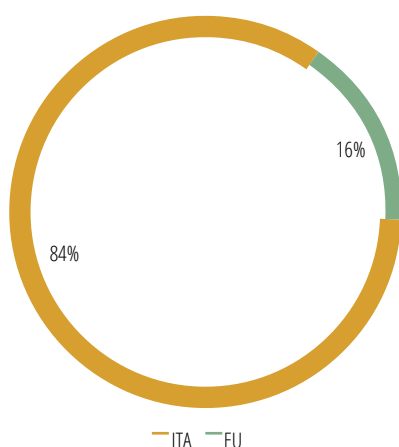
The 24% of the value added is intended to remunerate the productive factor, that is one of the main factors of Pattern's success, because of the precise nature of the related activities and the sector in which Pattern operates.

Customer's appreciation and the revenue consolidation, especially towards historical Customers, offered Pattern the opportunity to strengthen the relationship with some key players of the organizational structure. These two factors also helped to attract new key figures to be shaped up, to make them grow internally in a stimulating and rich in learning opportunities environment.

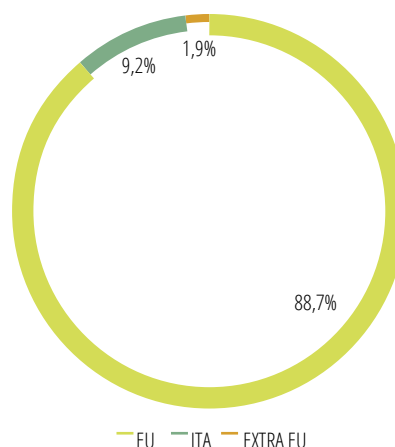
PRESENCE OF QUALITY CERTIFICATIONS
AND/OR QUALITY CHECK PROCESSES BY
"CORE" RAW MATERIALS SUPPLIERS



GEOGRAPHICAL BREAKDOWN OF THE
"CORE" RAW MATERIALS PURCHASE



GEOGRAFICAL REVENUE BREAKDOWN

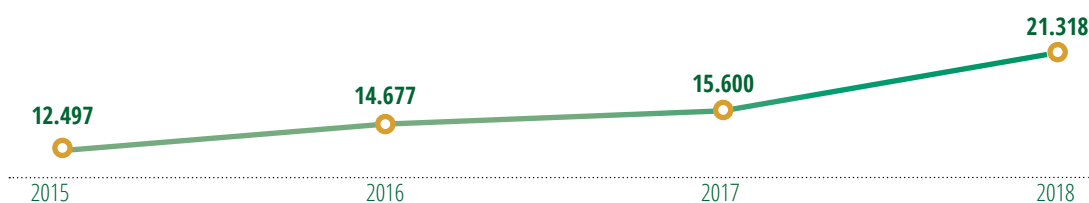


The already highlighted turnover trends are also an expression of collaboration with financially structured companies, which have high levels of liquidity. This factor has helped over the years to prevent Pattern from facing short-term financial tensions on the invested working capital, achieving more than satisfactory bank credit ratings, which resulted in a lower percentage of the cost of money. The short-term financial trends tap Pattern into the banking system to fund already sold orders. Given the highlighted features of Pattern's Customers, this will result in regular

receipts at the agreed deadlines.

For these reasons, also in 2018, thanks to such dynamics, Pattern increased employment rate, raising the level of professional qualification as a direct result of the increased turnover. This has also highlighted the need to redefine the organizational structure and the allocation of responsibilities, moving towards more structured and more accurate corporate procedures.

TREND OF THE GLOBAL ADDED VALUE



	2015		2016		2017		2018	
Personnel remuneration	4.055	32,45%	4.458	30,37%	4719	30,25%	5.189	24,34%
Contract manufacturers remuneration	6.474	51,80%	7.434	50,65%	8.817	56,52%	11.223	52,65%
Public Administration	600	4,80%	942	6,42%	526	3,37%	1.256	5,89%
Banking system	39	0,31%	27	0,18%	18	0,12%	26	0,12%
Company	365	2,92%	419	2,85%	480	3,08%	350	1,64%
Shareholders	907	7,26%	1.343	9,15%	1.015	6,51%	3.266	15,32%
Donations and sponsorships	57	0,46%	54	0,37%	25	0,16%	8	0,04%
Global value added	12.497	100%	14.677	100%	15.600	100%	21.318	100%



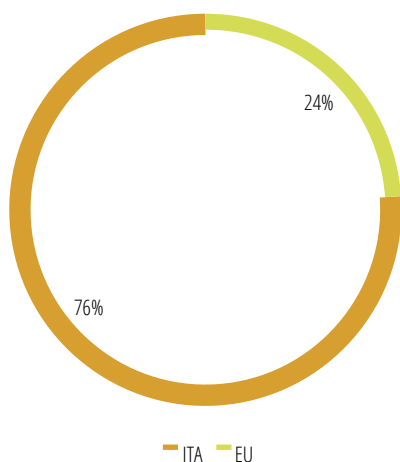
The active involvement of the human factor takes place both directly, considering Pattern's employees and partners, and indirectly, considering the workforce employed by the suppliers-contract manufacturers. This last category has a strategic role for the partnership since it expands the use perimeter of talent and professionalism.

