

SUSTAINABILITY  
REPORT  
2020





# SUSTAINABILITY REPORT 2020

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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 realize ideas. Ideas that are born from others' geniality and grow in strong hands with thin fingers.

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 available choice for our Customers. Over time, we noticed that what really gives value to the actions we take, is the context in which these actions operate. This let us go beyond and move on, very determined towards the pillar of our actions today: the creation of the Italian Pole of Luxury Design.

A gathering process started in 2017 with Roscini, an Umbrian company specialised in lightweight women's clothing, and confirmed in 2019 with the entry into the Pattern Group of Società Manifattura Tessile (S.M.T.), an Emilian excellence in the luxury knitwear sector. A path that we decided to take seriously, as evidenced by the listing on Borsa Italiana in 2019 aiming to give solidity and transparency to our vision.

This is a long-term path because it stems from the belief that only by supporting and putting together the marvelous realities of the Italian districts is it possible to preserve the tradition, excellence and craftsmanship of Made in Italy fashion. A goal that we decided to pursue with a keen eye to the past, but at the same time with a focus on the future.

In growth and change it is essential to remain coherent with our identity,

which has always been based on three values: people, cutting-edge technologies applied to design and sustainability.

Especially referring to the last point, we are very proud of what has been achieved so far since, amongst the very first, we have not only embarked on a journey towards Circular Economy, but we have managed to make an entirely recycled garment. And we didn't stop there.

In 2018 we launched the five-year plan towards Carbon Neutrality - "From Red to Green Carpet" - with the challenging objective of investing and measuring ourselves on transparent criteria, generating value from sustainability by involving suppliers and workers and improving the environment in which we operate.

As further proof of the seriousness of the path undertaken, since 2019, we have decided to work for the achievement of an external ESG (Environmental, Social and Governance) rating, through the assessment with one of the most prestigious international organizations: CDP. We received a **B- level at the 2020 ESG Rating** after the second year of reporting. I am proud to point out that this is an exceptional score, almost unique in the fashion world, particularly in Italy. This gave us even more enthusiasm to continue along this path. A journey that recently saw us included in the **CDP 2020 Supplier Engagement Leaderboard Rating**, a selection of 400 international companies, operating in all sectors, which excel in engaging the supply chain for climate change.

All this is to say that we keep believing and working, by measuring ourselves, for a sustainable development. A development aimed at satisfying the present generation's needs without compromising the ability of the future generations to meet their own needs. Because that is what sustainability means for us.

*Francesco Martorella*



# POLICY

Pattern redacts an annual Sustainability Report since 2015 to track its progress towards sustainable development; thanks to its clarity and its respectful business management, our 2018 sustainability report has been selected among the 40 best reports on 800 assessed by Consumerlab. Pattern's new 2020 Sustainability Report is an expression of a corporate culture based on the real implementation of the principles of Corporate Social Responsibility. The report has been prepared following the "core" option according to the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative), as it is described from the GRI SRS 101. In particular, the content reporting principles (Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness) and information quality (Balance, Comparability, Accuracy, Timeliness, Clarity, Reliability) indicated by version G4 were applied. The indications regarding the General Standard Disclosures required by various sections selected within the Framework were therefore followed and, after identifying the main stakeholders, a Materiality Matrix was developed. For the description of the information concerning the company, GRI 102 on general disclosures was followed, while GRI 103 was used to report the managerial approach to sustainability issues. The analysis of a sustainable performance is based on a series of Key Performance Indicators (KPIs), developed on the basis of GRI G4 indicators, with particular reference to GRI 200, GRI 300 and GRI 400 indicators, respectively dedicated to the following specific areas: economic, environmental and social. The information and numerical data shown in these financial statements refer to the year 2020, relying on activities developed by Pattern Spa and its subsidiary Pattern Project Srl during the year. The economic and financial values refer to Pattern Spa and are taken from the company's financial statements as at 31/12/2020. The contents of the financial statements, centred on the topics deemed as the most relevant by Pattern's stakeholders, prove the evolution made by the Company in 2020 compared to previous years, allowing to draw up an assessment of the dynamic trend of Pattern's activities during the year. The summary table, in the final pages of this Sustainability Report, links the topics covered in the text to the specific GRI Standards performance indicators.







# 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 national and international brands, they decided to set up their own business in the field of clothes design & engineering. In 2006 the business expanded and diversified by introducing the design and production of women's collections. In 2009 the opening of the new facility based in Collegno, Turin, took place. In 2011 Pattern took over a tailor-made production chain with the aim of responding more effectively to the Client's needs and to offer a more customised service. In 2013 Pattern became the first Italian company to obtain the international Certification SA8000 Social Accountability. This certification is awarded thanks to the choices and internal processes adjusted to the principles of environmental protection, the safe and correct management of human resources internally and along all the supply chain. In July 2014, Pattern took over ESEMPLARE, a brand specialized in urban wear. In Spring/Summer 2015, it has also launched the woman collection. Thanks to international fashion trade such as Pitti Firenze and Premium Berlin, the brand begins its global growth phase. During 2016, Pattern has published its first Sustainability Report based on GRI principles, the only one among SMEs in the textile and clothing sector. In November, Pattern is selected to become part of the Elite program of Borsa Italiana (Italy's Stock Exchange). During 2016, Pattern acquires a new area for logistics and product development on its facility area. By doing so, Pattern's surface increases by 25% allowing a more careful management of logistic flows, product development flows and quality control of finished goods.

In 2017 Pattern acquired Roscini, revitalising a reality that was getting 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 and reducing its environmental impact within 2023. The main challenge is based on a business idea linked to fashion, characterised 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 production for the most important and international fashion brands. The design of man's collections represents the starting point. Following the listing on the AIM market of Borsa Italiana, Pattern announced the entry of the S.M.T. (Società Manifattura Tessile) knitwear company into the Group, a historic Emilian company specialised in the prototyping and production of luxury knitwear. This allows Pattern to enter the knitwear sector and marks the birth of the Italian Pole of Luxury Design. In 2019 Pattern successfully concluded the placement, registering in the first day an increase of the price equal to 15.4% with respect to the issue price. In 2019, as anticipated, according to a ranking drawn up by ConsumerLab, Pattern's sustainability report ranks among the top 40. Furthermore, Pattern is the first Italian company to have officially joined the UNFCCC's Fashion for Global Climate Action initiative as a signatory of the Fashion Industry Charter for Climate Action.



- 
**2000**  
 FOUNDING OF  
 THE COMPANY
  
- 
**2005**  
 CREATION OF WOMEN  
 FASHION LINES
  
- 
**2009**  
 OPENING OF THE  
 COLLEGNO-TURIN  
 FACILITY
  
- 
**2012**  
 CUSTOMIZED  
 PRODUCTION CHAIN  
 ACQUISITION
  
- 
**2014**  
 PATTERN TOOK OVER  
 THE ESEMPLARE  
 BRAND
  
- 
**2015**  
 INVESTMENTS  
 IN TECHNOLOGY  
 AND CAD 2D/3D
  
- 
**2017**  
 PATTERN  
 TOOK OVER  
 ROSCINI ATELIER
  
- 
**2018**  
 BORSA ITALIANA  
 ELITE CERTIFICATION
  
- 
**2019**  
 LISTING  
 ON THE ITALIAN  
 STOCK EXCHANGE
  
- 
**2019**  
 S.M.T. ENTERS  
 THE PATTERN GROUP



Fulvio Botto and Francesco Martorella

# PATTERN TODAY

Today, the mission of the Pattern-Roscini-S.M.T. Group consists in carrying out the entire design and production cycle in the clothing sector: from traditional or digital paper patterns to the development of the first prototypes through cutting, up to the creation of finished garments ready for fashion shows and subsequent productions, after final testing by a team dedicated to quality control. Pattern tries to find a balanced combination of craftsmanship and technology, thanks to the internal workforce and continuous investments in R&D for all phases of the design and production process. As evidence of this, we implemented the most advanced 3D CAD software in the pattern making and, since 2020, the digital warehouse with the aim of optimizing the supply chain through the blockchain and RFID technology.

The Pattern-Roscini-S.M.T. Group creates “turnkey” collections on behalf of well-known national and international luxury fashion brands, dedicating support teams to the top brands, with which it collaborates during the garment creation phase. The Group’s production mainly focuses on the mainline men’s and women’s collections of the major international brands and in their fashion show clothes, that can be seen on the luxury fashion catwalks. The ability to simultaneously following the design and production of so many lines, on very different categories, from outerwear to light dress, is one of the fundamental strengths and distinctions of Pattern.

In 2014 Pattern acquired the brand ESEMPLARE. ESEMPLARE was born and developed with a strong and clear identity: men’s and women’s outerwear lines that combine the most advanced technologies and attention to the theme of environmental sustainability with an essential style characterized by the iconic inverted “y” yoke’s construction. ESEMPLARE collections, which are the result of a continuous research and experimentation, are designed, engineered and developed exclusively in Italy.

Pattern Group consists of three production units located on the Italian territory, each one operating in a specific sector. The Group headquarters is in Collegno (TO), in the Pattern Spa location, which represents the largest location of the Group hosting both administrative offices and production dedicated areas. The total number of employees of Pattern SPA is 282, considering the employees, executive managers, middle managers, managers, workers and other employees divided into the categories as shown below.

All the Group’s production takes place in Italy, divided into three locations for a total of 11.700 m2. Each of the three factories is dedicated to specific production lines. The Collegno headquarter, is specialised in mainline and runway men’s collections, with particular reference to outerwear. The Spello (PG) headquarters, part of the Group since the acquisition of Roscini Atelier, instead concentrates its production on women’s collections and with particular reference to light garments. More recently, the entry into the Group of the S.M.T. company from Correggio, where production is dedicated to the specific sector of luxury knitwear.

The presence on the 3 productive sectors allows the Group to directly manage different transversal businesses, including the engineering and production of hybrid garments characterized by different materials and processes. The entrepreneurial vision, today as in 2000, is based on the business-idea of verticalizing the business: from the engineering and development, then moving on to the samples’ realization, finally the production of garments. The verticalization allows the company to manage with flexibility, speed and efficiency market’s requests.

“The entry of the S.M.T. knitwear factory within the Pattern Group is a fundamental step, after the listing, towards our goal: to create the Italian Pole of Luxury Design. In choosing the Emilia-Romagna region, as well as the previous acquisition of Roscini Atelier in Umbria, the company aims to enhance the different entrepreneurial excellences and extraordinary skills of the Italian territory. It is fundamental that we engage people who share our corporate culture and our values related to technology and sustainability. Stefano Casini from S.M.T. represents what we believe in. This company is based on the values of technological innovation combined with tradition and craftsmanship, which are then declined in the engineering and production of luxury knitwear for the most important fashion houses. These are unique skills to be valued, skills on which our Country must continue to invest”.

*Luca Sburlati, CEO of Pattern*

EMPLOYMENT LEVEL	PATTERN	ROSCINI	S.M.T.
Executive Managers	7	2	0
Managers	8	3	2
Employees	60	36	39
Workers	36	22	67



**PATERN**

*Torino, Piemonte*

Luxury menswear / outerwear,  
sportswear and tailoring

**SMT** SOCIETÀ  
MANIFATTURA  
TESSILE

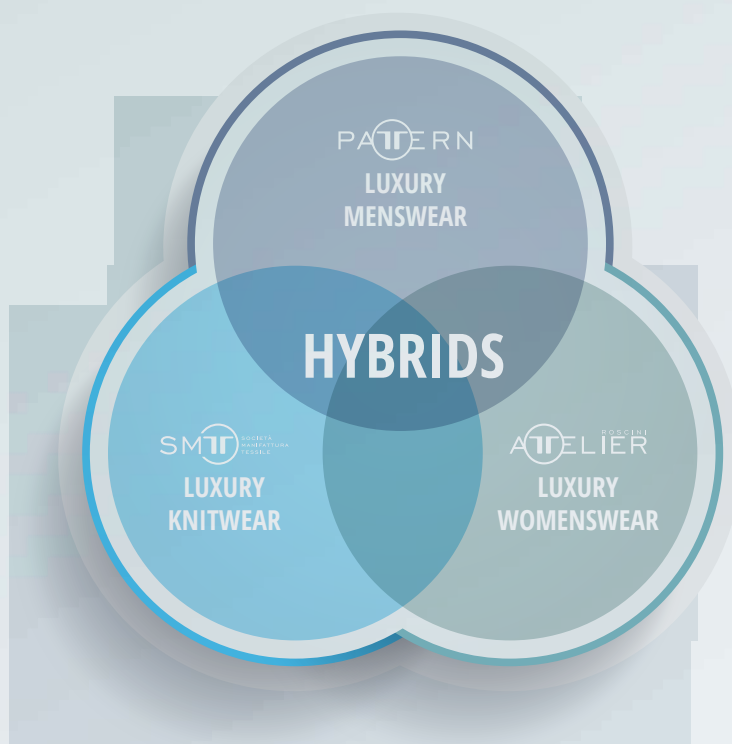
*Reggio Emilia, Emilia Romagna*

Luxury knitwear

**ATELIER** ROSCINI

*Spello, Umbria*

Luxury womenswear / soft fabrics  
and jersey, dresses and tailoring









## SOCIETÀ MANIFATTURA TESSILE

The S.M.T. knitwear factory structures its corporate organization in response to the growing demand for services from sector figures, particularly knitwear designers, who could not find an industrial partner capable of supporting creativity with the right technological innovation.

The company's mission is to develop knitwear samples in a very short time, following excellent quality standards and concrete and reliable production management as well as industrialization criteria. This activity has, as its cardinal objective, the total respect for customers creativity and stylistic freedom. With these principles in mind, the company departments have been organized and based on the centrality of the engineering phase and they have strongly invested in R&D activities.

In the last 10 years, S.M.T. has been the protagonist of a unique entrepreneurial history that has marked a significant and exponential growth year after year. Constant investments in technology and personnel have led the company to be a worldwide reference for the development and production of luxury knitwear and S.M.T. products are universally recognized as a true knitwear avant-garde.







## PATTERN WINS THE 2019 EQUITA PRIZE



In 2019, Pattern captured the interest of Equita, an Italian independent investment bank that analyses the best strategies for using capital markets in the fundraising categories on the debt market, on the MTA and on AIM Italia.

Equita, under the patronage of Borsa Italiana and Bocconi University that analyses and promotes the capital markets, awarded Pattern Spa the **"Award for the best strategy for using capital market"** for the year 2019, recognizing the originality and effectiveness of the operations carried out on the capital market as a lever for the relaunch and development of the company.

The IPO on the AIM market of Borsa Italiana was confirmed as a fundamental tool for achieving an important business objective: the creation of the Italian Pole of Luxury Design.

Pattern ranked first in the "Fundraising on the AIM market" category, in a landscape of 40 transactions for the "Fundraising on the AIM market" category, 69 transactions for the "Fundraising on the debt market" category and 27 transactions for the "Fundraising on the MTA market" category.

## PATTERN JOINS THE SURVEY "THE MAIN ITALIAN COMPANIES EDITION 2020"



MEDIOBANCA

Pattern joins the annual survey, carried out by the Mediobanca Research Department, regarding the main Italian companies operating in the following sectors: industry, commerce, finance, leasing, factoring, banks, and insurance.

The research aims to make available some financial data of the main Italian companies and to present this information in rankings drawn up on the basis of specific parameters for each sector.

Pattern is included among the top four companies in the medium-sized business sector in the "Dynamics" section, which are the manufacturing companies that achieved an increase in sales in 2019 of at least 20% compared to 2011 and 2018 and an incidence of the result on turnover in 2019 not less than 4%.

In addition to high turnover performance, these companies are characterized by their attention to the sustainability issue, demonstrated with local initiatives even during the COVID-19 emergency.

### PATTERN WINS THE 2020 “PREMIO DEI PREMI” AWARD

Pattern, together with eight other Italian companies, was selected amongst the winning companies of the 11th Edition of the “Imprese per l’innovazione” award, organized by Confindustria in collaboration with Fondazione Giuseppina Mai and Confindustria Bergamo.

As a result of this, being among the best performers, Pattern was also the winner of the 2020 “Premio dei Premi” in the “Industry and Services” category.

The “Premio dei Premi” award is established at the Fondazione Nazionale per l’Innovazione Tecnologica COTEC (National Foundation for Technological Innovation) by the Presidency of the Council of Ministers on behalf of the President of the Italian Republic who awards it annually to public and private entities that have made significant product or process innovations.

The National Award for Innovation “Premio dei Premi” aims at enhancing and promoting the culture of creative commitment, innovation and R&D which is at the basis of continuous improvement and essential for the development of the Country. A prestigious recognition obtained by Pattern:

“For its systematic research for a balanced combination of sartorial craftsmanship and technological innovation and for the development of an innovative strategy to achieve sustainability and zero impact on the environment”.





## PATTERN REACTS TO THE COVID19 PANDEMIC



Pattern has been able to react forthwith to the COVID19 pandemic, taking coordinated action to protect employees and support local communities. Firstly, a protocol has been implemented within the offices which includes the obligation to wear masks, the observance of the appropriate distance, frequent hand washing, the application of hand sanitizer, and the requirement of visitors and employees' daily signature and body temperature measurement. It also implemented an enhanced cleaning which includes the sanitizing of workspaces and the placement of Plexiglas barriers to separate each workstation.

The entrance of external personnel and the functioning of the warehouse has also been regulated. First of all, it is ensured that the entrance of carriers and visitors takes place only when specifically authorized by management, in addition it is imperative that the unpacking of incoming goods, especially from high-risk areas, occurs exclusively by wearing masks and gloves and imposing a differentiated disposal of packaging from these areas.

At the same time, Pattern has rearranged the work shifts, making some company areas work on two different shifts and implementing the remote working. Since February 2020, business trips have been suspended and all meetings have been held electronically. Furthermore, Pattern has supported employees in the opening of a COVID19 private insurance.

Simultaneously, a recovery plan was immediately established by setting a backup plan in case of closure of one of the three production units, that provides full support from the others plants and making use of the redundancy fund as a social protection network, with an average of around 90% during the lockdown weeks and 20% after the lockdown. Besides that, there was a voluntary reduction in the salary of the executive management levels.

To support local communities, Pattern has engineered and produced high quality masks guaranteed for employees and their families. The Group also continued to provide direct support to design and engineering schools during the lockdown and lastly, despite the COVID19 moratorium issued, it was decided not to postpone tax payments and to keep all strategic investments active by finalising the projects started and continuing to invest in reporting and transparency through the ESG ratings.

Pattern is aware that clear and transparent communication is the basis for an effective management of the crisis related to the pandemic. For this reason, there are constant updates to all employees on the COVID situation, on the state of the company and on the precautions to be taken, including detailed recommendations necessary to face the continuous evolution of the pandemic framework.

# PATTERN E MASK™



In order to meet some key needs of customers and the Country, struck by the COVID19 pandemic, Pattern launched the production of E MASK™, an innovative mask for civil use, engineered very quickly in the company's development centers in Turin and Spello thanks to the skills and expertise of the Italian textile chain making this product ready available on the market. Some major Italian companies took part in this project, including Olmetex, a Como-based company leader in technical cotton fabrics, and DualSanitaly®, a leading company in the health and wellness sector.

E MASK™ is a 100% Made in Italy product from a certified supply chain, verifiable through a QR Code applied on the template which give information about the entire supply chain.