Also, in 2018, more than 50% of value added created is intended for a selected group of contract manufacturers. The business relationship with them is managed in compliance with the rules of the SA8000 certification. The relationship between Pattern and contract manufacturers is significant in a two-way perspective because, on one hand, clothing manufacturers absorb about half of value added created. On the other hand, on average Pattern absorbs about 29% of their revenue². During the analysis of contract manufacturers characteristics, it appeared clear that these

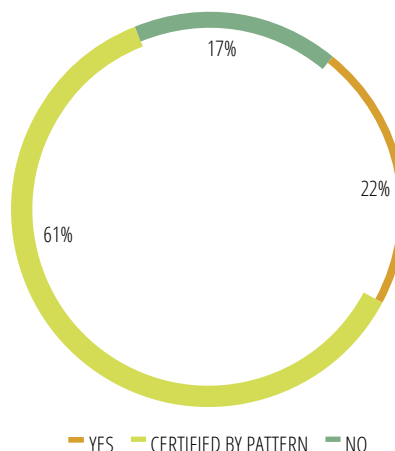
major stakeholders are mainly Italian SMEs, with an average number of 105 employees. The close integration with the clothing manufacturers' business - linked to the precise nature of Pattern's business structure - does not exclude the research of new and additional forms of collaboration and cooperation. This is to avoid excessive operational, economic and strategic dependence on the clothing manufacturers. Nevertheless, Pattern remains oriented towards collaboration reliability, professional qualification and cooperation relation strengthening over time. In the hypothesis of business relationships with external clothing manufacturers or other forms of collaboration variously articulated, the (professional) connections are always oriented towards continuous monitoring, results control, compliance with the deadlines in terms of production delivery and quality control, and finally, compliance with the legislation in the field of personnel management and environment protection.


2. By relating the contract manufacturers turnover value absorbed by Pattern and its number of employees, you can ideally determine the contract manufacturers workforce dedicated to the realisation of the production absorbed by Pattern. In numerical terms, this hypothesis translates into approximately 300 employees of the related companies dedicated to Pattern.

CONTRACT MANUFACTURERS NATIONALITY



PRESENCE OF SOCIAL CERTIFICATIONS AMONG THE CONTRACT MANUFACTURERS



A full-page background image showing a person from behind, walking away on a dark, pebbly beach towards the ocean. The sky is filled with dramatic, layered clouds, and the horizon is visible in the distance. The overall mood is contemplative and serene.

"I THINK HAVING
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ART THAT ANYBODY
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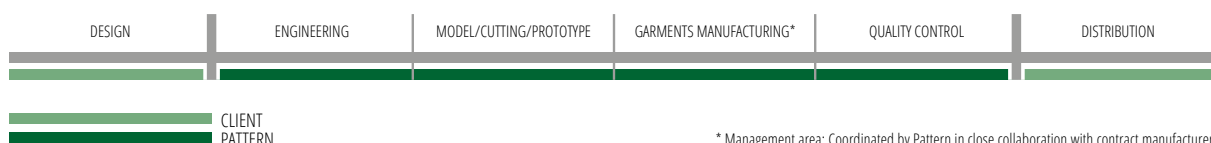
ANDY WARHOL

SUSTAINABILITY OF THE SUPPLY CHAIN

In recent years, the fashion industry has experienced a substantial evolution of the value chain concerning production cycles and methods developments. Significant improvements have also been recorded in the relationships among design, manufacturing and distribution. Starting from this development, there is a final consumer with specific demands, who needs these requirements to be met in the shortest possible time. It may happen that such requests collide partially with the choices of the high fashion houses since they are focused on the relocation of the production. This trend provides substantial advantages regarding production costs reduction, although there is a lengthening of the supply chain. Pattern is not a subcontractor of the fashion houses, but a real partner for them. The big fashion firms entrust the delicate phases of design, prototyping, cutting and manufacturing to Pattern, thanks to its recognised autonomy, which is the result of professionalism, experience and high-level technology exploited in the production phases. Pattern develops, therefore, a horizontal process in which dialogue and support

are continuous throughout the entire manufacturing process. Therefore, Pattern's supply chain starts by supporting the Client during the concept and design phases; it continues with the distribution phase, during which Clients are supported in choosing the best delivery methods, and it finishes with the control quality step. It was already highlighted that the relations stemming from the supply chain have risk factors that can be mitigated through regular checks. These procedures are often extended to indirect suppliers, who are required to present certifications and to control their internal systems. Thanks to its design skills, Pattern obtains significant orders. This allows Pattern to be considered a real strategic partner, with which the companies realise joint improvement and sustainable innovation initiatives. The aim of these project is to create an added value both for clients and for Pattern. Consequently, Pattern transfers this philosophy also to its suppliers, creating a direct supply chain integration.

FASHION INDUSTRY SUPPLY CHAIN: PATTERN'S WORLD



SA8000

The standard SA (Social Accountability) 8000 is an international standard developed in 1997 by the American Organisation SAI (Social Accountability International). It contains nine performance criteria oriented towards the increase of competitiveness of those organisations that voluntarily guarantee the ethical suitability of their production chain and cycle.

SA8000® is based on different international conventions such as the ones by the ILO (International Labour Organisation), the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. This standard consists in the conformity assessment of the social responsibility system implemented by an organisation with the requirements of the SA8000 standard. This conformity is checked through a certification released by an independent third party with a mechanism similar to the one used for the quality management systems according to UNI EN ISO series 9000, or environment management according to UNI EN ISO norms of the series 14000.

- It is the first international standard that MEASURES the ethical degree and the social responsibility of a company
- It is applicable internationally to ANY market sector
- Compliance with the standard rules is guaranteed by a certification of AN INDEPENDENT THIRD PARTY, issued by ACCREDITED BODIES.
- It requires, in addition to behaviour, to highlight publicly the MANAGEMENT SYSTEM.

The standard addresses a broad range of issues including child labour and forced labour, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems for the control of the supply chain, management of external communication and other company.



THE “EUROPE 2020” PROJECT AND ITS APPLICATION

In 2016 Pattern evolved, by giving more importance to the environmental sustainability of its supply chain, by recognising it as a key element of its corporate governance. Pattern started to work on the “Europe 2020” strategy, which aims at relaunching Europe’s economy. In a constantly changing world, the European Union aims to develop a smart, sustainable and inclusive economy. These three development lines are intended to help the EU and its Member States to achieve high levels of employment, productivity and social cohesion. Specifically, the Union has set five ambitious objectives - regarding employment, innovation, education, social integration and climate/energy - to be reached by 2020. Each Member State has adopted for each of these areas its specific national targets. The aim is to develop targeted interventions, both at European and national levels, to strengthen the overall European strategy. Starting from 2015, Pattern has engaged in a process aimed at eliminating the substances deemed to be toxic or harmful by the main international standards. This procedure has been followed in conformity with the “Europe 2020” community project and in some cases, even in a more restrictive manner than required in the protocols.

In 2016 this process became operational, and the substances considered harmful were completely removed from the products.

The toxic substances will have to be eliminated from products, and all suppliers are required to follow these guidelines for all the textiles orders. Regarding this choice, suppliers are asked to sign a letter of intent and to enclose the documentation certifying the compliance of the materials to the protocol. Moreover, to make the supply chain more transparent and certified, Pattern’s Clients have set out some tests to check the quality of materials and the compliance with the standards of the products chemical composition, which is considered essential for sale and use of the items of clothing.

Trying to grow by identifying specific intervention areas in the environmental and other fields is one of Pattern’s mission focal points. For this reason, after starting the project “Europe 2020”, Pattern has decided to take a step forward, introducing a chemical manager, which will focus specifically on the project “Europe 2020”.



The reference standard is represented by the ZDHC, which has identified four key-areas:

- Manufacturing Restricted Substances List and Conformity guidance.
- Research,
- Audit Protocol,
- Wastewater Quality

And two cross sectional areas

- Data & Disclosure
- Training

MRSL (MANUFACTURING RESTRICTED SUBSTANCE LIST) + PRSL (PRODUCT RESTRICTED GUIDANCE LIST)

They contain a list of the chemical substances banned from intentional use. The first one refers to the Chemical Products, while the second one to the finished products.

RESEARCH

It is a list of chemical substances that are subject of primary attention, since they do not have any safer alternative on the market, and they require further research or substitutions.