E MASK™ are designed with the innovative Olmetex fabric, composed of hypoallergenic cotton with a specific antibacterial, breathable and anti-drop finishing, which has the advantage of being washed up to 20 times while preserving its properties, differentiating from the common disposable masks. A further advantage of the product is the practicality of the easily replaceable filter, which is made of 100% polypropylene non-woven fabric in compliance with the BS EN14683:2019 – ISO10993 BS regulation and certified Standard 100 by Oeko-Tex. The combination of the washable fabric with the replaceable filter makes E MASK™ an absolutely innovative product, with a low cost of use and eco-friendly.

This project was made possible thanks to the use of the most advanced 3D software. This technology has been operational for a long time in Pattern allowing to model clothing even before the creation of the first prototype. Pattern presented the E MASK™ project at The European House– Ambrosetti's conference "Today and tomorrow's scenario for competitive strategies" that took place at Villa d'Este in Cernobbio. For this special event the company has developed a customized version of its mask using the hashtag #Cernobbio2020.

This conference is an internationally well-known event where every year, since 1975, top representatives of international institutions, entrepreneurs, managers, Nobel laureates and experts from all over the world have been gathering to discuss the greatest impact issues for the global economy and society as a whole.



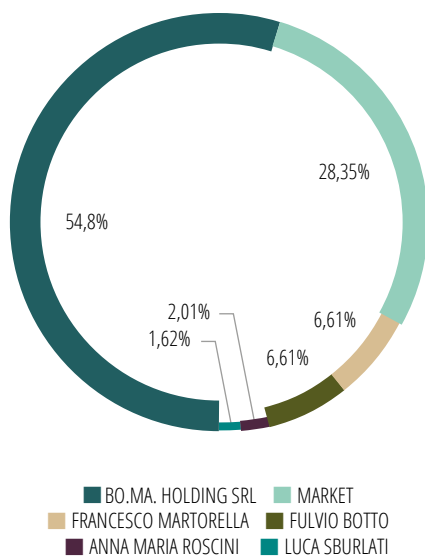
# ORGANISATION

The consolidated economic and financial data at 31 December 2020 include Pattern Spa (with Roscini Atelier Srl, which was incorporated into Pattern on 27 May 2019, with accounting and tax effects backdated to 1 January 2019), Pattern Project Srl, 100% controlled by Pattern Spa, and Società Manifattura Tessile S.r.l., at 31 December 2020, 51% controlled by Pattern Spa (whose acquisition was completed on 31 March 2020 and has been consolidated since 1 January 2020).

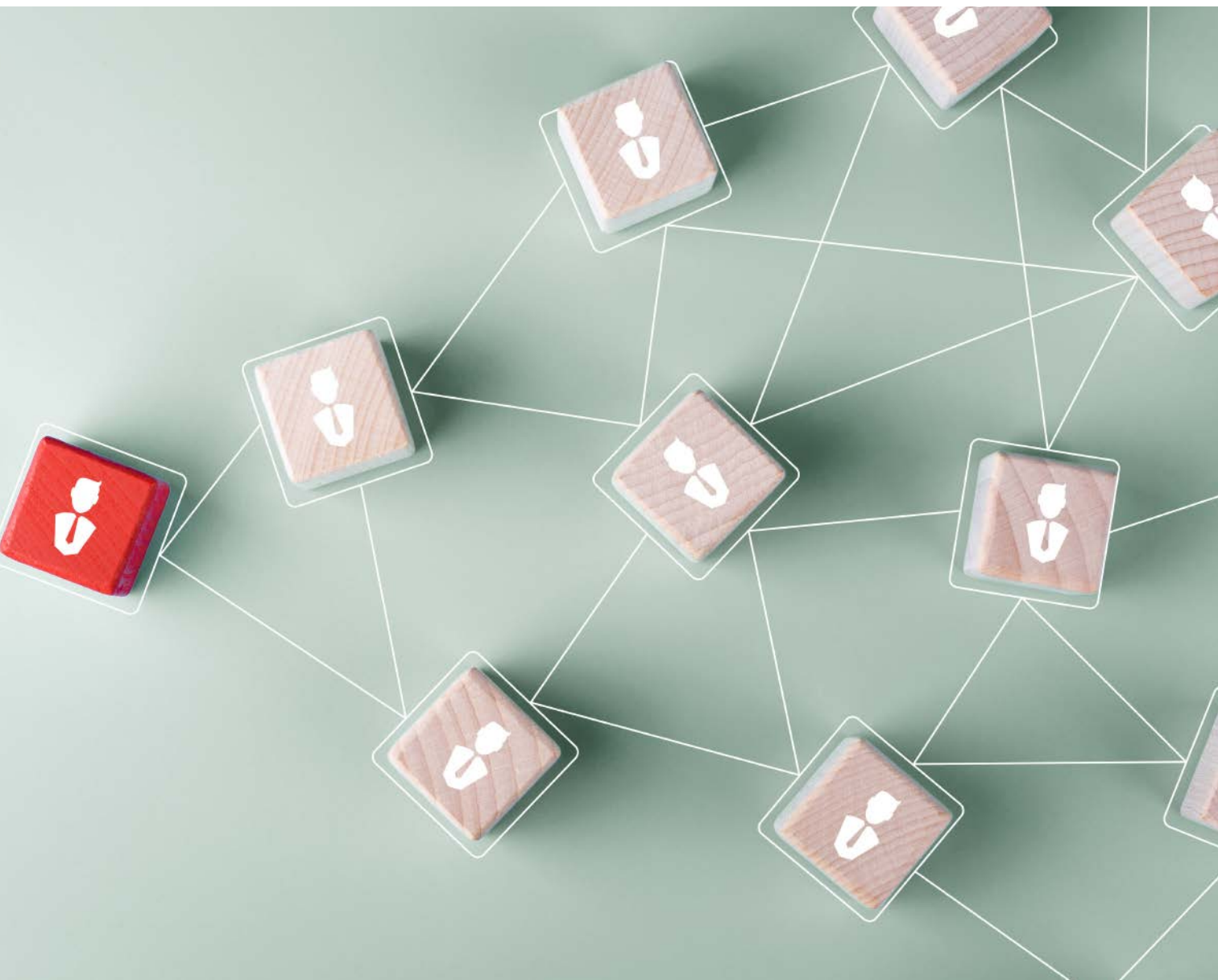
The division of Pattern SpA, with registered office in Collegno (TO), via Italia 6/A, at 31 December 2020, is as follows:

for 54.8% to Bo.Ma. Holding S.r.l., of which Fulvio Botto and Franco Martorella each hold 50% of the share capital, 28.35% to Market, 6.61% to Franco Martorella, 6.61% to Fulvio Botto, 2.01% to Anna Maria Roscini and 1.62% to Luca Sburlati.

THE ORGANISATION







# PATTERN & ROSCINI ORGANISATIONAL MODEL

Pattern counts on 282 resources, considering employees, middle managers, managers, workers and other employees. The activities are organized according to a model in which the various phases of product design and processing are largely verticalized. Each factory specializes in different products: outerwear, light garments, knitwear. Business model is supposed to handle directly and indirectly the entire production chain from development to manufacturing, the purpose of creating an efficient and effective structure that can guarantee a high degree of innovation, high growth rates and continuous attention to sustainability issues

## PATTERN AND GARMENT ENGINEERING

The heart of the company is the pattern development department. Everything Pattern does, starts from the sketches of the prominent fashion brands designers. Thanks to talent, technical expertise and know-how of Pattern's employees, the pattern development dept. is always able to find the perfect combination between the idea of the designer and the best processes and technical solutions. Designers ideas are developed in a traditional way (manually) or with the help of the best and advanced software. The product development department is constantly in contact with the clients and takes care of every phase of the prototype development, so everything proceeds in due time. The product development department also handles the production launch, releasing informations about fabrics and trims existence in stock. The CAD department deals with fabrics placement, consumption and reports all the needed informations regarding cutting process in technical sheets. Meanwhile, warehouse workers prepare the whole materials need. Pattern is equipped with automatic, ground-breaking laser cutting machines and a manual cutting station to properly deal with printed fabrics on custom request.

## PROTOTYPES AND SAMPLES

After the cutting process, Pattern makes the first prototype in its laboratories. Each prototype is shown to the client after a quality inspection in order to be approved. When the final prototypes have been validated, we are ready to realize the sample. According to the production orders following the sales campaign, Pattern makes its technical knowledge available to support clients in optimizing consumptions, workings and manufacturing.









## MANUFACTURING & PRODUCTION CHAIN

From now on, the process needs a further attention in order to prepare the product on an industrial scale. According to the client request we are supposed to realize a pre-production sample before jumping into production. The “Product and Production” teams take care of all the production steps, paying close attention to the quality of every garment and to the delivery timing. Each production stage and all suppliers are certified through the SA8000 Standard. The clothing manufacturing phase is coordinated by Pattern in close cooperation with its sub-contractors, chosen for their reliability and skills. As primary stakeholders of the supply chain, each sub-contractor must follow the management and social responsibility lines undertaken by the company, building a trust based mutual relation sealed by the signature of a letter of intent and shared values.

## QUALITY CONTROL

Quality control phase is the most delicate: our internal QI dept. works closely with brand inspectors before the final delivery. Only after this stage the garments are ready to be shipped worldwide.

## EXPERIMENTATION AND TECHNOLOGY

In a vision of continuous improvement and innovation Pattern works with three kind of cutting machines: laser, heat-sealing and ultrasound. This allows a good experimentation space and satisfies clients requests.

The total revenues from sales, at 31 December 2020, amounted to 52.584.370 euros, divided in the table below by revenue areas (December 2020).

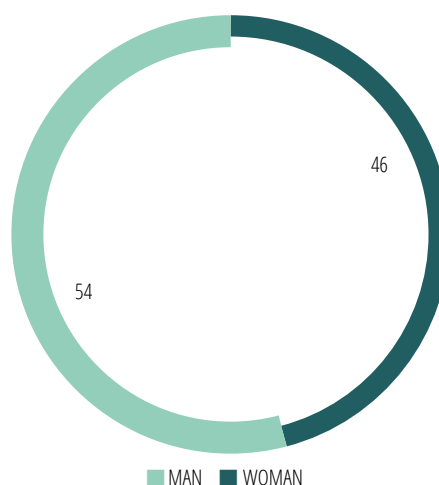
Pattern capitalisation amounted to € 44.3 million at the start date of negotiation (17 July 2019). The company's share capital, on the other hand, at 31 December 2020, is equal to 1,371,538 euros.

The services and products offered by Pattern are indicated in the following table (December 2020).

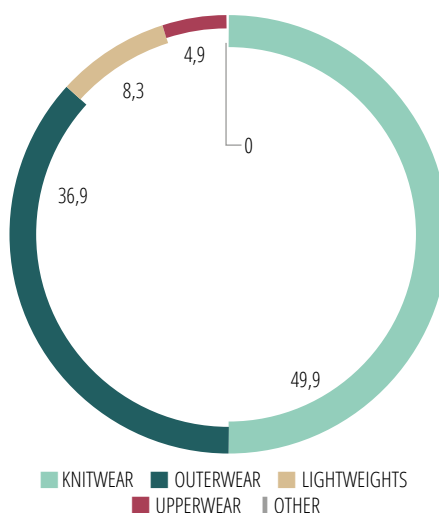
Production	45.979.916
Sampling	4.503.074
Press samples	145.043
Prototyping	506.510
Pattern making	285.570
Development and placement	56.096
Fabrics and trims	942.936
Tailoring	29.163
Other sales revenues	136.063
<b>Total sales revenue</b>	<b>52.584.370</b>

The production of the Pattern Group is specialized in different products, made for men's and women's in the following proportions:

GARMENTS PRODUCED BY GENDER



GARMENTS PRODUCED BY TYPE



# S.M.T. ORGANISATIONAL MODEL

## PROTOTYPING AND SAMPLES

Under the guidance of product managers and with the support of S.M.T. atelier, fashion designers' requests materialize in a prototype that reflects the wearability and more generally the stylistic needs of the brand.

The technical and creative talent of the programming team STOLL & SHIMA SEIKI, supported by the latest generation company software, is able to study the best technical weaving set up by interpreting and shaping the customers' inspirations which are then transformed into finished garments by the atelier's operators.

A great teamwork that allows the company to deliver the samples for each brand in accordance with the most pressing deadlines, the highest quality standards, and the agreed target price.

## PRODUCTION

Thanks to a direct and constant dialogue between the production factory in Reggio Emilia and the prototyping studio, S.M.T. manages to translate even the most complex processing carried out in the samples into efficient and performing production solutions.

The tailoring process is supported by a team of experts who can optimise all the processing stages ensuring constant compliance with the qualitative needs of each brand. Moreover, thanks to a selection of certified partners it is possible to finish the garment with special processing such as needle punch felting, prints, embroideries, raising technique and thermowelding process.

To ensure customers flawless quality standard, S.M.T. has also adopted a system providing strict controls in each processing phase of the garment, from weaving, through washing and sewing phases, to the final packaging.

## RESEARCH AND DEVELOPMENT

Since 2019 S.M.T. has had its own internal R&D department where qualified consultants support fashion designers in searching the appropriate yarn, the most innovative processing methods and cutting-edge weaving techniques.

Specifically, the R&D department deals with designing and implementing product innovation, capsules or special projects unrelated to seasonality, studying and promoting the latest knitwear technology, as well as encouraging the use of knitwear technology in product categories such as the footwear sector, accessories (including bags), interior design, automotive etc.







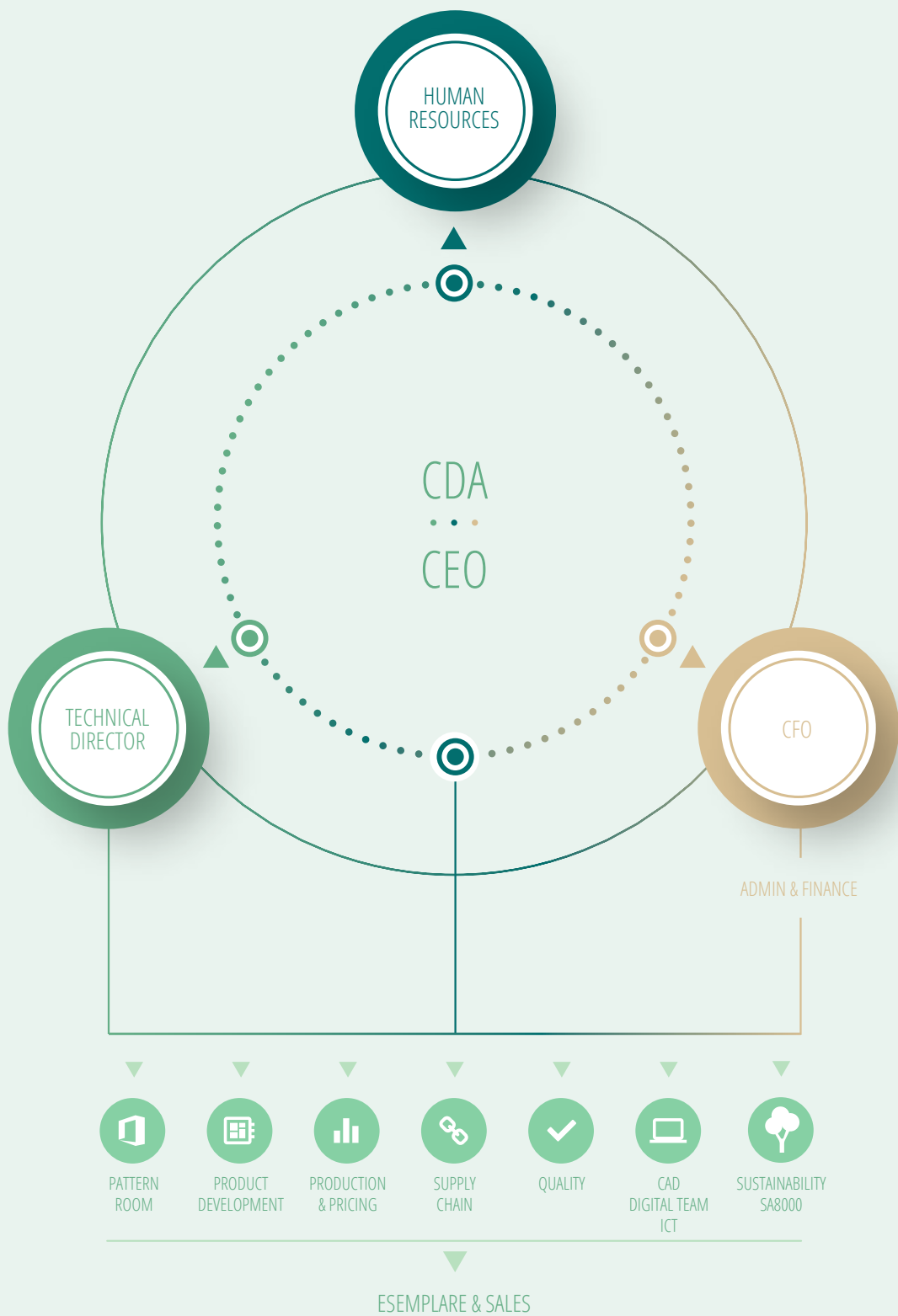
# GOVERNANCE

People having a global innovative vision of processes and activities lead the company, this is an essential factor to grant an overall growth for a SME. The company has recently arranged a structure based on processes, that means that all custom need is handled by a referent person. This organisation is developed by overseeing the contact with the designer until delivery of the finished garment to the Client. The constant presence of the founders in the facility, with a role of technical directors, represents another fundamental element for the management of the design for clients, as well as for the operational performance of the activities.

The board of directors, at 31 December 2020, is composed as follows:

- Francesco Martorella, with the role of Chairman of the Board of Directors and Director with delegated powers
- Fulvio Botto, Director with delegated powers
- Luca Sburlati (CEO)
- Innocenzo Tamborrini (CFO)
- Claudio Saracco
- Emilio Paolucci (Independent Board Member)
- Anna Maria Roscini





# MATERIALITY MATRIX

The materiality matrix is a conventional instrument internationally used in sustainability reports. It is an indicator through which the company aims to identify the main distinctive features of its business, classifying them according to a scale of relevance. This path allows to clarify the overall picture of the company and the activities that the company deems fundamental for the sustainability of its business, highlighting which elements it believes it should focus its energies on.

Pattern has launched and consolidated this tool time ago, to identify the most relevant issues according to the company and its stakeholders in the “materiality analysis”. In the preparation of the analysis of the priorities, a methodology that takes into consideration the guidelines of numerous international standards was adopted, including the Global Reporting Initiative (GRI) and the SDG Compass, which supports companies in aligning their strategies to the SDGs. Therefore, the ultimate aim of the analysis is to identify and evaluate the most priority issues for stakeholders, to relate them to the industrial strategy, considering the potential impacts generated and suffered, in order to verify their “alignment” or any “misalignment”, identifying areas for improvement on which operate. The Materiality analysis allowed the definition of a control and reporting indicators’ system mentioned in the sustainability report, finally allowing the definition and setting of a series of new objectives.

The analysis process is aligned with the AA1000APS standard; it responds to the principles of Inclusiveness, Significance and Compliance and is divided into 3 main phases.