AUDIT PROTOCOL

It has been developed to guarantee a unified audit protocol, and, therefore coherence of the audit throughout the whole supply chain as well as the result sharing. The Audit Protocol offers the possibility of evaluate the safe management of chemical substances with foundational, progressive and aspirational level goals. The functionality of the ZDHC protocol is supported by the CMS (Chemical Management System) that every company must draw up to describe the chemical management methods that applies internally and with its supply chain partners.

WASTEWATER (WW) QUALITY

This is a new standard in wastewater discharge that goes beyond regulatory compliance, to ensure that wastewater discharge does not adversely affect the environment and surrounding communities. Water

efficiency is a critical aspect of sustainable and environmentally-conscious production. Well-designed and functioning wastewater treatment systems as well as effective processes and chemical substances management, are fundamental elements to minimize chemical, physical and biological pollutants discharged into the environment.

DATA & DISCLOSURE

It is an integrated management of data throughout the whole supply chain. The ZDHC Programme and its partners (including factories, tanneries, chemical companies and service providers) are participating to the acquisition of data, as well as the creation of relations in order to create a universal standard to organize the way in which data need to be collected and shared, as a benefit for all the involved parties. In 2017, the Programme released the ZDHC Gateway, an online sharing portal for the chemical companies in order to evaluate product compliance with regard to ZDHC MRSL.

TRAINING

The training is aimed at learning and supporting the implementation of the ZDHC standards throughout the supply chain (from brands, to chemicals suppliers as well as all the intermediaries). The ZDHC Academy platform offers the possibility to enroll for courses offered by ZDHC and its partners (online and locally) around the world.



CHEMICAL MANAGEMENT SYSTEM

The CMS is the set of documents and procedures that each company needs to draw up and follow in order to manage chemical risk. This process must be reviewed in order to ensure continuous improvements and is based on four fundamental steps: planning, application, control and implementation. Each plan needs to be constantly enhanced once the gaps have been highlighted and the corrective actions have been finalized.

The recognized tools for completing this project are:

COMMITMENT LETTER (MRSL APPENDIX 2)

This is the letter of adhesion to the project that a supplier at every level needs to send and receive from its partners upstream and downstream. It proves its willingness to embrace the project and its guidelines as well as the commitment on eliminating the harmful chemicals substances from its supply chain.

PPT (PARTNER PROGRESS TOOL) & SUPPLIERS ASSESSMENT

This is the basic tool of the project for the supply chain assessment. There is an area of «internal implementation» with 24 KPIs (Key Progress Indicators) which are assigned a score from 1 to 4, that the examined supplier must have implemented within its structure. There is also an area of «external implementation» with 2 KPIs that the supplier must have implemented upstream and downstream of its structure (with its Wet-process partners such as dry cleaners, finishing, printing works and all wet processing with which it collaborates - and with all its Dry-process partners, such as spinning, weaving, all its suppliers of yarns and raw materials). Finally, there is 1 KPI for «continuous improvement» in which the course of the management process, the identification of gaps and the

corrective actions taken, are assessed. Based on the results for each KPI, an action plan is drawn up and shared with the suppliers and a rating is created for each supplier. Then, based on the volume / business value of that supplier on the total amount ordered, as well as the score reached in the PPT, priority is given to both the inspection plan and the frequency of these, and to the Due Diligence to be developed.

DUE DILIGENCE (DD)

This is the tool used to highlight the number of tests to be performed and on which substances. The DD is based on the volume and on the value of the business as well as on the PPT result of a given article/supplier, as well as on the fabric manufacturing.

VENDOR'S MEETINGS

In order to ease the sharing of ideas, tools, methodologies and to present a common front towards suppliers and sub-suppliers in common, over time, a community of Chemical Managers has been created by Burberry's vendors (both leather and textiles). These vendors operate with the same methodologies with many suppliers and sub-suppliers (dyeing, finishing ...) in common. Joining and standing together to give support to the upstream supply chain is fundamental for all institutions involved. Every three/four months vendors meet to implement new projects, to visit suppliers and to participate in forums and trainings established also by the customer or external bodies (for instance ZDHC or Process Factory or UL that are ZDHC certified institutions). Companies with particularly active Chemical Managers have also been identified and become the «Champions» for a specific content. Pattern is Champion for the textile supply chain concerning PPT and onboarding of new vendors, suppliers and sub-suppliers from 2019.



PROHIBITED SUBSTANCES

Below there is the updated list of the harmful substances which are not allowed:

- Alkylphenol (AP) & Alkylphenol Ethoxylates (APEOs) - found in detergents, scouring agents, spinning oils, wetting agents, softeners, emulsifier/dispersing agents for dyes and prints, impregnating agents, de-gumming for silk production, dyes and pigment preparations, polyester padding, down/feather fillings.
- Chlorobenzenes & Chlorotoluenes – used as carriers in the dyeing process of polyester or wool/polyester fibres. They can also be used as solvents.
- Chlorophenols – used as preservatives or pesticides, to prevent mould when storing/transporting, raw hides and leather.
- Dyes – Azo (Forming Restricted Amines) + Navy Blue Colourant + Carcinogenic (or Equivalent Concern) + Disperse (Sensitising)
- Flame Retardants
- Glycols - used as solvents for finishing/cleaning, printing agents, dissolving and diluting fats, oils and adhesives (es: in degreasing or cleaning operations).
- Chlorinated Solvents – as above
- Organotin Compounds - plastics/rubber, inks, paints, metallic glitter, polyurethane products, heat transfer material.
- Polycyclic Aromatic Hydrocarbons (PAHs) – are added to rubber and plastics as a softener or extender and may be found in rubber, plastics, lacquers and coatings Often found in printing pastes of screen prints. They also may be formed from thermal decomposition of recycled materials during reprocessing.
- Perfluorinated and Polyfluorinated Chemicals (PFCs) Long & Short Chain - may be present as unintended by-products in commercial water, oil and stain repellent agents.
- Phthalates – commonly added to plastics to increase flexibility and are used to facilitate moulding of plastic. They can be found in: Flexible plastic components (ex: PVC), print pastes, adhesives, plastic buttons, plastic sleeveings, polymeric coatings.
- Volatile Organic Compounds (VOC) – They are associated with solvent & based, processes like solvent based, polyurethane coatings and glues/adhesives. They should not be used for any kind of facility cleaning or spot cleaning.
- Short Chain Chlorinated Paraffins (SCCP) - can be used as a flame retardant or plasticiser in plastics, rubbers, inks, paints, adhesives. Are found in plastic, rubber, adhesives, paints and lacquers, coatings, plasticiser.
- Total Heavy Metals – Arsenic (found in preservatives, pesticides and defoliants for cotton or found in synthetic fibres, paints, inks, trims, plastics); Cadmium (found in pigments – particularly red, orange, yellow, green – stabilisers for PVC plastic and in fertilisers, biocides and paints); Mercury (found in Pesticides, paints and as contamination in caustic soda); Lead (found in plastics, paints, inks, pigments, surface coatings); Chromium (can be used in leather tanning and in the dyeing of wool).

3 | CIRCULAR ECONOMY & REVALUE WASTE

The third main goal we are aiming for is to succeed in creating a production cycle that is no longer linear but circular: by recycling everything that can be recycled, regenerating everything that can be regenerated, revaluing waste.

UPDATED TO 12/31/2018

☑ USE OF RECYCLED PRODUCTS FOR ESEMPLARE GARMENTS

RECYCLING OF FABRIC WASTE

GRS CERTIFICATION FOR ESEMPLARE PRODUCTS

USE OF RECYCLED RAW MATERIALS

☑ ECO-SUSTAINABILITY OF ESEMPLARE

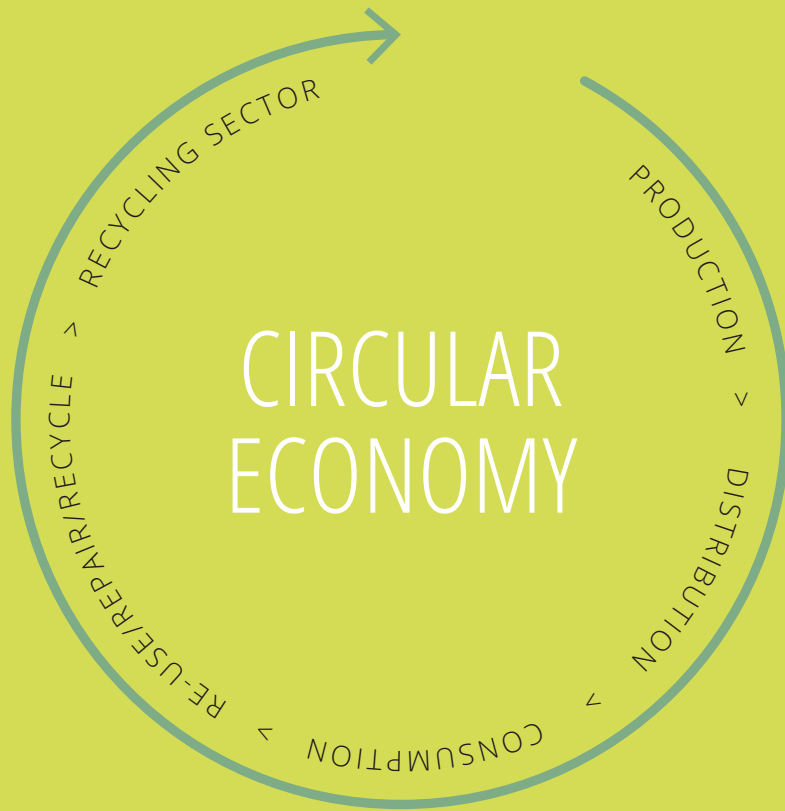
Our goal is to manage and reduce waste as much as possible, as well as reuse, regenerate and recycle the materials used on the production process.