## 1. IDENTIFICATION OF ELEMENTS

The first phase of the materiality analysis consists in defining the list of topics that must be subjected to evaluation, both by internal members of the company and by stakeholders. The analysis of the main trends that influence the business model and of the relevant aspects of the main business sectors that influence value creation is the crucial point of this first phase. The process foresees the necessity of considering only the topics specifically relevant to the reference sector, paying attention to the fact that an incorrect definition of themes has an impact on the entire analysis process.

## 2. DEFINITION OF RELEVANCE AND PRIORITY FOR EACH STAKEHOLDER

In the second phase that composes the process an order of priority will have to be established for the relevant issues that have been identified. The aim is to detect the necessary information to allow stakeholders and management to act and decide in an informed manner. To achieve this aim, it is proposed to use a series of tools

such as surveys, interviews, focus groups, workshops, and forums and to express assessments using internal and external criteria. The internal criteria must be able to assess which are the most relevant aspects for the strategy and for the performance of the organisation (importance for the organisation), while the external criteria must identify which are the most important for stakeholders (importance for stakeholders). The identification of the most relevant aspects for the stakeholders and the assessment of their economic, social, and environmental importance, it is precisely necessary to understand the influence on company decisions and expectations.

## 3. EVALUATION OF THE THEMES’ PRIORITIES

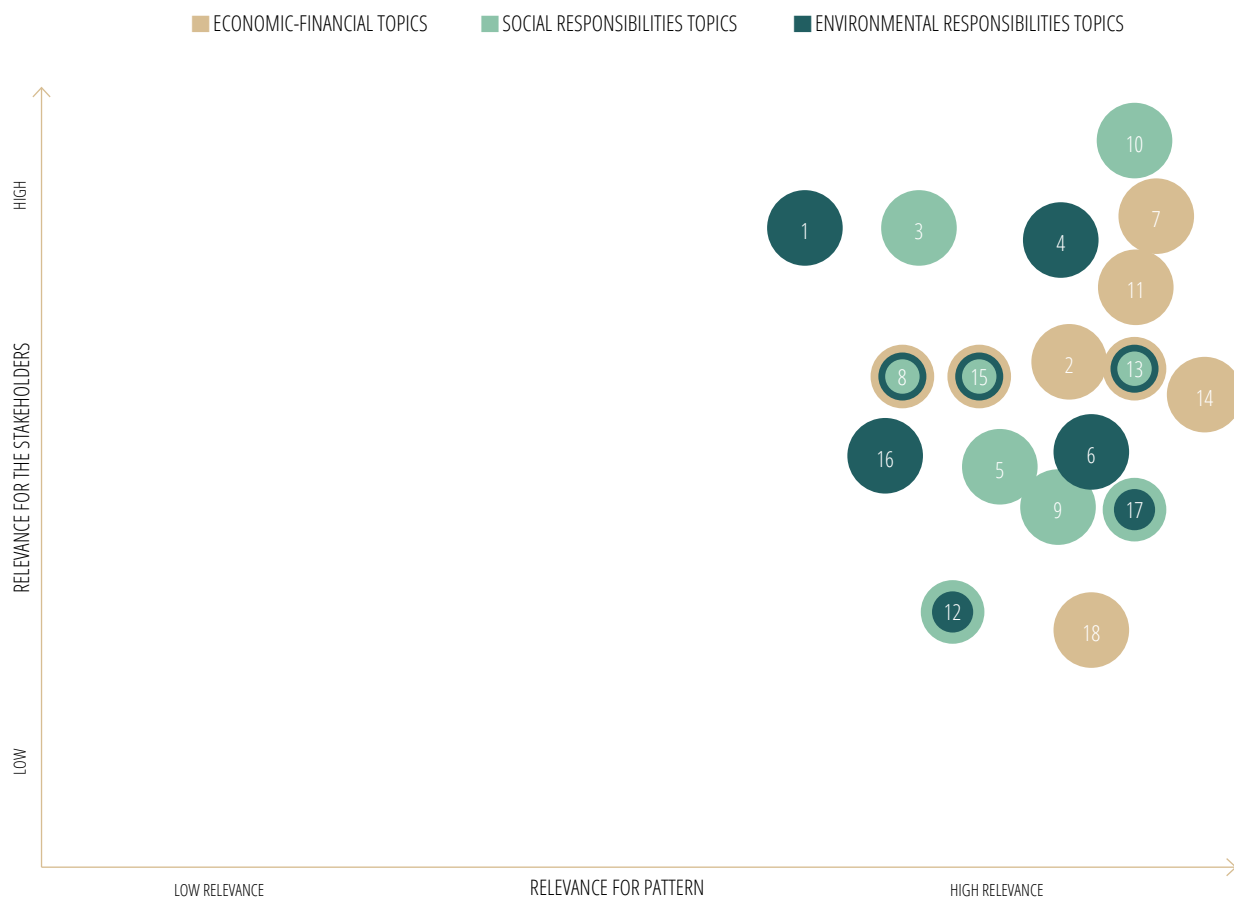
The final phase of the process consists in the review of procedures process that the business has put in place. The objective in this case will be to check that the determination of the materiality aspects is considered solid and credible both internally and externally. The validation phase of the Materiality Matrix results, by administrators and a pool of managers, is needed to ensure that this represents a reasonable and balanced reflection of the key elements related to the company.

The obtained results, compared with the analysis of the stakeholders’ priorities, allow to obtain an overall vision of the stakeholders’ expectations and help to identify the issues on which the Company must focus.

Therefore, the materiality analysis seems to be a tool capable of attracting the attention of top management; Pattern defines its strategic lines by internalising the principles of Corporate Social Responsibility through a Code of Ethics and Business Conduct. During 2019, in compliance with the methodology adopted, the issues, classified into 3 categories of themes, i.e. economic-financial governance, environmental responsibility governance and social responsibility governance, have been assessed according with the Company and stakeholders’ given priorities. The priorities’ analysis result is then summarized in the so-called materiality matrix, which contains the following information: on the vertical axis, the relevance that stakeholders give to the various issues; on the horizontal axis, the relevance for Pattern, that is the set of themes and aspects on which the Company expects to focus its efforts, with the relative degree of priority, also in consideration of the expected investments and the commitments undertaken. The priority issues from the point of view of both stakeholders and corporate governance, which emerge from the analysis and which aspire to be fully implemented, are the following:

- The Group’s environmental and chemical sustainability
- The respect for human rights and working conditions
- The customer centricity and customer satisfaction
- The economic and financial performances

The assessment of the relevance for the company and for its stakeholders of the main “real” aspects connected to the activity is represented in the following “map” of materiality.



#### MATERIAL ELEMENTS OF THE MATRIX

	2018	2020	Objectives	A	IMPLEMENTATION COMPLETE
KPI 1. Responsible consumptions, waste reduction, application of the circular economy principles	C	B	A	B	ONGOING IMPLEMENTATION
KPI 2. Research and technological innovation	B	B	A	C	IMPLEMENTATION INITIATED
KPI 3. Social sustainability of Pattern Group	B	A	A	D	TO BE IMPLEMENTED
KPI 4. Environmental and chemical sustainability of Pattern Group	C	B	A		
KPI 5. Social sustainability of the supply chain (suppliers and sub-contractors)	B	A	A		
KPI 6. Environmental and chemical sustainability, supply chain chemistry (suppliers and sub-contractors)	C	B	A		
KPI 7. Economic and financial performances	B	A	A		
KPI 8. Environmental social reporting and governance (ESG rating)	D	C	B		
KPI 9. Enhancement of resources, talents and know-how development, training	B	B	A		
KPI 10. Human rights & working conditions	A	A	A		
KPI 11. Client's focus and attention, customer satisfaction	A	A	A		
KPI 12. Monitoring, inspection, audit of the supply chain (suppliers and sub-contractors)	C	B	A		
KPI 13. Transparency	A	A	A		
KPI 14. Product and process quality of Pattern Group	D	C	B		
KPI 15. Involvement of stakeholders and the supply chain on environmental, sustainability and innovation issues	D	C	B		
KPI 16. Attention to climate change issues and actions & implemented projects	C	B	A		
KPI 17. Certification of the Pattern Group and its supply chain	C	B	B		
KPI 18. Enhancement and loyalty of the supply chain	C	B	A		

# PATTERN RESPONDS TO THE UN INVITATION



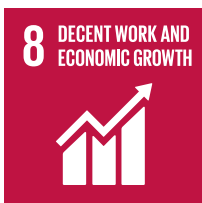
## GOAL 5: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Pattern pays great attention to the management of gender issues, engaging to avoid discrimination and differences. Believing in the value that can emerge from diversity, Pattern supports and promotes the

presence of both genders in its work teams, encouraging and supporting attitudes of complete mutual respect between colleagues.

The internal organisation also undertakes to ban all forms of discrimination regarding aspects such as hiring, remuneration, access to training, promotion, dismissal or retirement. In this way, Pattern has decided to contribute to the achievement of Objective 5 of the Agenda, focusing on:

- Guarantee full and effective female participation and equal leadership opportunities at all decision-making levels in the political, economic and public life spheres.
- Adopt and intensify healthy policy and applicable 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

Since 2015, Pattern has been involved in a process regulated and managed together with its customers and suppliers, aimed at

eliminating substances deemed toxic or harmful to environment, humans or animals, from all production processes in the supply chain. The company

is already certified according to the international SA8000 standard and is still working to guarantee employees an ever better working environment.

Economic and social sustainability are complementary: in order to have sustainable economic growth, employees need to work in a quality environment that stimulates better work.

In order to be able to guarantee this, there is also a need for economic sustainability, which passes from the supply chain, from the raw material to the production processes.

In view of the international objectives, Pattern undertakes to work for:

- Achieve higher standards of economic productivity through diversification, technological progress and innovation, also with particular attention to high added value and labour-intensive sectors.
- Progressively improve, by 2030, the global efficiency in the consumption and production of resources and attempt to disconnect economic growth from environmental degradation in accordance with the 10-year framework of programs relating to production and sustainable consumption with the most developed countries at the forefront.
- Reduce by 2030 the number of unemployed and outside of every cycle of study or training young people.
- Protect the right to work and promote a healthy and safe working environment for all workers, including immigrants, especially women and temporary workers.
- Develop and implement a global youth employment strategy by 2020 and implement the Global Employment Pact of the International Labour Organisation.





# SUSTAINABLE DEVELOPMENT GOALS

## 17 GOALS TO TRANSFORM OUR WORLD

Through the CDP, Pattern measures the management quality, ensuring the implementation of effective strategies with the aim of reducing its carbon emissions. Thanks to the transparency required from the CDP, the company is able to identify and face the issues and to find new opportunities starting from investors and clients' requests. Furthermore, in 2020 Pattern joined the Science Based Targets Initiative, that has the main goal of sustaining and defining scientific objectives that stimulate the companies to support the transition towards a zero emissions economy. Pattern's main goal is to implement a system that assesses management's procedures' efficiency, adopting the idea of a continuous improvement process. To date, the targets and the corrective actions that need to be implemented are established following the results of the chemical and environmental audits, in compliance with the SA8000 standards.



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

Technology and sustainability are among the distinctive values of the company, which constantly strives to experiment, with the intention of improving and innovating. Inclusive and sustainable industrial development is the main source of income generation, it allows rapid and sustained increases in living standards for all people and provides the technological solutions for an eco-sustainable industrialization.

Technological progress is the basis to achieve environmental objectives, such as increasing resources and energy efficiency. Without technology and innovation, industrialization cannot progress and, without industrialization, not even development. The commitment to strengthen itself more and more as a centre of skills at an international level therefore meets those of the Agenda:

- Promote inclusive and sustainable industrialization and significantly increase, by 2030, the employment shares in industry and gross domestic product, in line with the national context, and double this share in the least developed countries.
- Improve infrastructures by 2030 and reconfigure industries in a sustainable way, increasing efficiency in the use of resources and adopting cleaner and healthier technologies and industrial processes for the environment, ensuring that all states take action in compliance with their respective abilities.
- Increase scientific research, improve the technological capacities of the industrial sector in all states - especially in developing ones - as well as encourage innovations and considerably increase, within 2030, the number of employees per million people in the research field as well as in research's development and spending - both public and private - and on development.



### GOAL 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Pattern is active in a regulated process in compliance with the "Europe 2020" community project, in order to free the entire supply chain from substances deemed toxic or harmful by the main international standards, and in some cases, even more restrictively than the protocols required. Sustainable consumption and production aim to "do more and better with less", increasing the net well-being resulting from economic activities by reducing the use of resources, degradation and pollution throughout the entire life cycle, increasing the quality of life at the same time. To achieve this objective, a systemic approach and cooperation between the actors operating in the supply chain, from the producer to the final consumer, is also required.

One of the main goals of Pattern is to be able to create a circular production process by managing to control and reduce waste as much as possible, and together reuse, regenerate and recycle the materials used in the production process. In line with Objective 12 of the Agenda, Pattern is committed on the following fronts:

- Within 2020, achieve eco-compatible management of chemicals and all wastes during their entire life cycle, in accordance with the agreed international frameworks, and significantly reduce their release in air, water and soil to minimize their negative impact on human health and the environment.
- Within 2030, substantially reduce waste production through prevention, reduction, recycling and reuse.
- Encourage businesses, in particular large multinational companies, to adopt sustainable practices and to integrate sustainability information into their annual reports.

## PATTERN SELECTED BY SDA BOCCONI FOR SDGS

In 2019 Pattern was selected to take part in a project launched by SDA Bocconi School of Management to assess the relationship between business activities and Sustainable Development Goals (SDGs), offering possible entrepreneurial solutions to address major global issues.

The activity, which brought together 35 of the most important economic realities in the country, aimed at identifying the relationship that companies have had and intend to adopt towards the public value of their activities.

In order to fulfil this objective, a questionnaire was submitted to the participating companies and, from the analysis of the answers, a report was carried out, completed with some specific insights related to the most relevant issues for companies.

In light of the Covid-19 pandemic, that occurred during the closing phase of the research, the report was integrated to understand how the current situation is changing the perception, investments and future strategies of Italian companies regarding sustainability.





# Fashion for Climate Action Charter

Global Climate Action  
United Nations Climate Change



**WE JOINED**



Pattern is the first Italian company that has officially joined the **Fashion for Global Climate Action initiative of the UNFCCC** (United Nations Framework Convention on Climate Change) as a signatory of the Fashion Industry Charter for Climate Action.

Only through a collective and unified action the fashion industry could start this transformation and Pattern, by signing the Charter, has confirmed its commitment to do its part in the search for a low carbon future.

The Fashion for Global Climate Action initiative aims to support the fashion industry in identifying the levers of change and possible actions to be taken to reduce the effects of climate change and act for a healthier planet.

In line with the principles expressed in the Charter and the objectives of the Paris Agreement, Pattern has committed itself to reduce greenhouse gas emissions by 30% within 2030 and to make the production phase carbon neutral, selecting sustainable materials , choosing low carbon modes of transport, improving consumer dialogue and awareness and working with the financial and political community to explore circular business models.



# ECONOMIC AND SOCIAL SUSTAINABILITY

## CREATION OF A SUSTAINABLE VALUE

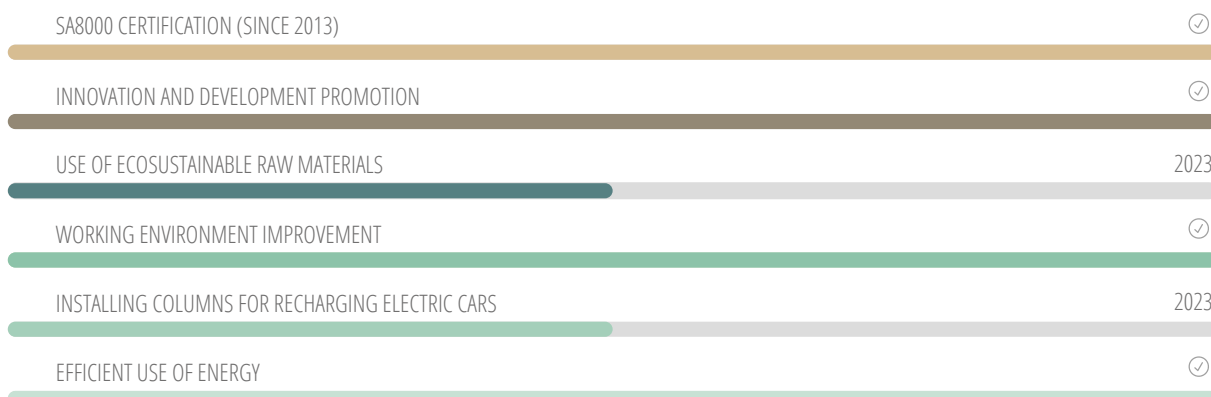
Pattern truly believes in the importance of each employee's contribution in the improvement of quality and awareness of other people's work and their own; for this reason Pattern adheres to the international standards of Corporate Social Responsibility SA8000 that protects its workers and encourages their participation to the company's goals, as well as monitors the application of these principles by its partners, suppliers and sub-contractors. In line with this, Pattern adopts an internal code of ethics in which, for the first time in company's history, it has been defined a written detailed corporate policy in terms of social, organisational and working conditions responsibility. The code of ethics has been drawn up according to the SA8000 Standard which implies a half-yearly review of Corporate policy and performance results. In order to inform employees that it was decided to comply with the requirements of the SA8000 standard, the code of ethics is displayed at a crossing point as well as within a shared intranet folder. SA8000 is verifiable through a process based on evidence. Its requirements do apply universally, regardless of company's dimension, its geographical location or industrial sector. Complying with the requirements of these social responsibility standards allows the company to develop, maintain and implement policies and procedures needed for the

management, training and staff growth, health and workplace safety, working environment.

Pattern Spa ensures that the requirements of this standard are understood and applied at all levels of the organisation. The rules adopted include and must not be confined to:

- The clear definition of roles, responsibilities, and authorities of all parties in accordance with the current company's organisational structure, updated every 6 months.
- The training of the new personnel recruited and of that assigned to a different job and/or temporarily employed.
- The implementation of periodic communication, education, training and awareness programs for the personnel in place.
- The ongoing monitoring of activities and results, to demonstrate the effectiveness of the systems applied in responding to the corporate policy described here.
- The communication and management of the internal Code of Conduct.

UPDATED TO 31/12/2020





The adherence to SA8000 standards, has allowed the setting of a specific point of reference for the employees and for the stakeholders, defining mutual relations.

It is Pattern's will to spread the awareness on the importance of an adequate internal control system at all organisational levels. In particular, the internal control system must encourage the achievement of company's goals and therefore must be geared towards improving the effectiveness and efficiency of productive and managerial processes.

All Recipients, within the scope of their functions, are responsible for the correct functioning of the control system. Everyone must feel a responsible guardian of the corporate's assets, both tangible and intangible, which are functional to the performed activity. The Internal Audit and auditing agents have free access to internal data and documentation.

Furthermore, since 2020, a Corporate Newsletter has been drawn up to inform all employees about the social, technological, and environmental issues of the three productive units. The newsletter is accessible via the company Intranet, that is as well operational since 2020, and where documents, procedures and communications are published to improve the spread of information to all employees within the Group and to make everyone feel engaged and a part of the same company, even if dislocated in three different sites.

Pattern provides all its employees with a tool to report in a confidential way to the company management and workers' representatives any non-conformities regarding the current standard. The company investigates, manages, and answers on the issues detected from the staff or from other interested parties, with regards to the conformity/non-conformity of

company's policy and/or to the requirements of this document. Finally, it has been adopted an internal procedure called "Complaints Management" for the management of reports by employees or other Stakeholders.

In the presence of irregularities, the company identifies the primary cause, promptly implements corrective and preventive actions, and allocates adequate and appropriate resources to any identified non-compliance with respect to company policy.

Pattern also involved some local stakeholders, particularly attentive and active, as monitors and in particular: Territorial Trade Unions, Chamber of Commerce of Turin and Perugia, Industrial Union of Turin / Confindustria of Perugia.

The company has also established periodic communications with all employees and all interested parties to give information regarding the compliance to this document requirements, including, but not limited to, the results of management and business reviews and monitoring and any other necessary topic. In 2020, the Covid19 pandemic resulted in the suspension of periodic meetings with all employees, which usually take place twice a year. The 2021 goal is to keep periodic meetings to a minimum of 2 each year. Finally, Pattern communicates to its employees, both in plenary meeting and with a special document, shared in the SA8000 folder.

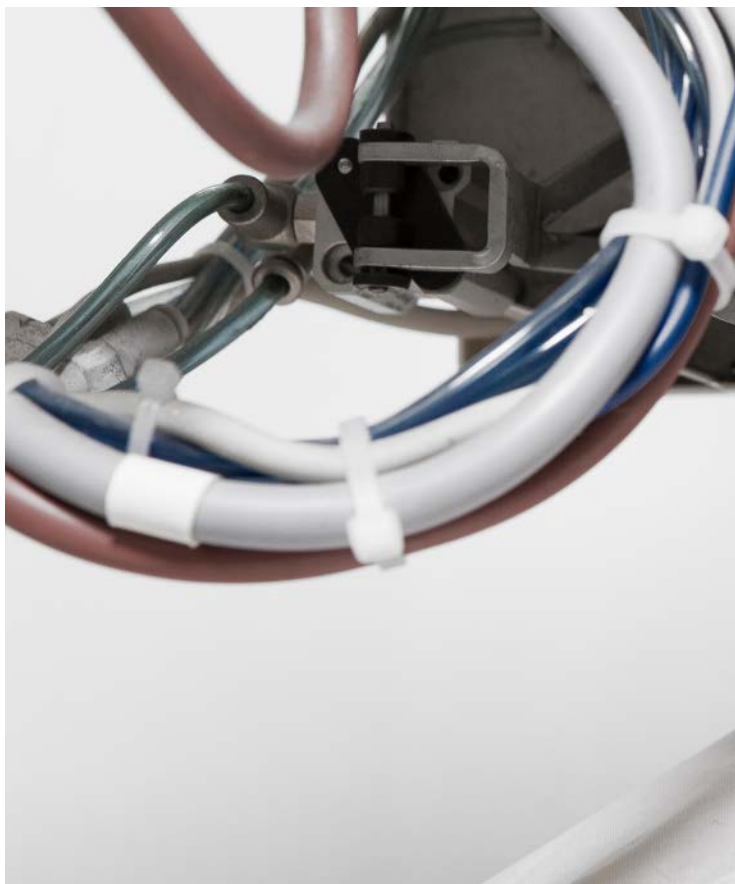


# INNOVATIVE CRAFTSMEN

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 company and its clients. Pattern develops its models using the most advanced 2D and 3D technology and, despite the current trend, has launched from several years an "in-sourcing" process policy that requires models to be entirely achieved in the Collegno facility. The whole chain, starting from the project to the cut, manufacturing and quality control, is supposed to be fully carried out in Pattern's facilities. Furthermore, Pattern has recently invested in the most innovative laser cutting technology. Despite until a few years ago Pattern was a tiny reality operating in a sector made up mainly of manual and craftsmanship work, it has always invested and believed in technology in order to achieve the best results, even if they used to be exclusively dedicated to bigger company. Time has proved us right. Firstly, because Pattern's growth, that in the meantime became a medium company, has allowed to generate a return on the capital invested; secondly because Pattern's Clients are multinationals with which, consequently, it is necessary to share the same language also from the IT perspective. The aim is still the reinforcement of the company as a centre of expertise at international level in its operational sector. The choice of placing emphasis on technology, by focusing on CAD solutions for the clothing projecting, is confirmed every year, since Pattern invests mainly in this area. The investments, as it is explained in the following pages of the report, regards 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 development dept., where the projecting activity starts, till the productions launch with related garments delivery to the clients and the subsequent warehouse management.



## EVOLUTION OF PDM AND 3D

During 2013, with a project that has hold on over 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 industrialization tools, to reach a better productivity and to make a wider harmonisation with other design systems. These improvements involved both the pattern making department and the CAD department, which deals with grading and marker making. Finally, this evolution mainly concerned the possibility of virtually prototyping in 3D, exploiting workstations aimed at particularly complex manufacturing processes.



As early as in 2018, when 3D design had just entered the fashion world, Pattern introduced specific skills into the company by organising a training course for the pattern making department.

In 2019, also thanks to the stimuli coming from customers, the functionalities of a new software, CLO3D, were deepened. This software allows to create actual virtual prototypes starting from the 2D CAD model.

In 2020, a Digital Team was set up which, working closely with the pattern making department, is dedicated to 3D design, focusing on 3D simulations of prototypes, placements or positioning of prints.



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Today Pattern is able to make 3D prototypes of any garment by simulating any type of fabric and mesh, both for men and women, sportswear and formal. Moreover, the company has the capabilities to customize the models with ad hoc measures, colors, details such as finishes, different types of fabric and static or dynamic avatars in different positions.

The 3D represents a cross-cutting and key tool for customers, not only for the development of prototypes but also for virtual showrooms and fashion shows, marketing and merchandising activities. It is also a great advantage at a time when people and goods cannot travel so freely and it is a new opportunity for sustainability too, as the digital prototype reduces the number of physical garments produced.

#### TRAINING AND INTRODUCTION OF A NEW AND MORE ADVANCED PLOTTER

A full training to handle the complexity on the new plotter has been settled down in 2014 for all the employees and department dealing with it. The printers have been improved through a full scale 1:1 plotter. The company is constantly in training to properly handle the use of all devices and software.

#### CUTTING AREA

A great attention to technology innovation and to the ultimate tools can be seen also in our cutting area, where two automated cutting systems operate.

#### ERP BUSINESS MANAGEMENT AND CUSTOMIZATION

Due to a great increase of business volume during 2010-2011, Pattern faced the need of an ERP (Enterprise resource planning), a management software that integrates all relevant business processes and all company functions, such as sales, purchases, warehouse management, finance, accounting, etc. to handle all the activities of the company. This development led to a more complex business management and, in the meantime, it was clear that almost all the products on the market, 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 an important customisation development. A precise aspect that must be considered regards the 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 burdensome management of raw materials in the warehouse. The one just described is a customisation 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.

# NEW WAREHOUSE PROJECT 4.0

The year 2020 saw an important investment for Pattern logistics, the installation of the new warehouse for Collegno headquarters, with a capacity of 13,000 finished garments and equipped with the dynamic Schonenberger structure, the most widespread of the main players in the sector.

In this fully digitized state-of-the-art warehouse, through RFID technology, each item and its movements are uniquely identifiable, traceable, and managed by a dedicated departmental software, a WMS (Warehouse Management System) completely interfaced with the company management software.

This management allows several benefits, from a greater speed and accuracy of the Inbound and Outbound procedures to the possibility of a garment storage through the purchase order, up to an environmental advantage given by lower emissions.

In conjunction with the goal of setting up a new finished garments warehouse, the aim is also to compact and automate the entire accessories warehouse through the introduction of two MODULA drawer cabinets driven by a software dedicated to the WMS warehouse. This will guarantee greater speed of computerized collection and management of all codes and related quantities, always interfaced in real time with the company management system.

## THE DIGITISATION OF AUDITING PROCESSES

Continuing along the process of digitising the main business processes and aiming to manage auditing activities in an appropriate, fast and efficient way, in 2020 Pattern introduced a new auditing software, Audit Manager. This software allows a capillary management of all Pattern audits, from the setting up to the planning part, from the execution to the analysis part of the collected data. The Audit Manager system is currently used for SA8000 and Sustainable Manufacturing audits and it will be extended to the QC testing of final garments soon. It is a modern, flexible and configurable app for any type of audit that allows to perform multiple operations: from planning and scheduling audit activities, to compiling and completing checklists, up to creating the audit dossier, reporting any non-conformities found and planning corrective actions.



## ADAPTATION OF HW INFRASTRUCTURE AND SW BASE SYSTEM.

The proper functioning of this complex system, that includes and links the managing environment and the modelling, is guaranteed, in Collegno location, by an infrastructure based on the hyper convergent technology made of two systems, mutually redundant, that integrate within themselves elaboration resources, storage, networking and virtualization, while in Spello location, by an infrastructure based on virtual redundant servers. In both locations, the NAS machinery for the data storage (Spello), the backups collection (both locations) as well as the firewall for the companies perimetrical protection, are completing the infrastructure.







# S.M.T. TECHNOLOGIES

## KNITTING DEPARTMENT

Since 2012 the knitwear technology has been affected by a very deep renewal that involved the purchase of numerous flat knitting machines and latest generation software, which makes sure that the best performing knitting technology is used according to the customer's request.

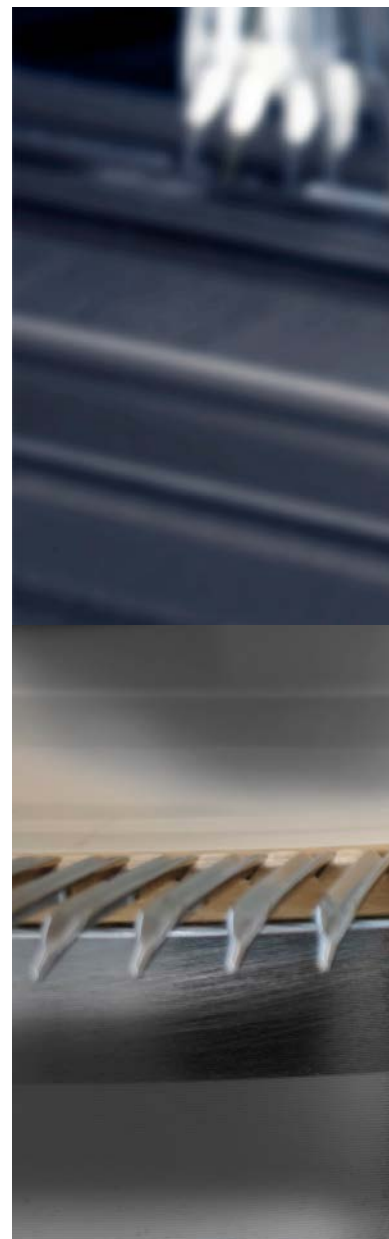
At present, the S.M.T. inventory has 117 weaving machines equally divided between SHIMA SEIKI and STOLL. The programming department has also been strengthened as it currently employs 20 programmer technicians and it is able to boast very rapid times of realization of prototypes and special projects.

## LINKING DEPARTMENT

The manufacturing excellence of S.M.T. owes its success to the choice of creating a complete linking line of the highest level within the company. Since 2010, this department has been organized in two independent laboratories, sample and production, being at the same time in continuous dialogue in garments' development. This approach to work guarantees a constant quality of production, the protection of the so-called "sensitive" products (garments with visible logos, protected by patents, containing special or extremely delicate phases) and total processes traceability. S.M.T. can also count on a chain of external laboratories, carefully selected and supervised, for the development of productions with special needs

## FINISHINGS

To complete the processing phase, in 2015 the laundry and ironing department was created with the purchase of washing machines and tumblers and 15 machines between ironing stations, steaming tables and pressing machines. Since 2018, aiming at increasing the speed of service, the company has equipped itself with an electronic brushing machine, a process that allows hair extraction from fibers. *colare lavorazione che permette l'estrazione di pelo dai tessuti.*





# VALUE OF TALENT

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

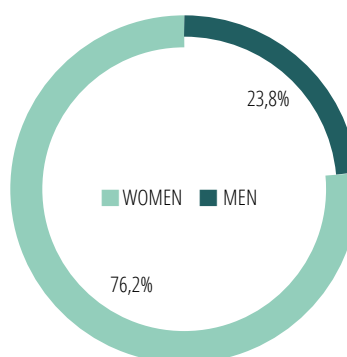
First of all, in accordance with the principles of social sustainability that Pattern promotes, the company does not act any form of discrimination in hiring, and in evidence of this, the majority of its employees are females and includes staff from other countries.

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 that must be valued in the future. Over the years, Pattern has collected and enhanced these skills. Its employees are real talents and, as such, they represent the fundamental pillar of the company. Pattern has always put in place a regular dialogue in the workplace, paying particular attention to the employees and primary stakeholders' expectations.

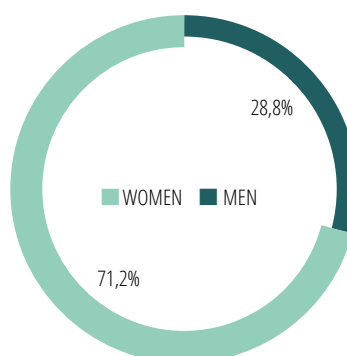
Pattern gives particular care to its labour force, made of a stable number of direct employees as well by its sub-contractors' employees, with which a solid network and cooperation has been built.

According to Pattern's philosophy, every employee contributes to improve the quality and awareness of its and other's work. The respect of the requirements of the SA8000 regulations, 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.

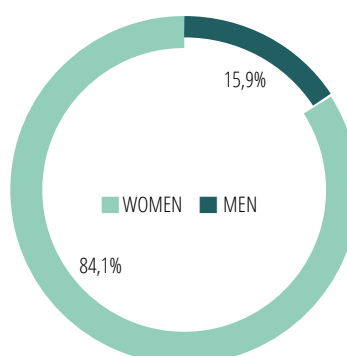
MEN AND WOMEN PRESENCE



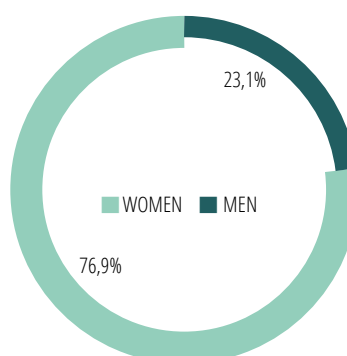
PATTERN



ROSCINI



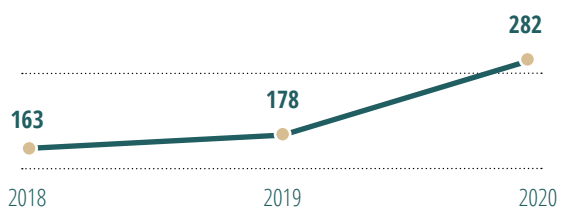
S.M.T.



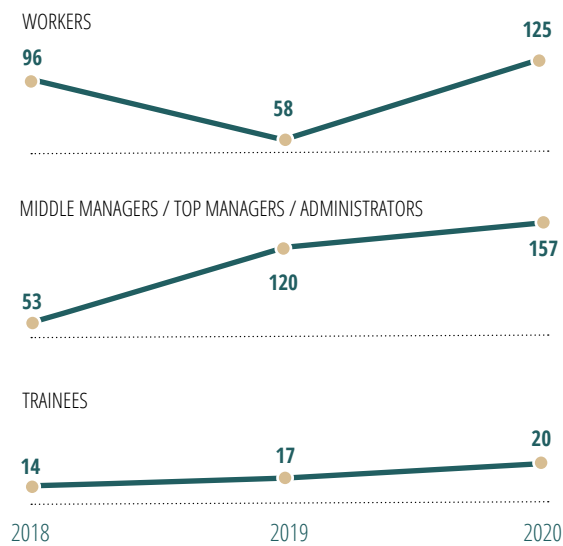
GENDER	PATTERN	ROSCINI	SMT
Male	32	10	25
Female	79	53	83
<b>Total</b>	<b>111</b>	<b>63</b>	<b>108</b>



EMPLOYEES INCREASE



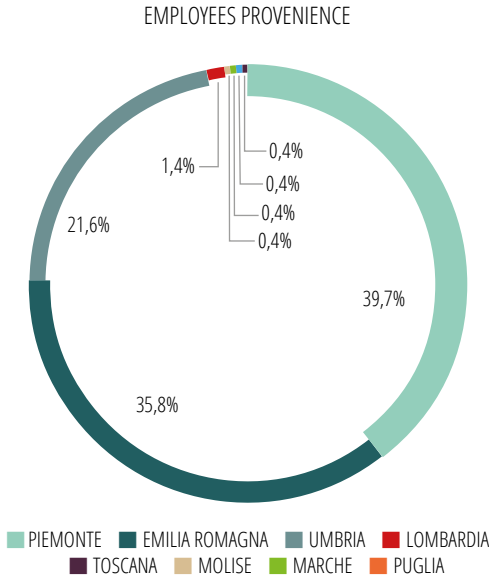
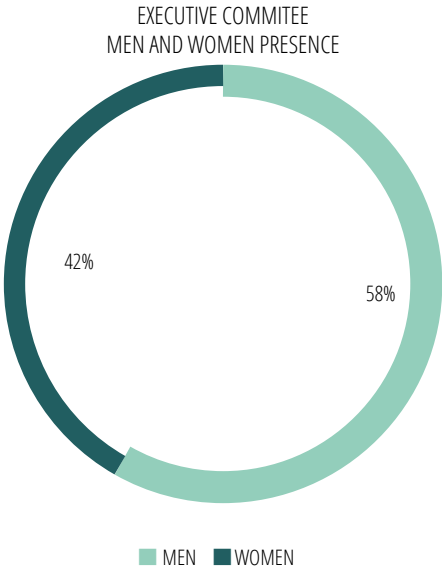
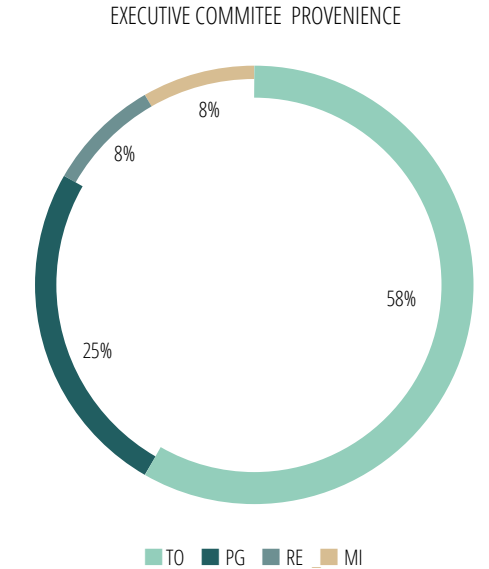
EMPLOYEES BY TIPOLOGY