In 2018, such as in the previous years, this concept has been the foundation of the Esemplare brand.

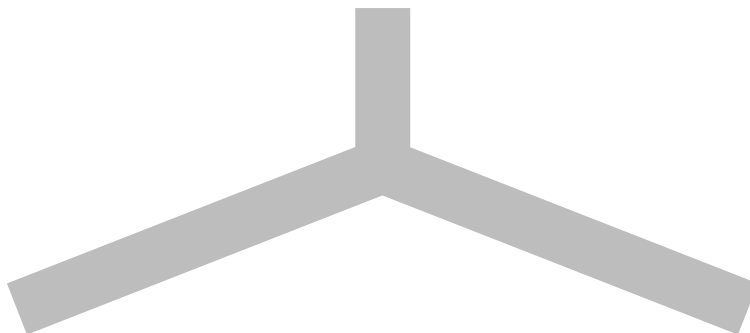
In addition to the application of the CE (standards) in clothing to the maximum of our abilities, we wish to recycle and use regenerated materials

as much as possible also in our production process, such as paper and plastic, which together with the fabric, are the main sources of waste.

And that's not all: engineering and experimenting with new technologies and fabrics allows us to have a huge competitive advantage. We experiment with cutting-edge processes on new recycled textures with the most modern techniques that guarantee a quality end product that is totally eco-sustainable.



ESEMPLEARE



Esemplare was born from the desire of moving down a new path in the clothing field, focusing mainly on coats and jackets. For Pattern, Esemplare represents a new useful experience to expand its business. In this way, Pattern completed a growth path by remaining always focused on two pillars: innovative technologies for garments design and production, and people with their unique-on-the-market skills, in particular regarding the pattern making area. Esemplare is an upmarket brand, which combines perfect fit and Italian taste with new technologies devised for materials and the garment-making process. This allows Esemplare to create an innovative sportswear collection for both men and women, combining elegance, technology and comfort.

On the strength of these strategic choices and by sustainability principles, starting from 2015 Esemplare has completely removed from its collections furs and goose down. Moreover, Esemplare has become deeply engaged in the sustainability area: a part of the collection of the brand is made with zero-kilometre or “green” certified fabrics. Moreover, Esemplare bases its production in Italy, exploiting the “Made in Italy” benefits, or in Europe, avoiding the delocalisation of any production form in the Far-East

The last Esemplare invention is dedicated to the environment, with the recognisable signature of eco-sustainability: the focus is on the innovative concept of “Circular Economy”. Two items of outerwear, for men and women, embody perfectly the values of the brand, proving how style and care for details are a perfect combo: these models are realised with Thermore ECODOWN, a 100% recycled alternative which can save up to 10 bottles per garment. Furthermore, using PET bottles will help protect energy reserves for future generations. This is a concrete example of circular economy, where a thoughtful design reuses already existing resources by just transforming them and not producing

new ones. The exterior of the garment is made of re-pet recycled nylon obtained by reusing plastic bottles. The internal part of the garment is covered by soft fake fur. The base of Esemplare’s philosophy is sustainability. The new Esemplare ecologic garments were presented at the White, a prestigious showcase for the latest fashion tendencies. From physics to tailoring, from the environment to catwalks, Esemplare managed to overcome the distances of faraway lands by using PET bottles’ recycled fibres. No special maintenance is required for the material, and it can be washed in water and dry-cleaned, guaranteeing high resistance without losing its thermal characteristics. A new way to see things, to live your time, with attention and cleverness. This is a new smart fashion that proves how the bond between talent and aesthetic sensitivity is the truest of all beauties. The jackets and coats Esemplare are realised according to the principles of eco-sustainability, following also the circular economy principles: the raw materials used for the fabrics are partially made with recycled materials: in this way, the environmental impact is minimal.