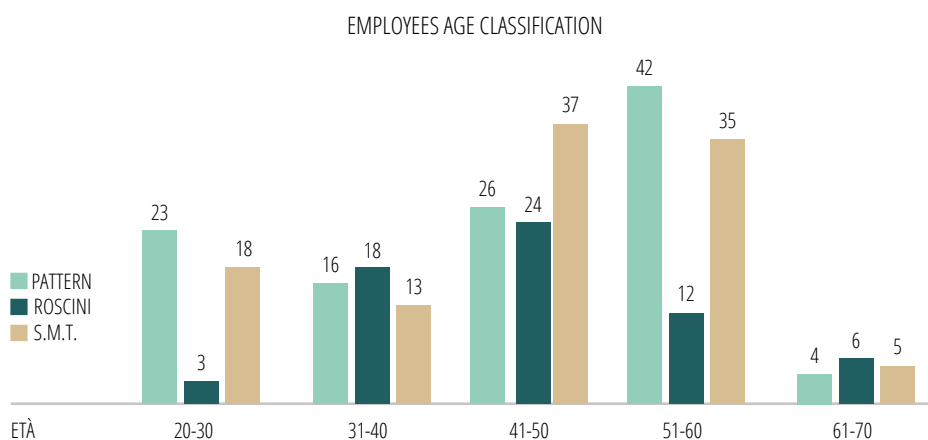
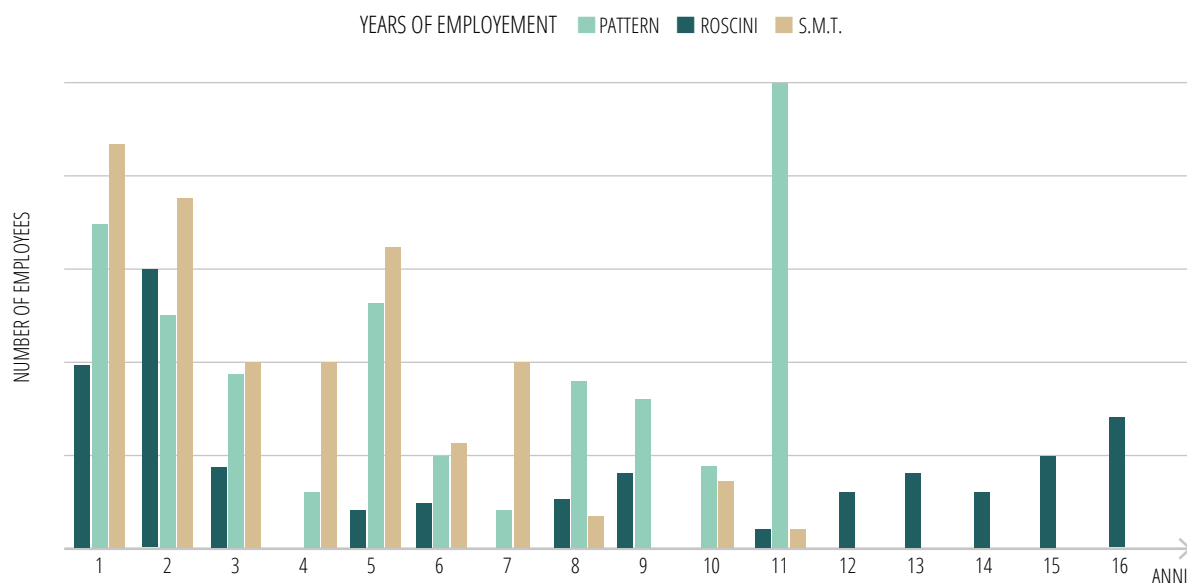
Pattern has also always worked to ensure that employees can actively participate in the implementation of the Social Responsibility system, involving them through information training and meetings as well as through an anonymous questionnaire regarding the working environment, whose results were published within the company. 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 practice and the SA8000 procedures, all shared on the corporate intranet. Pattern gives an important role to its workforce which is made up of a stable core of direct employees and staff of its sub-contractors and partners, with which the company has formed a solid partnership network.



Promoting key talents in the light of the business structure of the company is one of the milestones 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 specialized 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. Particularly Pattern's technical and design skills 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. Thanks to the great professionalism we are able to maximize talents and skills offering a unique dynamism.

TYPE OF CONTRACT	PATTERN	ROSCINI	S.M.T.
CTI	97	57	96
CTD	2	4	4
STAGE	1	0	1
FIXED-TERM EMPLOYMENT	0	0	0
APPRENTICESHIP	11	2	7
<b>TOTAL</b>	<b>111</b>	<b>63</b>	<b>108</b>



# ADVANCED HUMAN RESOURCES MANAGEMENT: DIVERSITY AND EQUAL OPPORTUNITIES



Pattern pays 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.

Strongly believing in the value that may arise from diversity, Pattern promotes and encourages the presence of both genders in its working teams, creating an atmosphere of mutual respect among colleagues.

The company condemns threatening, offensive behaviours, aimed to exploitation or sexually coercive, including gestures, language and physical contact on the workplace. Pattern's goal is to enhance its leading role by confirming the centrality of these principles.

Employees and the main stakeholders have been involved during the planning of the human resource management system in order to actively participate to the implementation of the social responsibility system. Employees have been involved also in all the information and training ongoing meetings, which have become a "regular" appointment in company's life, as well as through a Business Climate questionnaire shared and completed anonymously every two years, with return of the results to all the staff.

Understanding the importance of adopting a system of social responsibility has been eased by the distribution of clear and understandable information material and in particular with the edition of an Internal Code of Ethics in 2013 and a Code of Conduct distributed and countersigned by all employees, which has become an integral part of the hiring documents also for all companies of the Group.

The internal union / RSU and the territorial representations have been involved and sensitised on the issues of social responsibility, particularly on SA8000 standard, which stimulated the interest of trade union organisations, which supported the process of adjustment and underlined the importance of adopting a system of social responsibility.

All internal procedures are saved in the shared folder and visible by all staff "SBS2008 Business Procedures", on company's website as well as at the SAW observatory.

The company has also appointed a management representative who, regardless of other responsibilities, ensures the compliance with the requirements of this policy. In this case, to give maximum importance to the topic, the representative is company's CEO himself.

The implementation of a Social Responsibility system defined by the board of directors, compliant with the GRI regulations and to the S8000 certification, engages Pattern on different fronts.

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 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. In case of situations considered serious, the company undertakes to act using 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.

Pattern periodically monitors all the staff involved in its supply chain in order to assure a value chain. 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 has been operative both in Pattern and Roscini Atelier since 2017.

The work's provision 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 regular working week is 40 hours, in line with the National Collective Employment Contracts and according with 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 promotes intense monthly monitoring and incentives procedures for the management and communications to be reported. The requests of holidays outside the scheduled closure periods, that are in August and where possible during Christmas period, are presented to the managers of the various areas, who authorize them based on business needs. Holiday

balances are monitored by HR staff and when the accumulation becomes excessive, it is communicated to the Function managers that will manage with each person how to dispose the extra hours.

All Pattern personnel have the association and trade union rights provided by the law, the right to form, participate and organize unions of its own choice and to contract collectively with the company, which doesn't have to interfere in any way with the training, operation or management of aforementioned workers' organisations and in the bargaining process collective. Through these associative and union possibilities the workers are involved and consulted in the development, implementation and assessment of the occupational health and safety management system.

Pattern Spa allows workers to freely elect their own representatives (RSU) with whom it maintains periodic and constant relations.

The company recognized the dialogue within the workplace as a fundamental point of social responsibility and ensures that all workers have the right of representation to facilitate communication with management on SA8000 related matters. This representation is hired by the RSU for the Collegno site, and 2 workers' representatives elected for the Spello site.

Union representatives have no limitations in meeting with the workers. During 2020 there were no causes of disputes in the company and no strikes have occurred.

The company ensures that workers and staff representatives involved in workers organisation are not subject to discrimination, harassment, intimidation or retaliation for being a member of the union or participate in union activities that ensures that these representatives can have contact with their own territorial representatives.







In the wake of these great results, Pattern's will for the next years is to pursue 3 simple objectives:

- Maintain the clarity of relationships between workers and company.
- Maintain unchanged the number of periodic meetings (minimum 2).
- Promote continuous support to workers and show closeness to them, with the intent of strike prevention.

For its engineering and productive activities, Pattern refers the national current laws in order to guarantee a workplace both in terms of security and comfort for all its employees.

For each site there is a nominee of an external RSPP (prevention and protection responsible), appointed by the Legal Representative, who is responsible for the insurance of a safe and healthy workplace and application of security and health rules provided by local laws and SA8000 standard. This occupational health and safety management system is valid and functional to all workers and activities that the company carries out daily basis in all its locations.

The company ensures to all the staff and improves effective instructions on health and safety, including instructions on workplace and, where necessary, specific job instructions. These instructions are repeated to new staff, new hired positions as well as in case of occurred accidents.

It has been established a system to track, avoid or face potential health or security risks and preserve written recording on all accidents occurred on workplace. Therefore, starting from autumn 2012, an Accident Monitoring System with Frequency and Severity Index has been defined and adopted for both head offices. All employees can have access to this index, which is saved in the shared SA8000 folder.

This Index is constantly showed to SA8000 auditors. It helped to take over and keep monitored all possible accidents.

All the staff, has the duty to leave the working place in case of imminent

and severe danger, following evacuation procedures, that had been simulated during 2020.

It had been performed one simulation:

AT COLLEGNO PLANT: 14/12/2019

AT SPELLO PLANT: 27/10/2020

AT REGGIO EMILIA PLANT: 23/01/2020

Pattern provides adequate protective equipment at its own expense to all its staff. In case of injury caused by the working activity, the company offers first aid through qualified personnel and subsequent medical treatment.

The company highly considers all risks connected with the work performed by women who recently gave birth or are pregnant and assures that all measures are undertaken for their health and safety. Furthermore, Pattern commits to guarantee that all offered medical services respect workers' privacy rights. Pattern uses no information deriving from the use of these services for the decisions regarding layoffs, demotions, promotions and, in general, any decision involving the career of its workers.

Health and safety trainings are considered by Pattern a fundamental step for its own employees. As already mentioned, all the staff is informed on new laws, both new and already present staff, with no exclusions. This training is provided each time that the system is updated and when it is deemed appropriate. Training is offered in a simple and understandable language, so that all workers are properly informed. In addition, these training hours are always delivered for free and during paid working hours.

Pattern guarantees a safe and healthy working place and adopts efficient measures to prevent potential accidents and damage to its workers, which may occur accordingly, in relation to or during the course of the work, minimizing the causes of danger attributable to the work environment.

# 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.

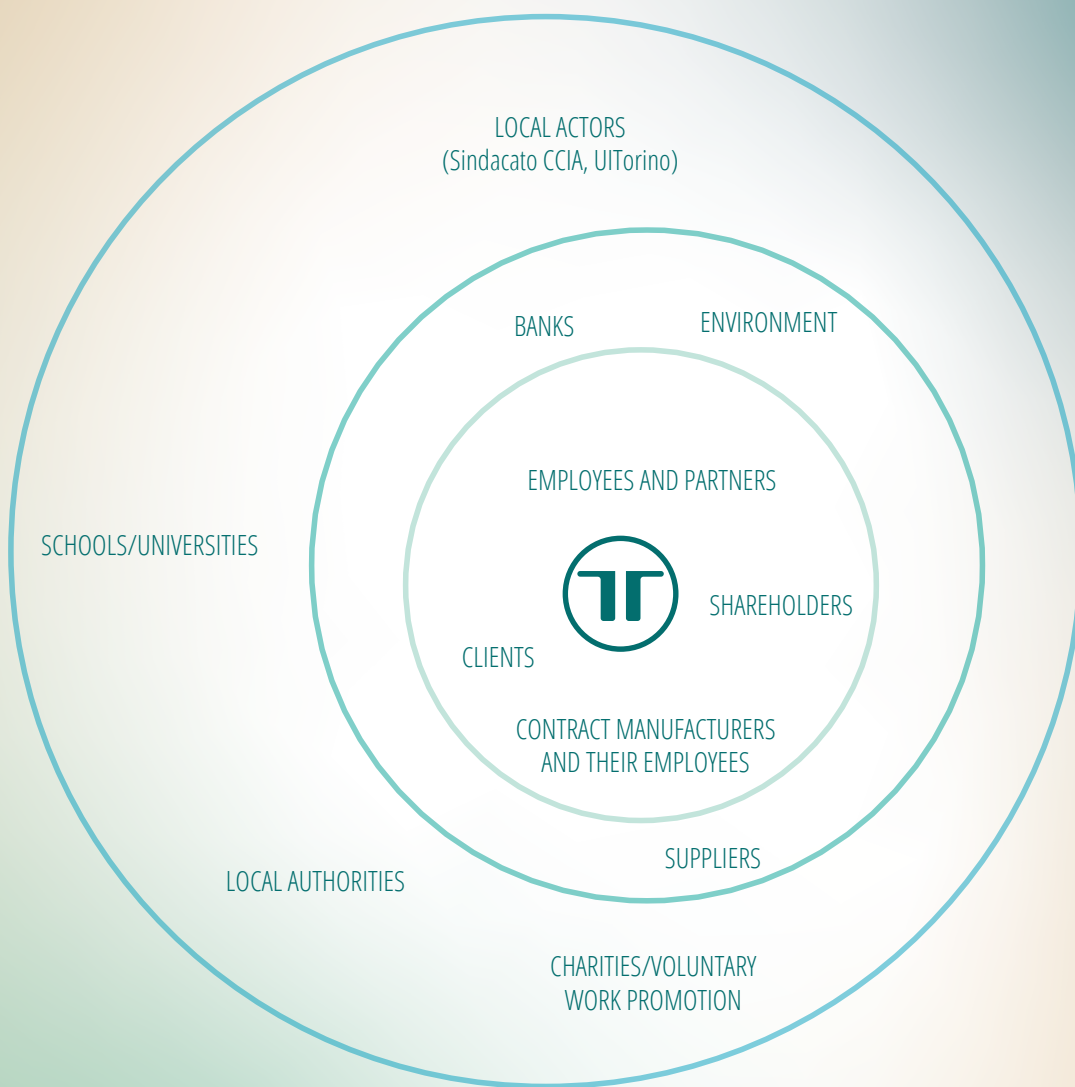
1. Primary stakeholders are those that have "absolute" expectations about their relationship with Pattern. Without their constant and continuous participation, it would not be possible to achieve the objectives of the company, and it would be difficult for the business to last. Consequently, Pattern's 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".

Pattern is committed in involving all three of their stakeholder groups, by organizing training events, comparison tables useful for its enrichment and the whole ecosystem that gravitates around it. It is also important Universities' involvement in business projects.

Overall, all forms of participation aim to improve the environment in which Pattern operates at different levels, improving the generated impact.

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 affected, directly or indirectly, by the company and they have or can have an influence on it.





# RELATIONSHIPS WITH THE TERRITORY AND THE TRAINING WORLD



In its planning of management operations, development and launching of new products and in general in all its activities, Pattern applies the so-called “Precautionary principle”. For each action Pattern measures its emissions, verifies worker’s right throughout the supply chain and ensures there is no waste of raw materials and other resources. Therefore, the development of new products provides the re-use where possible and the acquisition of raw materials that are not harmful. All of these are norms of responsibility that Pattern undertakes in order to protect the environment and reduce its impact as much as possible.

Pattern has always aimed at the diffusion of its ideas on innovation and sustainability, by funding many external initiatives of significant importance. Besides, internships and trainings have been activated for the students of professional schools with which the company maintains 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 characterised 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 organisations and the educational institutions involved in these projects (in addition to those already mentioned above) are the following:

- IED, European Institute of Design
- Alta scuola Politecnica (Milano/Torino)
- SDA Bocconi
- 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
- Istituto D’Istruzione Professionale E.Orfini
- IIS Cavour Marconi Pascal of Perugia
- Modateca Deanna S.r.l.





## THE KEY TO GROW

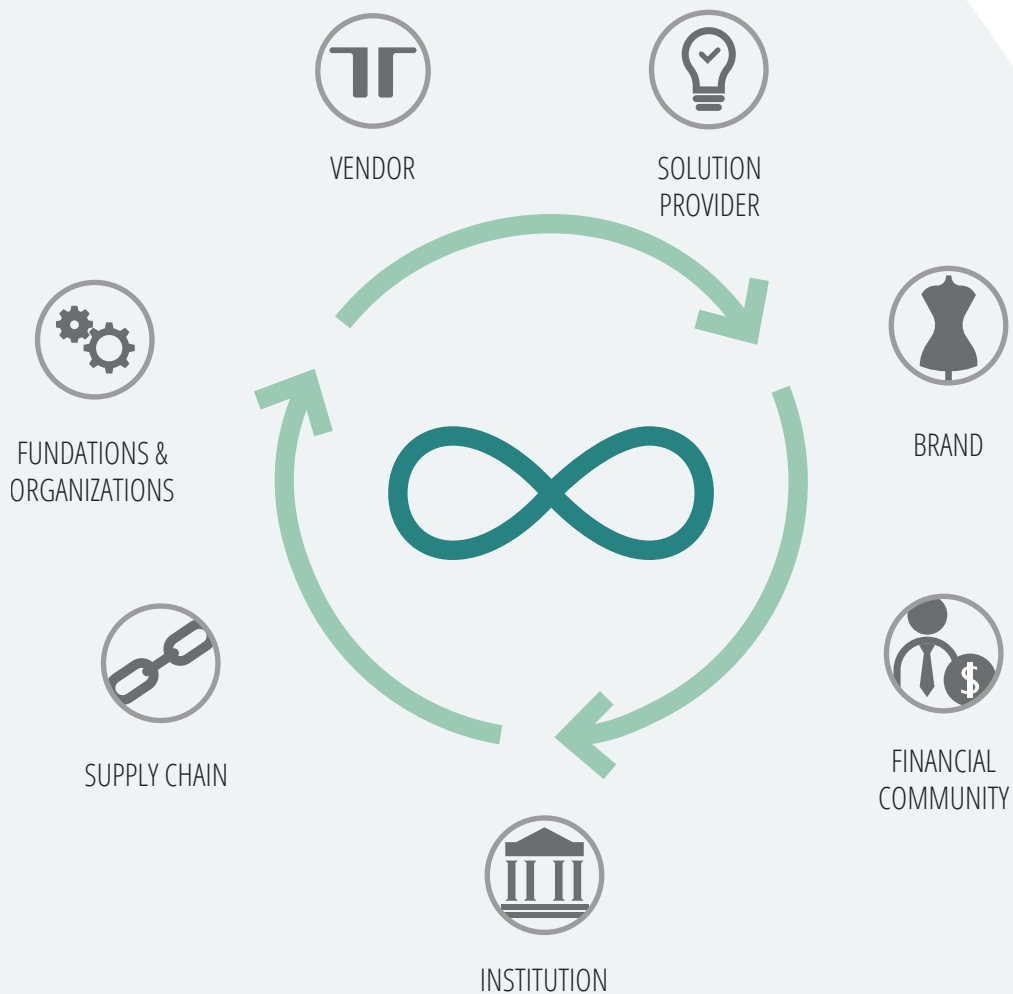
The 5th of December 2017, Pattern's CEO intervened during Fondimpresa conference, held in Rome, to comment the chapter dedicated to Pattern in Massimo Mascini's book "The key to grow" (La chiave per crescere), that collects the experience of 11 Italian SMEs selected for their ability to innovate.

*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)

# OPEN INNOVATION DAY: “STAKEHOLDER ENGAGEMENT SHAPING THE FUTURE”



In January 2020, Pattern launched its cutting-edge project on sustainability and circular economy with the Open Innovation Day "Stakeholder engagement - Shaping the Future".

The reason behind the day is the necessity to share Pattern's vision and ambition on sustainability and innovation within the supply chain, bringing to the same round-table different stakeholders, from professionals of the supply chain to different institutions and brands. The aim is to promote interaction, convergence and constructive discussion on the various initiatives undertaken, settling common practice and measurable objectives and collaborate for their realization.

Different financial and non-financial institutions such as Sanpaolo Circular Economy Innovation Center, PwC, IED, Polytechnic of Turin and Milan, brands, suppliers as well as organizations such as ZDHC and CDP took part in this round table, under the guidance of Process Factory, a consulting firm and strategic partner for the entire value chain.

The aim of the Open Day is the creation of an itinerant working table that sees all the main Italian textile companies engaged in a common front, with shared short, medium and long term goals and deadlines, supported in this challenging task by universities and other institutions.

In line with results from the Innovation Day, Pattern has launched a Circular Economy Project which, through a partnership with Green Line and the Reverso project, aims to optimize the management of waste fabrics.

In detail, a protocol has been established for the recycling of left-over fabrics and fabric production scraps so that the output is measurable and reliable for each company participating in this project. Green Line handles the collection of materials which, after a careful selection and sorting operation, are sent to specialized companies which will give them a second life, while Process Factory oversees the reporting part.

#### S.M.T. SPONSORS THE MASTER'S COURSE IN CREATIVE KNITWEAR DESIGN (CKD)

Every year S.M.T. makes its own weaving and modeling technologies available, within the prototype studios in Correggio, to the students of the Master's in Creative Knitwear Design "CKD", organized by Accademia Costume e Moda of Rome in collaboration with Modateca Deanna.

In this way, S.M.T. offers to the new designers the opportunity to design and create their own capsule collections at the end of their educational

path, which are presented every year in a fashion show within the PITTÌ FILATI event.

Through the collaboration with Modateca Deanna and Accademia Costume e Moda, S.M.T. aims to fully educate young designers to the design process of a collection, from the yarn research to the study of the garments wearability, offering maximum support in terms of experimentation with new applications on raw materials. This aims to provide students with the essential know-how to enter the international scene as knitwear professionals and to improve practical and interpretative skills on the knitting theme.

#### S.M.T. AND POLYTECHNIC UNIVERSITY OF MILAN: THE RESEARCH OF THE COMPANY DNA

During 2020 S.M.T. activated an Industrial PhD in Design with the Polytechnic University of Milan, lasting 4 years, which aims to train designers-researchers capable of providing original contributions to knowledge in the field of design, facing the typical problems of the sector and identifying the potential within contemporary society.

The purpose of executive (or industrial) PhD courses is to promote the inclusion of professional figures with high scientific value in the company, strengthening the collaboration between the business system, universities and research centers.

S.M.T., which has always been engaged in R&D activities related to knitwear, strives to encourage the development of specialized skills and to facilitate the research transfer from universities to businesses.





# CREATION OF THE ADDED VALUE



The actors that actively participate in the creation of Pattern's economic value are a limited number of Customers with strong solidity, both in commercial and organisational terms. Pattern focuses its own business on a small circle of 22 main customers, which reduces risks connected to the management of a large number of active relationships but at the same time increases the risk of drastic reductions of turnover due to the loss of even a single customer.

For these reasons, Pattern is well aware of the traditional risks associated to the possibility to loose Customers and revenue but, considering the col-laboration path and stability of relationships, these are believed to be more manageable than it may appear to the external stakeholder. Such a positive dynamic is the result of a precise choice that Pattern constantly invests in the improvement of work cycles, believing that this path is the fundamental lever upon which it is necessary to act in order to maintain the customers in the medium-long term.

The analysis of the loyalty degree of the main Customers shows that about 11% of them maintain stable and lasting relationship with Pattern, helping it to achieve and maintain economic sustainability over time.

At the same time, however, Pattern is constantly looking for new possible partnerships, also internationally, oriented to establish new stable and lasting relationships, supported by forms of integration and productive collaboration. Pattern is therefore undertaking a path of growth, development and internationalization, with the view of improving its performance and taking greater awareness of society, also through

cooperation with its suppliers. From such cooperation, it is possible to develop a path of social responsibility in the supply chain, that would contribute to the realization of new projects in line with market's expectations.

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: 98% 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.

A proof of this dynamism and appreciation on a global level is shown by a high level of exports, equal to about 85% of production.

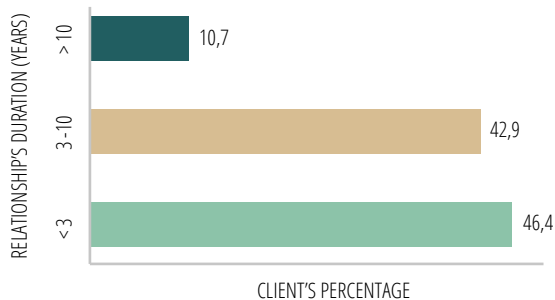


To better understand the creation of added value and the assessment of economic sustainability, Pattern achieves approximately 99% of its revenues in Europe (15% in Italy), working with approximately 89% of its overall customers, while approximately 1% of revenues are generated outside Europe, by 11% of customers.

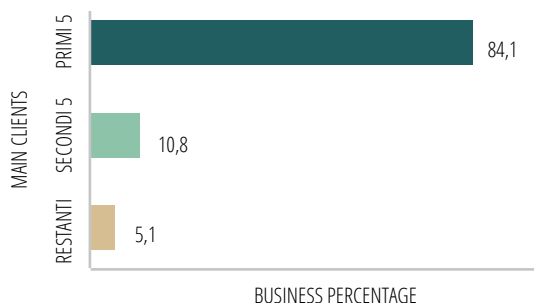
The behavior followed by Pattern in this context is summarized by the tables below, which illustrate the formation of added value and the ways in which the economic value produced is distributed between stakeholders.

A complete analysis of the composition and nature of revenues cannot refrain from highlighting how the acquisition and development of its own brand is proposed as an improvement of strategic prospects business, through diversification of revenue sources and improvement of profit margins. 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.

CLIENTS CLASSIFICATION: LOYALTY DEGREE



CLIENTS WEIGHT IN THE BUSINESS



## CAPACITY OF CREATING A DURABLE ADDED VALUE IN A COMPETITIVE CONTEXT (VALUE EXPRESSED IN THOUSAND OF EUROS)

	2017		2018		2019		2020	
Revenues of typical production	30.829	102,02%	38.342	100,24%	55.294	99,44%	53.730	102,12%
External costs of production	15.381	65,65%	17.268	73,70%	23.669	42,57%	21.723	41,29%
Characteristic added value	15.448	65,93%	21.074	89,94%	31.625	56,87%	32.007	60,83%
<b>Global added value (including sub-contractors<sup>1)</sup>)</b>	<b>15.600</b>	<b>66,58%</b>	<b>21.318</b>	<b>90,50%</b>	<b>31.706</b>	<b>57,02%</b>	<b>32.011</b>	<b>60,84%</b>

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.

## REDISTRIBUTION OF THE ADDED VALUE

The long-term economic sustainability of Pattern is linked to its ability to attract the best customers and provide them with an adequate product / service. To follow this orientation, it is necessary to attribute to subjects who actively participate in value-creation processes an appropriate remuneration.


The 37% 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.

The 36% 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 created value and on the other hand, on average, Pattern absorbs about 29% of their revenue.

The prospect relating to the distribution of added value, highlights the methods for allocating the wealth created between the various stakeholder groups which, with their activity and their interaction with Pattern, have helped to generate it.

### GLOBAL ADDED VALUE TREND

	2017		2018		2019		2020	
Staff remuneration	4719	30,25%	5.189	24,34%	9.249	28,20%	12.414	37,80%
Sub-contractors remuneration	8.817	56,52%	11.223	52,65%	17.347	52,89%	14.228	43,33%
P.A.	526	3,37%	1.256	5,89%	1.694	5,16%	503	1,53%
Banking system	18	0,12%	26	0,12%	36	0,11%	82	0,25%
Company	480	3,08%	350	1,64%	655	2,00%	2.053	6,25%
Partners	1.015	6,51%	3.266	15,32%	3.811	11,62%	3.551	10,81%
Sponsorship and donations	25	0,16%	8	0,04%	8	0,02%	5	0,02%
<b>Global value</b>	<b>15.600</b>	<b>100%</b>	<b>21.318</b>	<b>100%</b>	<b>32.799</b>	<b>100%</b>	<b>32.836</b>	<b>100%</b>

A full-page background image showing a person from behind, walking away on a dark, pebbly beach. The person is wearing a dark coat and blue jeans. The beach is flanked by shallow, turquoise water with white foam from waves. The sky is filled with heavy, layered clouds in shades of grey and blue, with a bright light source breaking through the clouds in the distance, creating a strong lens flare effect.

I THINK HAVING  
LAND AND NOT  
RUINING IT IS THE  
MOST BEAUTIFUL  
ART THAT ANYBODY  
COULD EVER WANT

*ANDY WARHOL*



# SUSTAINABILITY OF THE WHOLE SUPPLY CHAIN

The fashion system has recently experienced a substantial evolution of the value chain concerning production cycles and development methods. 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 partially overlap with the choices of the high fashion brands 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. The big fashion business entrusts the delicate phases of design, prototyping, cutting and manufacturing to Pattern, thanks to its recognized autonomy, that is the result of professionalism, experience and high-level technology exploited in the production phases. Therefore, a horizontal process takes shape, 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. Even if the supply chain has risk factors they can be prevented 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.

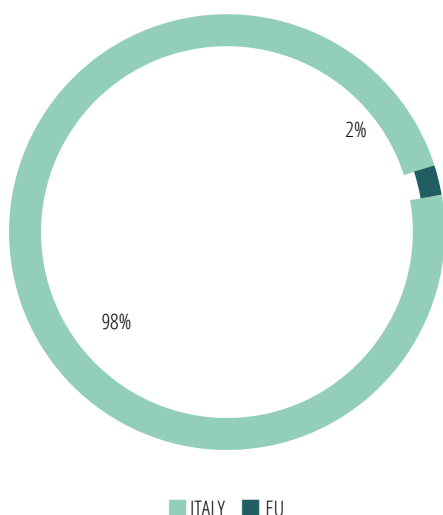
In order to control all the social sustainability in the supply chain and ensure that all the requirements are applied, Pattern requires from suppliers and manufacturers certifications attesting adequate working standards. In addition, all phases and suppliers are also monitored through certifications, in particular by means of SA8000 standard.

With a view to improve performance and have a greater awareness towards society, the company requires its suppliers to sign a letter of intent to ensure chemical conformity of all the products supplied.

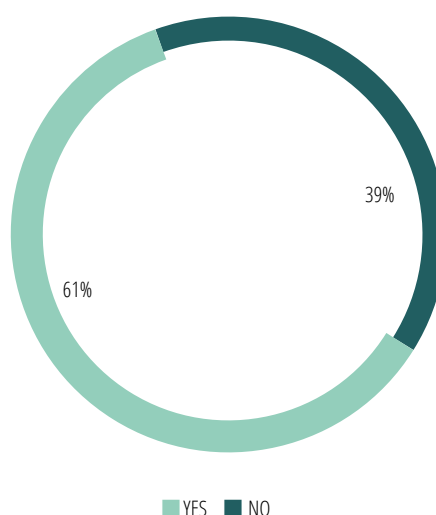
The goal is to create a responsible supply chain that, starting from raw materials, reaches the customer, by promoting "Social Responsibility of the supply chain".

The 98% of raw materials used by Pattern are Italian. Also in this case, the company aims to establish stable and lasting relationships, helping to support the growth of suppliers, firstly among all Italian fabric manufacturers, considered a fundamental element of the production process and expression of the know-how that characterizes Made in Italy. The 61% of suppliers of "core" raw materials has quality certifications.

RAW MATERIAL PURCHASE:  
GEOGRAPHICAL CLASSIFICATION



QUALITY CERTIFICATIONS AND/OR PROCESS  
OF THE RAW MATERIAL SUPPLIERS



Pattern Spa establishes and keeps active appropriate procedures, documented in written form, for the evaluation and selection of suppliers (and, where suitable, of subcontractors) considering their commitment and results in relation to the following requirements:

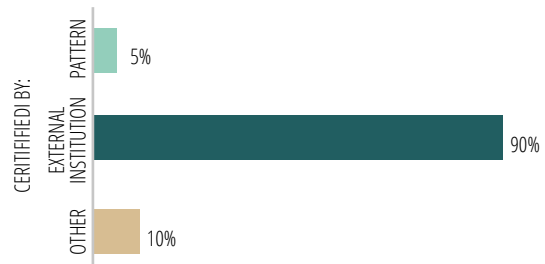
- a) signing of the supply agreement.
- b) subscription and observance of the principles set out in the SA8000 policy.
- c) compilation of a questionnaire / check list aimed at identifying the potential risk of companies based on pre-established benchmarks.
- d) on the basis of the potential risk and beyond a turnover threshold of 300K €, suppliers are inspected by Pattern (second-party audit) and then by an external certification body (third-party audit).

Pattern Spa is committed to ensuring timely, accurate and effective monitoring to assure that SA8000 requirements are met by suppliers and contractors.

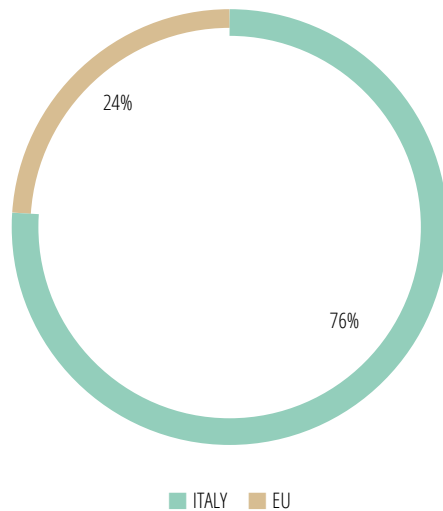
In 2020, second and third party audits were held at strategic subcontractors to verify that the standards were met. Verified suppliers were 14 in Collegno and 8 in Spello.

The 2021 goal is to certify the whole supply chain of S.M.T., continuing the effective monitoring and control both through second-party audits and through the administration of the self-assessment checklist developed to identify risk areas in advance.

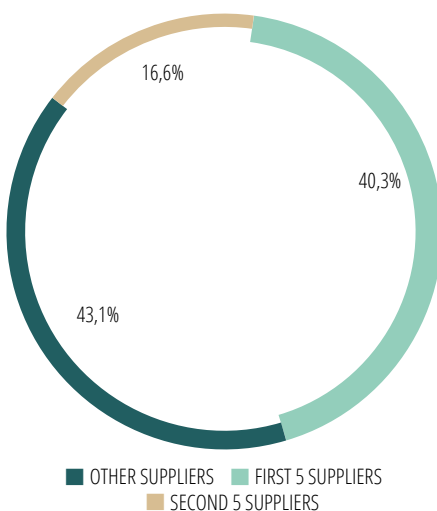
SUBCONTRACTORS SOCIAL CERTIFICATIONS



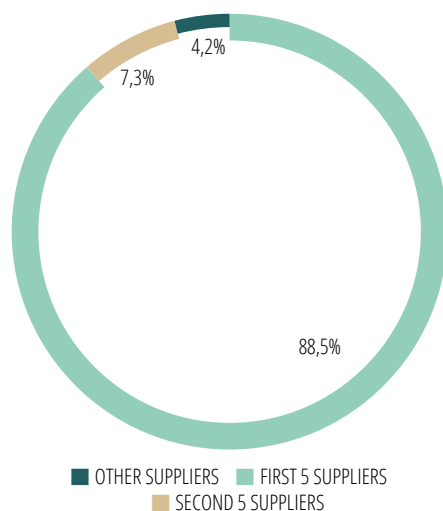
SUBCONTRACTORS NATIONALITY



WEIGHT OF THE RAW MATERIALS SUPPLIERS



WEIGHT OF THE SERVICE PROVIDERS



## BLOCKCHAIN: POC

At the end of 2019 Pattern, in partnership with an important IT provider, experimented an innovative technology, the “Blockchain”, with the objective of designing a new service for customers aimed at tracing the Supply Chain and ensuring its transparency.

The prototype created focuses on an ESEMPLARE mock-up and implements the “B2B” Business to Business point of view, covering the whole process of making the garment, from the engineering phase up to the delivery stage to the customer.

This technology provides visibility to all phases of the Supply Chain process, both from a “physical” point of view (main fabric supplier, fabric purchase date, production laboratory, production date, etc.) and from a process point of view (date / fabric supplier sustainability audit report, date / laboratory SA8000 audit report, etc.).

The project ended by analyzing the possibility to extend the functionality from B2B to B2C and the prototype of an app was created. Through this app the final consumer can have access to specific information about the model, by framing a QR CODE affixed to the label of the garment.

Pattern is ready to extend this project by adding more information and functionality for the end customer, covering other stages such as initial concept design and final deployment.

## ZERO DEFECTS PROJECT

Pattern Group aims to reach ZERO DEFECTS by becoming the only guarantor of the quality of its finished product, through the certification of all processes across the entire supply chain.

In order to achieve this goal, two projects have been activated: the Black Hole Project and the Quality Accreditation Project.

The **Black Hole Project**, starting from an accurate package of technical information on the garment tailoring, allows the exact definition of the cost of the product (from the first prototype, to the sample garment up to the production).

The **Quality Accreditation Project** allows the certification of processes, both in terms of product development (from sketches to the creation of sample garments) and in terms of production (from the industrialization phase to the delivery of the finished product at the customer’s hub).

The program includes a series of actions aimed at standardising processes, reporting and workplaces, as well as the ability to measure suppliers and corporate performance and the uniformity to the finished product control methods. This allows a continuous improvement of processes related to the acquisition of organisational skills and abilities, an increase in efficiency and performance of both the company and its subcontractors, a reduction in time to market as well as an improvement in the Partnership process.

The accreditation process is divided into 5 phases, as listed below, and it will be finalised in 2021 for the Turin headquarters, followed by Roscini and S.M.T.

- Factory assessment
- Training
- Calibration
- Accreditation
- Monitoring & Maintenance




# PATTERN AWARDED AT THE 2020 MF SUPPLY CHAIN AWARDS

Pattern was awarded at the second edition of the MF Supply Chain Awards, held on 25 November 2020, for the Green Chain category.

The award was presented by an exceptional jury including among their members, the President of Confindustria Moda, the President of the National Chamber of Italian Fashion and the CEO of Pitti Immagine.

Pattern received the prize for the following reasons:

*"Pattern has been able to conciliate the economic growth with environmental protection, setting as its goal the achievement, by 2023, of a zero impact for CO2 emissions through the use of renewable energy and increasing efficiency and energy saving within the factory. Pattern also accelerated on social sustainability and circular economy, the latter applied to some garments of the ESEMPLARE line, but also in everyday work, in order to re-evaluate and reduce waste."*



# FROM RED TO GREEN CARPET



## MISSION 2020

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. Pattern has the opportunity, as well as the duty, to represent the change necessary to make this sector eco-sustainable, by controlling and reducing the environmental risks associated with its entire value chain. The greatest risks in this area come from the use of uncontrolled and unsustainable raw materials, along with the presence of harmful chemicals in the fabrics. The enormous waste of resources, attributed to the now surmountable linear economy strategies, due to the non-reuse of the garments and their components must also be taken into account. Finally, another aspect with a high environmental impact and risk factor is the supply chain CO2 emissions. 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 year plan "From Red to Green Carpet" with the aim of creating a better future for the new generations as well as producing the best luxury products for our Customers with the lowest environmental impact. "From Red to Green Carpet" 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 :

1. BEING CARBON NEUTRAL
2. SOCIAL AND ECONOMIC SUSTAINABILITY
3. CIRCULAR ECONOMY & REVALUE WASTE

With this project Pattern is facing an important challenge: creating value from sustainability. In order to achieve these ambitions Pattern aims to involve suppliers through its actions, including them in a path of raw materials and workers sustainability, by trying to improve the environment in which they operate.