From physics to jacket making, from the environment to catwalks, Esemplare managed to cancel these distances, through the use of recycled fibres.

A new way to see things, to live one’s own time, with care, intelligence and critical thought. A smart fashion, which proves how the combination of talent and aesthetic sensitivity is the most truthful of all beauties.

Esemplare – being a brand owned by Pattern – allows a better monitoring of sales volumes, but let’s not forget that this benefit also brings high financial risks typical of the corporate scope such as the cover of fixed costs, warehouse management, management of the credit to clients.



CIRCULAR ECONOMY

A circular economy is an economy designed to regenerate on its own. A circular economy takes the idea from retroactive mechanisms, not linear, that characterize living systems and assumes that economic systems should function as organisms, where nutrients are processed and used, and then reintroduced in the biological and technical cycle. From this derives the concept of a “closed cycle” or “regenerated” of circular economy.

The circular economy is a system in which all activities are organized so that waste can be transformed into resources within the system. In contrast to the linear economy, where, at the end of the production cycle, what remains becomes waste, forcing the economic chain to continuously resume the same pattern: extraction, production, consumption, disposal. A product that can be modular, versatile, and able to adapt is a product that can fully exploit the potentialities offered by Circular Economy. Modularity, versatility and adaptability are to be privileged in a fast evolving and uncertain world. Having as goal circular economy, we should focus on long lasting products, developed for updates, aging and repairs, considering strategies as sustainable design. This is the objective to which Esemplare tends, and that starting with 2018 focused on environmental sustainability and technology.

The brand is engaged in research and studies, engineers and develops in Italy its collections born from continuous experimentations, using Italian and eco-sustainable fabric, in balance with tradition and innovation, generating outerwear that guarantee high performance based on the distinctive traits of the brand.

In 2014 Esemplare has been acquired by Pattern. From this solid background and strong desire for liberty that characterizes the brand philosophy, originate personal clothes, for urban travelers who wear their time with modernity and resourcefulness: the inverted Y shape construction on the back allows a unique fit, each time enriched with new performing characteristics.

It is the sense of liberty that inspires the brand: who wears Esemplare, does it with absolute naturalness, considering it as part of identity, to almost forget about it.

Each garment is different from another because it is filled with the

personality of the person who owns it, changing each time in something new and bringing a message in a continuous evolution.

In 2018 we decided to give voice to the people who work every day for Esemplare brand, people who touch with their own hands a reality that may seem abstract to others.

“The choice to become eco sustainable is born from the willingness to communicate a personal ethical position: we give up on the prestige of those garments containing goose feathers, leather or fur, to reach and obtain a different value, for us more virtuous. Surely, we want to create something exclusive and to communicate it, but a simple fact pushed us toward this direction: if it is possible, it must be done. If we can design an eco-sustainable jacket respecting the environment, under all points of view, starting from the production of chosen raw materials, to our productive processes, then we have the duty to do so. Esemplare wants to join two opposite realities: the metropolitan city on one side, symbol of human development and the environment from the other side, symbol of uncontaminated nature.”

Following this thought, the last invention from Esemplare outerwear, for men and women, embody perfectly the values of the brand, proving how style and care for details are a perfect combo: these models are realized with Thermore ECODOWN, a 100% recycled alternative which can save up to 10 bottles per garment. Also, using PET bottles will help protect energy reserves for future generations. This is a concrete example of circular economy, where a thoughtful design reuses already existing resources by just transforming them and not producing new ones. The exterior of the garment is made of re-pet recycled nylon obtained by reusing plastic bottles.

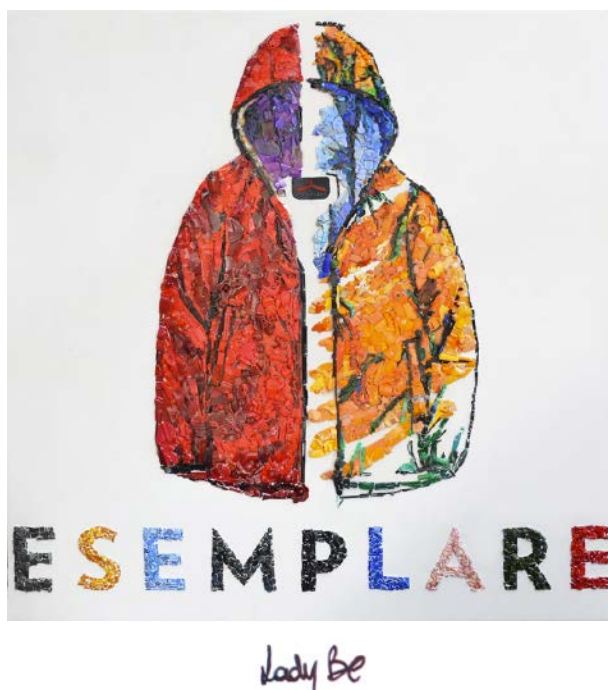
From physics to jacket making, from the environment to catwalks, Esemplare managed to cancel these distances, using recycled fibers. A new way to see things, to live one's own time, with care, intelligence and critical thought. A smart fashion, which proves how the combination of talent and aesthetic sensitivity is the most truthful of all beauties.