In practice, Pattern has linked to the 3 objectives 4 key actions for a substantial change:

- Clean and renewable energy
- Sustainability of the entire production cycle
- Circular economy and energy efficiency
- Technology

The 4 actions to achieve the 3 main goals provide for a series of practices implemented by the company. In terms of clean and renewable energy, Pattern wants to exploit solar or geothermal energy to reduce emissions, for this reason it has started the installation of photovoltaic panels and a geothermal system for new warehouses.

In addition, we want to make the entire production cycle sustainable by

eliminating all the polluting raw materials. As for the reuse of materials, Pattern uses its ESEMPLARE brand to experiment recycled raw materials.

All these practices are therefore accompanied by an ever-active search for new technologies in the manufacturing processes that can help reducing the impact in terms of emissions.

Our main goal is to have zero impact on the environment, being carbon neutral and using renewable energy within 2022. The plan also involves social sustainability, in order to ensure a high-quality working environment, able to stimulate 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 brand ESEMPLARE, but also in everyday work, revaluing and reducing waste.



# CDP REPORTING ON CLIMATE CHANGE

In 2020, despite the challenges arising from the health pandemic, Pattern reconfirms its willingness to measure its actions and to report them transparently to the reference market by renewing its participation in the CDP Reporting on Climate Change and achieving an excellent score at the 2020 ESG rating: **Pattern is amongst 33% of the companies in the Textiles & Fabric Goods Sector that reached a B- level (Management), an almost unique score in the fashion world, especially for a small-medium business.**

In such a difficult year that saw the European average remain steady at a C level and the global Textile&Fabric Goods Sector average fall from a C level to a D level, Pattern has managed to improve its score, going up from a D level on the 2019 ESG rating to a B- level on the 2020 ESG rating, thanks to the improvements implemented since 2019 and generated through an accurate gap analysis of the previous year reporting.

Pattern decided to concentrate on the Climate Change Report, completing a detailed questionnaire, consisting of 14 modules and 112 questions, analysing the following issues: climate related risks and opportunities, energy consumption and emissions, governance, strategy and corporate risk management.

The ESG Rating is based on an in-depth assessment that involves three areas (Environment, Social Responsibility and Governance), based on transparent parameters, measurable criteria and clear improvement targets.

Specifically, companies are assessed on the basis of the actions carried out and the performance achieved in each of the following areas:

- Value chain engagement
- Targets
- Scope 3 emissions
- Scope 1 & 2 emissions
- Risk management processes
- Risk disclosure
- Opportunity disclosure
- Governance
- Energy
- Emissions reduction initiatives
- Business strategy and Financial planning

For each category listed above, the companies obtain a score ranging from D to A:

1. Score A/A-, Leadership: The Company is implementing the current best practices and for this reason it is a guide for companies belonging to its sector.

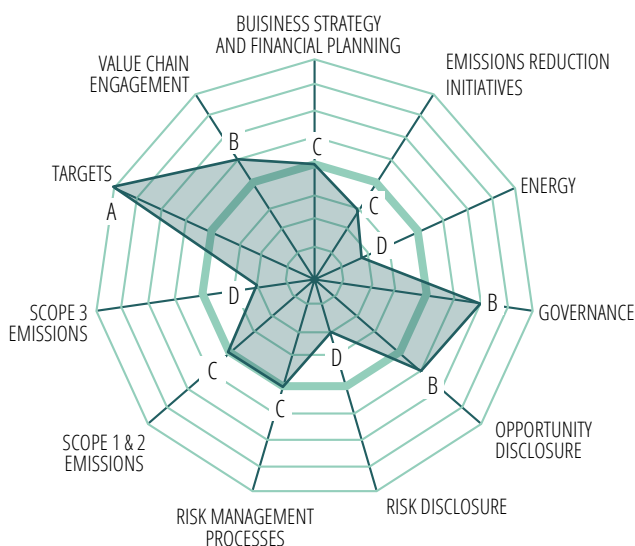
2. **Score B/B-, Management: The Company is taking coordinated action on climate issues.**

3. Score C/C-, Awareness: The Company is aware of climate issues and it is able to evaluate its own impacts.

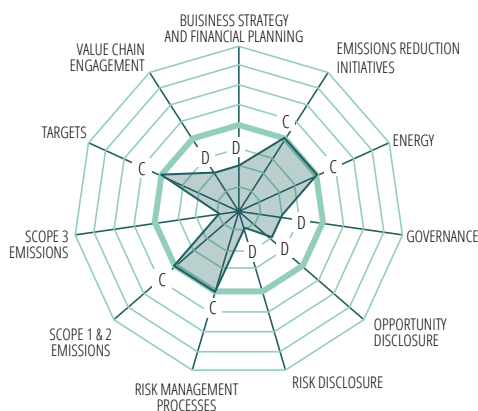
4. Score D/D-, Disclosure: The Company is transparent about climate issues.

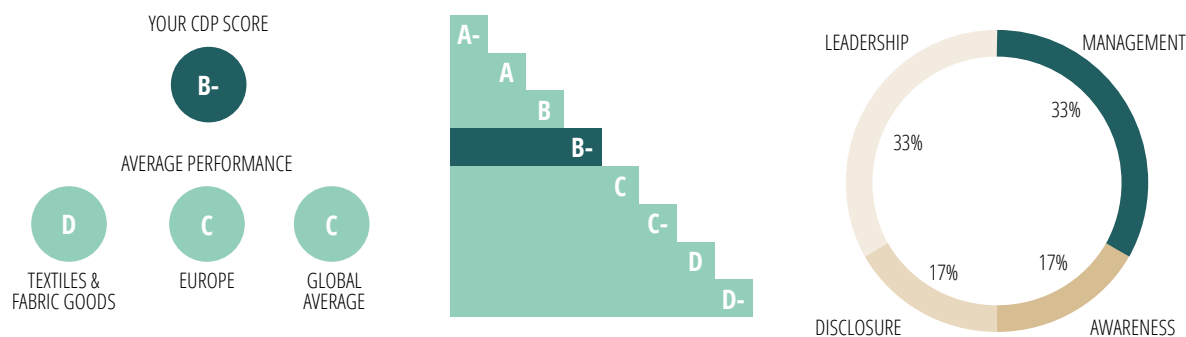
Pattern, assessed within the Textile & Fabric Sector, obtained the following evaluation:

2020

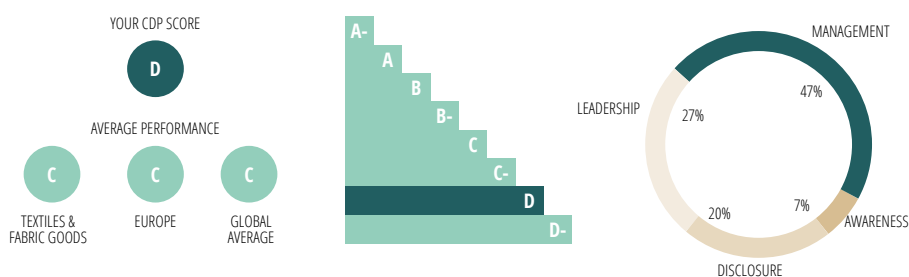


2019





Pattern is amongst 33% of companies that reached management level in the textile and fabric activity group



Pattern is amongst 20% of companies that reached management level in the textile and fabric activity group

Carbon Disclosure Project “CDP”, an NGO globally recognized for providing an environmental reporting global standard, supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities related to three areas of interest: climate change, water security and deforestation.

The idea behind the CDP Reporting is that helping companies to develop business systems based on transparency, measurability and a continuous process improvement and management system, is essential to the effective management of climate change and carbon emissions.

By choosing to join the CDP Reporting on Climate change, Pattern is not only able to measure its impact, manage its environmental risk and work on ambitious reduction targets, but above all the company is now capable of identifying and facing the growing criticalities and it is able to find the new opportunities for action being demanded by investors and customers across the world.





## SUPPLIER ENGAGEMENT RATING - SER

In 2019, after its first ESG reporting, Pattern received its first Supplier Engagement Rating (SER) by CDP, obtaining a C- rating. The SER certification provides an assessment of how effectively companies are engaging their suppliers on climate change.

In February 2020, after the excellent ESG rating received and confirming the importance placed in the supply chain engagement for the construction of a truly sustainable business model, Pattern achieved a place on the “2020 CDP Supplier Engagement Leaderboard”, joining the other 400 international companies (7% of top companies) that are annually assessed with total transparency by CDP on the basis of the Supplier Engagement Rating (SER).

The Supplier Engagement Rating is designed to stimulate the company's supply chain commitment to climate issues, and it focuses on issues related to governance, targets, emissions and value chain engagement. This rating stems from the awareness of the importance of involving the supply chain to achieve climate goals, since an organization's average upstream emissions are around 11.4 times greater than their direct operations organizations have much greater potential to reduce global emissions by affecting their supply chains.

As a Supplier Engagement Leader, together with the other selected companies, Pattern is driving the transition towards a sustainable, net-zero economy.





# BEING CARBON NEUTRAL

The first goal is to bring to zero Pattern's CO<sub>2</sub> emissions, not only by using renewable energy but also by 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. This obviously goes hand in hand with the implementation of efficient and

low-consumption energy systems and an awareness of the employees regarding the delicate issue of safeguarding the planet. Pattern, from 2018, began to mobilize to transform itself into a green reality. After conducting a study of its consumption and CO<sub>2</sub> emissions data, Pattern has planned the first changes to be adopted, achieving significant results already in 2019.

UPDATED TO 31/12/2020

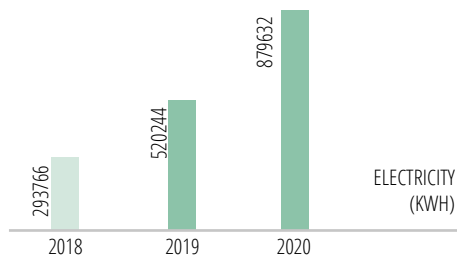
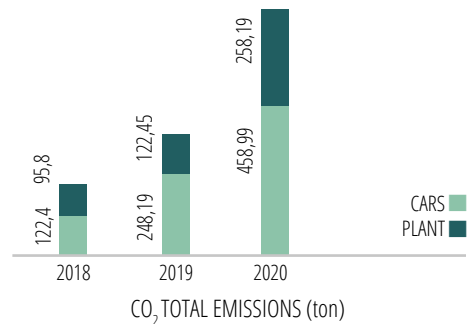
ELECTRIC FLEET	2023
SECOND RENEWABLE ENERGY SOURCE	✓
ROOF GARDEN THAT ABSORBS EMISSIONS	2022
GAS CONSUMPTION REDUCTION	✓
THERMAL IMPROVEMENT OF THE BUILDING	✓
PHOTOVOLTAIC	✓
EFFICIENT USE OF ENERGY	✓
RENEWABLE ENERGY PURCHASE	✓
LED	✓

Integrating an ESG strategy into a business strategy is now fundamental, since focusing on these goals also translates into greater profits. Using clean energy in a more efficient way will bring advantages to any company. 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. In September 2019, in order to reduce energy consumption and heat losses, Pattern completed the renovation and replacement of all windows, with consequent improvement of the building's energy class. This change not only helped the company to improve its environmental performances but also the employees' welfare.

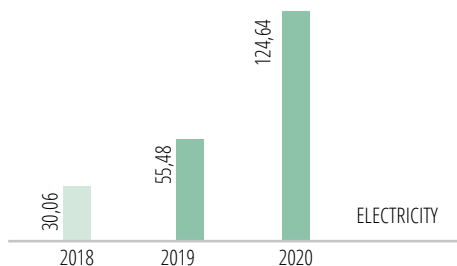
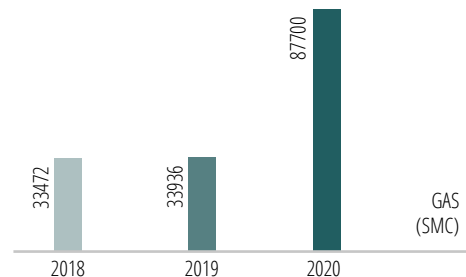
At the end of 2020, a photovoltaic system designed for self-consumption became operational allowing the company to be almost completely self-sufficient, fully covering the energy needs in the warmer months. By achieving this goal, Pattern will avoid CO<sub>2</sub> emissions for 28 tons per year, pursuing the path to become totally sustainable and zero emissions by 2023. In addition, the 140-kW geothermal plant, designed to meet the energy needs required for heating and cooling of a new warehouse and part of the existing laboratory, has become operational. The important savings on operating costs and the elimination of fuel will be accompanied by a reduction of about 25,000 kg / year of carbon dioxide. These choices not only bring benefits to the environment, but also to the employees.

# PATTERN CARBON FOOTPRINT

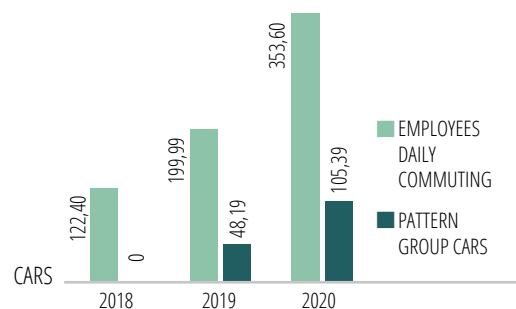
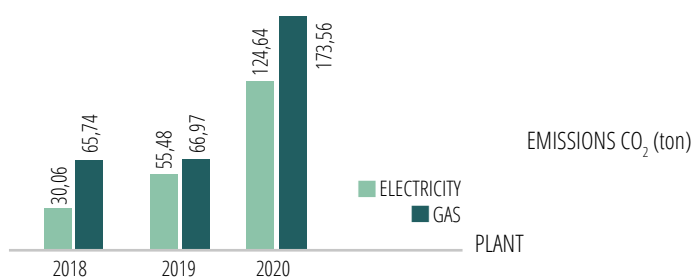
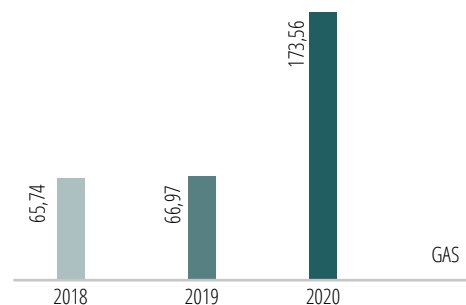
Willing to obtain the first records and, consequently, to choose the best ways to pursue the goal of a zero-impact company, Pattern has calculated its emissions to understand its own weight and impact on environment, starting from electric and natural gas consumption, to the annual consumption produced by employees' cars during their working days, considering the kilometers they travel each day to work and back home. In 2020 the tons of CO<sub>2</sub> emissions caused by commuting were much greater than the quantities recorded in 2019, this is partly because the movements of S.M.T. employees were considered for the first time. Furthermore, the standard CO<sub>2</sub> emissions from cars used for the calculations increased from 120.4 gCO<sub>2</sub>/km to 167.11 gCO<sub>2</sub>/km.



CONSUMPTIONS TREND



CO<sub>2</sub> EMISSIONS (ton) TREND



# 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. Pattern's environmental performance is calculated by relating the added value to the total consumption of electricity and gas in the two years considered. Although Pattern has grown and energy consumption has consequently increased, total energy consumption compared to the added value of each year has decreased.

<b>RAW MATERIAL CONSUMPTION</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>U.M.</b>
meters of fabric	427.078,54	465.117,82	225.271,13	MT
cutting materials (fabrics, linings, adhesives)	485.147,87	982.979,65	503.474,54	MT
paper purchases for plotter	487,00	329,00	416,00	ROLLS
Pack Service packaging purchase	5.461,00	3.932,00	4.713,00	PC
Abaco packaging purchase	1.450,00	2.183,00	1.125,00	PC

<b>CONSUMPTION kWh and Smc</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Collegno electric energy	260.258	240.559	223.991
Bricherasio electric energy	33.508	1.803	22.091
<b>Total electric energy</b>	<b>293.766</b>	<b>272.362</b>	<b>246.082</b>
Gas Collegno	29.610	29.629	26.550
Gas Bricherasio	3.862	2.244	2.175
<b>Gas Total</b>	<b>33.472</b>	<b>31.873</b>	<b>28.725</b>

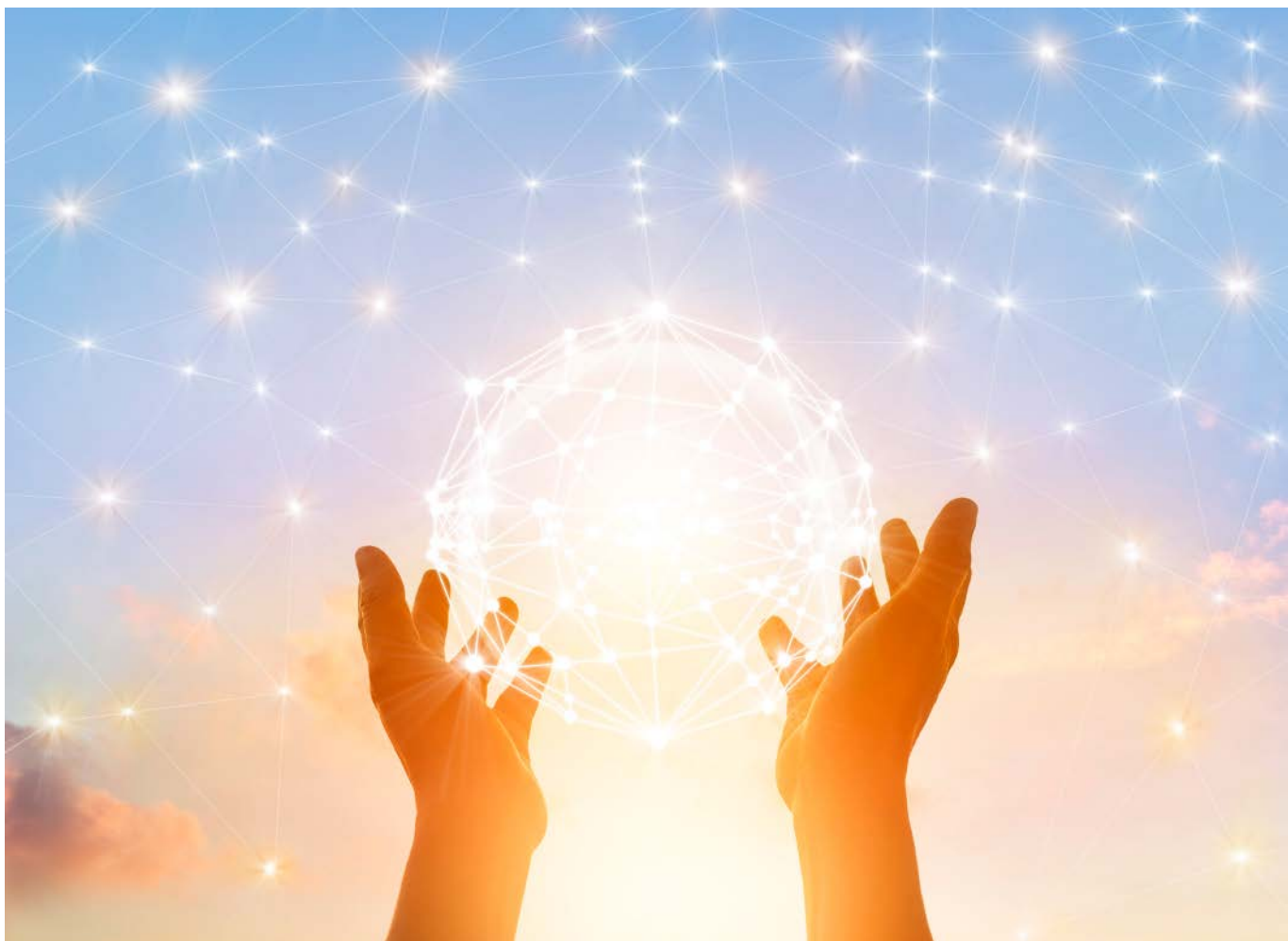
## EVERY GARMET HAS THE FOLLOWING PACKAGES

Garments shipped from  
the sub-contractors

Garments on hanger packaging:  
• Hanger  
• Polybag

Garments shipped  
to the clients

Packaging:  
• Box, one every 12 units



## INDIRECT ENVIRONMENTAL IMPACT

The (professional) relationships are always oriented to continuous monitoring, control of results, compliance with deadlines in terms of production delivery, as well as quality control and compliance with the laws on personnel management and environmental protection. Since 2016, Pattern's monitoring process has become operational and the harmful substances have been eliminated from the products. In fact, all suppliers are required to follow instructions for all fabric orders. Regarding this choice, suppliers are invited to sign a commitment

letter and attach specific documents to certify their compliance with this protocol. In order to ensure that the supply chain is increasingly transparent and certified, Pattern's customers provides tests to verify the quality of the materials and the compliance of the chemical composition with the standards indicated, which is considered essential for the sale and use of the garment. At the end of 2019 Pattern managed to reach the engagement of 80% of its textile suppliers, now qualified as suppliers compliant with environmental sustainability policies.