PATTERN ON THE TERRITORY: ESEMPLARE & ART FOR EXCELLENCE



While promoting Esemplare in 2018, Pattern decided to join the Art for Excellence exhibition, that took place the Palazzo della Luce in Turin. This exhibition gathers all the local companies and brands with the aim of promoting the best practice know-how, showing the excellence of the territory.

The piece, created for Esemplare with the mosaic technique, is a “pop” version of the brand's distinctive garment, in perfect harmony with the project “From Red to Green Carpet” because of the materials used: pieces of corks, pens, toys, cables, seals, make-up casings, but also objects that evoke the world of fashion, such as the piece of the hanger provided by the company and containing its brand, are recycled materials that lose their primary function and that, in the new artistic functionality, are underlining the company's attention to the waste issue and its determined approach towards eco-sustainability.



GRI - GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) is a non-profit organisation born as useful support to the reporting of sustainable performance of organisations of all sizes, from all sectors. The GRI Reporting Framework is a universally accepted model for the reporting of economic, environmental and social performances of an organisation. The model also includes practical-applicative considerations common to a wide range of organisations - from smaller companies to bigger and structured ones, regardless of their geographical location.

TABLE OF THE GRI INDICATORS

This report contains Standard Disclosures by the GRI (Global Reporting Initiative) G4 Sustainability Reporting Guidelines

INDICATORS	STRATEGY AND ANALYSIS
G4 1	Statement by the most senior decision-maker of the organisation
G4 2	Description of key impacts, risks, and opportunities
G4 3	ORGANISATIONAL FRAMEWORK - Name of the organisation
G4 4	Primary brands, products, and/or services.
G4 5	Location of organisation's headquarters
G4 6	Number of countries where the organisation operates
G4 7	Nature of ownership and legal form
G4 8	Markets served
G4 9	Scale of the reporting organisation
G4 10	Characteristics of the workforce
G4 11	Percentage of employees covered by collective bargaining agreements
G4 12	Description of the organisation's supply chain
G4 13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain
G4 14	Application of the precautionary approach to the risks management
G4 15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses
G4 16	Memberships of associations (such as industry associations) and national or international advocacy organisations
IDENTIFIED CONDITIONS E MATERIAL ASPECTS	
G4 17	Entities included in the Consolidated Financial Statements and list of the firms not shown in the financial statements
G4 18	Process for defining report content
G4 19	Material Aspects identified
G4 20	Material Aspects within the organisation
G4 21	Material Aspects outside the organisation
G4 22	Restatements compared to the previous Report

G4 23	Stakeholder engagement
G4 24	Categories and groups of stakeholders engaged by the organisation.
G4 25	Process of stakeholders' identification
G4 26	Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group
G4 27	Key topics and concerns that have been raised through stakeholder engagement REPORT PROFILE
G4 28	Reporting period of the Sustainability Report
G4 29	Date of most recent previous report (if any)
G4 30	Reporting cycle
G4 31	Contacts and addresses
G4 32	GRI content index
G4 33	Organisation's policy and current practice with regard to seeking external assurance for the report.
G4 34	Governance structure of the organisation
G4 56	Organisation's values, principles, standards and norms of behaviour
G4 EC1	Direct economic value generated and distributed
G4 EN6	Reduction of energy consumption
G4 EN24	Total number and volume of significant spills.
G4 LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
G4 DMA	Disclosures on Management Approach
G4 EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken
G4 LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
G4 HR3	Total number of incidents of discrimination and corrective actions taken
G4 S02	Operations with significant actual and potential negative impacts on local communities



THANKS FOR READING
THIS REPORT!

Contacts: To ask for clarification
on the Social Responsibility policies of Pattern S.p.A.
and the information contained in the Sustainability Report,
you can write to the following address:
pattern@pattern torino.it

FROM 2013
PATTERN IS A
SA8000
CERTIFIED COMPANY



CLEANCHAIN[▲]
AN ADEC INNOVATION

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