## COMMITMENT SBT INITIATIVE

In May 2020 Pattern joined, through the signing of the commitment, the Science Based Targets initiative (SBTi) choosing the most ambitious level of 1.5 °. The initiative is a partnership between CDP, UN Global Compact, WRI and WWF and it was created in order to provide companies with ambitious, clearly defined and sector-specific paths aimed at reducing emissions, ensuring that the company's Climate Action is in line with the objectives of the Paris Agreement and stimulating companies to support the transition to a zero-emission economy.

Science-based targets (SBTs) are scientific targets for drastically reducing greenhouse gas emissions in line with the level of decarbonisation required to keep global temperature rise below 1.5 ° C (or well below 2°), as described in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report and in the Paris Climate Agreement.

Specifically, by participating in the two-year plan to reduce emissions, Pattern pursues the following objectives:

- a 90% reduction in direct emissions resulting from the organization's activities - SCOPE 1.
- a 90% reduction in indirect emissions from electricity generation - SCOPE 2.
- a 40% reduction in indirect emissions produced throughout the value chain, upstream and downstream of the company business - SCOPE 3.

The initiative, which Pattern has decided to join, will lead suppliers and customers to follow suit, making their textile supply chain increasingly transparent and preventing the most damaging effects of climate change.



# EUROPE 2020 PROJECT SUSTAINABLE MANUFACTURING

Pattern gives a strong relevance to the environmental sustainability of its own supply chain, as a cardinal point within the company governance. The company has undertaken a path in compliance with the Europe 2020 strategy, intended to relaunch the EU Economy. In a world of continuous transformation, the European Union aims to develop into a smart, sustainable, and inclusive economy. These three priorities are intended to help the European Union and its Member States delivering high levels of employment, productivity, and social cohesion. In particular, the EU has proposed five ambitious objectives in the fields of employment, innovation, education, social cohesion, and climate/energy to be reached within 2020. Each Member State has adopted its own national objectives for each of the above-mentioned fields. Those targeted interventions, both at national and European level, have the aim of consolidating the global European strategy.

Since 2015, Pattern is committed into a normed process, managed together with its Clients and Suppliers, in compliance with the European project, with the aim of eliminating all the toxic and hazardous substances

banned by the major international standards, and, in some cases, in a more restrictive way compared to the required procedures. In 2016, this project has become operative and all the banned substances had been fully eliminated from the products. In the light of the 2020 project, every supplier is required to follow all these indications for all the fabrics orders. They are also required to sign a letter of intents and to provide, together with the supplied materials, all the documentation that certifies the materials' conformity to the protocol. With the aim of guaranteeing the supply chain being more transparent and certificated, our Clients have implemented tests to assess the materials' quality and the chemical composition conformity to the above mentioned standards, which are considered the essential prerogative to sell and use the garment.

Pattern's main focal point is the constant growth in the environmental field, by identifying specifics areas of intervention. For this reason, following the Europe 2020 Project, Pattern decided to appoint a Chemical Manager, who is specifically taking care of the project.



# CHEMICAL MANAGEMENT SYSTEM (CMS) DI PATTERN

In the sustainable development context, the supervision of the entire supply chain throughout a standard of precise procedures, easily replicable, is an element of primary importance. The implementation tool to ensure these procedures are followed could be identified in the Chemical Management System (CMS), a management system adopted by the company for the chemical substances control, both inside the company and at suppliers, which is usually defined within an organisational procedure.

The CMS recognizes critical processes and products and outlines the system to identify, monitor and reduce the risks by eliminating the hazardous chemicals from products and by-products with the aim of obtaining a safe and clean supply chain.

In the making of a successful chemical management system, we could determinate four primary steps:

- establish measurable objectives to be reached for the company sustainability.
- adopt principles that are globally recognised by subjects operating in the sustainable development field.
- endorse the use of the global standards unified tools, that allow to reach and measure the company goals.
- draft a chemical management system that contains all the standard tools and procedures performed by the company to comply with the sustainability commitment.

A successful chemical management system must combine three main elements: have a vision, work towards innovation, setting clear and measurable goals, oriented to the sustainable development.

The vision is fundamental to raise awareness on the sustainable management and to decide how much it needs to be invested in innovation, processes, products, reorganisation, infrastructures, IT and HR. The innovation has to be seen in a holistic approach frame, oriented to improve the process in all its components; in order to reach this goal,

there are some necessary practices: assessment of the environmental impact to intervene in its reduction, evaluation of the chemical recipes to substitute the hazardous chemicals, adoption of responsible production techniques and an investment policy on R&D.

The definition of measurable objective has a fundamental importance, since it represents the first step towards the definition of a successful CMS; those objectives define a target for which the company is committed to reducing its own environmental impact originated by hazardous chemical substances, communicating and sharing its commitment to the entire supply chain.

As previously mentioned, Pattern-Roscini Group has been collaborating with different brands, including Burberry, that as signed the ZDCH Programme and adhered to the 2020 Project, born to ensure safe products by the chemical point of view. With this aim, Pattern-Roscini has defined its own Chemical Risk Assessment Policy, firstly to be adopted with Burberry brand, and gradually for all the brands managed from both locations of the group.

The Group has then regularly implemented several procedures, both internally and externally, with the aim of bringing its offices as well as the supply chain to excellence. With regard to the internal procedures, there is the institution of the Chemical Manager role, that covers a cross-functional role between different areas, such as Purchasing, Product Development, Production, elaborating new procurement' procedures to ensure that the raw materials are compliant with the P2020 requirements. Pattern has also made many internal audits and assessments in the three locations (Collegno, Spello) and held different training sessions for its employees in the sustainability field. Regarding the external procedures, involving the whole supply chain, Pattern has also conducted a mapping of the supply chain and its subcontractors, on-boarding new suppliers, in order to have an high control on traceability and quality of the fabrics used for the making of each garment. Therefore, many assessments and audits have been periodically made to the suppliers through the PPT (Partner Progress Tool).



# ZDHC – A GLOBAL STANDARD

**ZDHC**

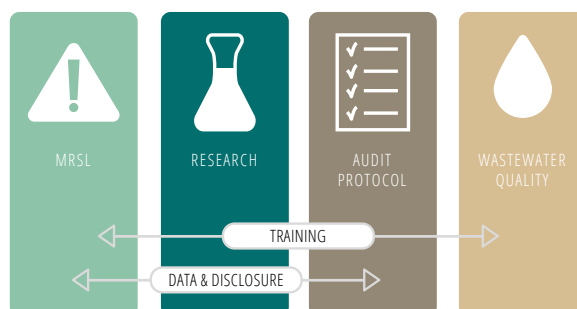
The raw material and products legal compliance is not enough to guarantee the supply chain chemical sustainability; every company supplies different materials, manufactured through different processes, operating in environments hard to evaluate. It is necessary to have a unified global standard that substitutes the already existent but fragmented standards for a better chemical management. Many organisations and foundations have started providing guidelines for a responsible chemical management, with the aim of unifying under one standard different requirements, providing global tools and methodologies; the most common used protocol adopted by the companies operating in the luxury and fashion field is the one of the ZDHC (Zero Discharge Hazardous Chemicals) foundation. The goal of ZDHC is to promote and spread the implementation of the actual chemical processes, making them attractive to the sustainable development necessities. The foundation recommends the use of shared tools within the supply chain that have been already adopted by some of the brands that have signed the ZDHC protocol, in order to reduce the impact deriving from the use of chemicals which are hazardous for people and environment. Through the application of a unified standard, the local standards are converging to a unique global management method, whose results and progresses are easily measurable. By 2020, 29 signatory brands, 48 chemical industries, 35 textile industries, 18 associates and 27 affiliates to the value chain have adhered to the ZDHC protocol.

With the signing of the P2020 project commitment, that took place in 2016, Pattern decided to adopt the ZDHC protocol, engaging a collaboration process with all the supply chain, both upstream and downstream. Suppliers and subcontractors that are operating with Pattern are now referring to the same protocol, following the same methodology and applying the same restrictions given by the MRSL and PRSL lists. As proposed by the protocol, Pattern and all the supply chain companies, designate a Chemical Manager, in charge of reducing the environmental impact of the company, and follows the ZDHC regulations, so that every chemical manager will be able to apply common and standardised procedures. They have the same assessment and audit tools for the supply chain, determined in the ZDHC programme, ensuring even criteria for the suppliers' assessment.

The new ZDHC programme is structured/organized in three sections, that include all the productive process' steps: Input, Process, Output; with regard to each section, ZDHC has determined shared tools to be used for the evaluation of the sustainable performance. This new paradigm is organised into four vertical focus areas (MRSL & PRSL, Research, Audit, WasteWater Control) and two methodologic themes (Training and Data

& Disclosure), renovating them in a new and more functional strategy.

The previous ZDHC model could be summarised as below:



These elements are defined as follows:

- **MRSL (MANUFACTURING RESTRICTED SUBSTANCE LIST) + PRSL (PRODUCT RESTRICTED GUIDANCE LIST)** Lists containing the hazardous chemical substances and the limitations allowed for non-intentional use. The first one refers to the Chemical Products, the second one to the Finished Product.
- **RESEARCH** It contains a list of priority chemical substances for which, to date, there are no safer alternatives on the market, therefore they require more research prior to substitution.
- **AUDIT PROTOCOL** The protocol has been developed to guarantee a unified protocol and audit, and, therefore, the coherence of the audit within the entire supply chain as well as the audit results' sharing. The working principle of the audit protocol is supported by the CMS (Chemical Management System), that every company needs to write in order to describe the chemical management methods that are applied internally and with its own partners.
- **WASTEWATER (WW) QUALITY** This is a new standard in the wastewater discharge that goes beyond the law conformity, to ensure that wastewater discharge will not negatively affect the environment and surrounding communities. Hydric efficiency is a critical point of sustainable production. Wastewater treatment systems well-projected and functional as well as processes' control and chemical management are fundamental to reduce chemical, physical and biological pollutants discharge on the environment to the minimum.
- **DATA & DISCLOSURE** Data & Disclosure is a new integrated management of the data throughout the whole supply chain. The ZDHC

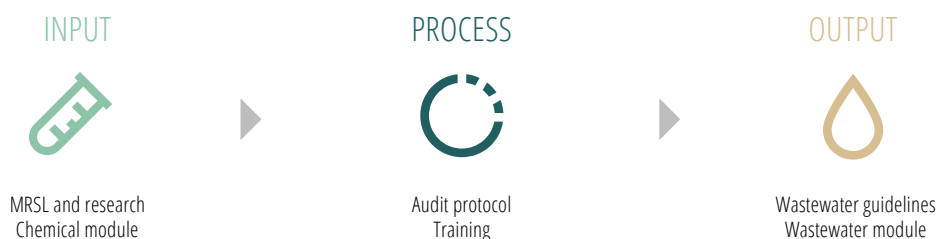


programme and its partners (including industries, tanneries, chemical companies and service providers) have started to collect data together, creating reports and globally synchronizing with the aim of creating a totality of universal standards able to organize the way in which chemical data should be collected and shared, for the benefit of all the involved parties. In 2017, the Programme has released the ZDHC Gateway, an online portal for the chemical companies, that are now able to evaluate easily the product compliance with the ZDHC MRSL.

- **TRAINING** The training's goal is to educate and support the ZDHC standard implementation of the entire supply chain (from brands,

to chemical products suppliers and all the intermediaries). The ZDHC Academy platform gives the opportunity to apply for the courses offered by ZDHC and its partner (both on-line and in loco) all over the world.

Based on these shared tools, the model has been reorganized to realize a more efficient chemical management system, that through a holistic approach, allows the control of every aspect of the process. All the tools supplied by the protocol are related to a precise process component and could be observed in one of the three sections above defined, as shown below:



# A HOLISTIC APPROACH

As mentioned in the previous section, we could talk about a holistic approach for the implementation of the new ZDHC protocol. This approach has the aim of interpreting complex systems not dividing each element and examining it separately but considering their strong relationship and the necessity of a multi-functional method. Furthermore, a fundamental characteristic is the use of feedback between systems, as a crucial point for the understanding of how it operates. This model, that has been already used for ecological sciences and for the study of climate change, is also functional for the definition of the guidelines to follow to reduce the environmental impact, since it considers the sustainability a complex system that involves populations, ecosystem, economy and other components that are necessarily connected.

Before considering in detail the result of the holistic approach for the chemical management system, the understanding of the best practices implemented by the company is fundamental to progressively understand the way they are regulated by the ZDHC protocol. The first goal of the company is the collection of the data which are necessary for the environmental risk assessment; this implies different commitments:

- Visiting the suppliers to assess their sustainable performances, evaluating the elements approved by ZDHC (partner Progress Tool, External

Audit, Committed Chemical Management System).

- Production of a Chemical Inventory to track all the chemical products used.
- Analyse and collect the chemical test results made on Raw Materials and Finished Goods.
- Analyse and collect the test results on the flowing water.
- Supply chain mapping.

Later, the risk assessment takes place through the analysis of the input and output data and through the Root Cause Analysis (RCA), to research the causes that are generating the risk. Finally, to reduce the company impact to the minimum, preventive actions are implemented, enhancing a continuous improvement: an action plan is established with the responsible persons, a date is chosen for the fulfilment of the predetermined goals; at this point, the implementation of the processes within the established time occurs, and the process becomes circular.

The action plan revised under the light of the ZDHC paradigm refers to these actions, distinguishing three main sections, that, as already mentioned, are Input, Process and Output, other multi-sectoral subjects are then added in support, as shown below:

INPUT	PROCESS	OUTPUT
Chemical Inventory	Supply Chain Mapping and Qualification	WasteWater Management
Chemical Risk Analysis	Supply Chain Engagement	WasteWater Control Plan
Chemical Product Control Plan	Supply Chain Monitoring	Finished and Semi-Finished Goods Management
Raw Materials Mapping	Track and Trace Procedure	
Raw Materials Risk Analysis	Purchasing Procedure	
Raw Materials and Semi-finished products Control Plan	Monitoring and Due-diligence procedure	
REPORTING AND KPIS FOR PHASE-OUT AND FOLLOW-UP		
COMMITMENT AND COMPANY POLICY FOR SUSTAINABILITY		
ROLES AND RESPONSIBILITIES: CHEMICAL MANAGAMENT TEAM		
EMPLOYEES AND SUPPLY CHAIN TRAINING		



There are not competitors in this project, the goals are common, and one of the most important steps towards sustainability is sharing: sharing of supply chain (mapping) both upstream and downstream, sharing of the inputs and outputs through the ZDHC tools, sharing of wet process (dye-works and finishing) and supply chain collaboration. The supply chain companies are signing a commitment, where they express their willing towards the Client and its own supply chain both upstream and downstream (vendor, suppliers, subcontractors, chemical producers) to apply the ZDHC protocol towards their supply chain, cooperating with in loco visits and trainings, and managing the reliability level of its supply chain with due diligence tests and audits.

With reference to the holistic approach, it is important to have clear goals and tools, both within the company and with the partners involved. Among these, the main ones are: writing a chemical management system, participating to the supply chain activities, assigning objectives and responsibilities both internally within the company and externally to other components of the supply chain, establishing with them an action plan for the continuous improvement of its procedures. In the context of its support to companies to reduce their environmental impact, ZDHC has made available a series of tools for sharing input and output information and to control the process, which Pattern has promptly made its own and regularly uses in its chemical management.

# UNIFIED TOOLS ADOPTED IN THE CMS

## A. TOOLS FOR SHARING INPUT INFORMATION



ZDHC MRLS



ZDHC MRLS  
CONFORMANCE  
GUIDANCE



ZDHC GATEWAY  
CHEMICAL MODULE



CHEMCHECK™



INCHECK™

You will find below a list of the tools used by Pattern to share the information during the input phases of the production process, describing in detail the functioning of every tool and the active role of Pattern:

### 1. MRSL & PRSL

MRSL (Manufacturing Restricted Substances List) and PRSL (Product Restricted Substances List), are two lists of chemical substances subject to restrictions in the production of textiles, natural and synthetic leather and in the textile products and footwear finishing. The MRSL refers to the chemical products used during the processes while the PRSL refers to the chemical substances in the finished good. ZDHC has given a complete list of hazardous chemicals and has established the acceptable limitations in the use of those substances, specifying which substances need to be banned from intentional use; those limitations are involving both chemical products and production techniques. These lists have three main benefits:

→ The MRSL allows the chemical formulators to know which substances

need to be avoided or which is the maximum concentration allowed during the synthesis of their chemical products.

- The MRSL allows the supplier to produce fabrics and materials within its standards and makes easier the choice of chemical products to buy to the formulators.
- The PRSL allows the companies to control the product compliance according with its specific limitations before the product is sold to the customer.

Adhering to these common dispositions makes it easier, both for Pattern and for the other involved parties, to prove the absence of hazardous chemicals in its products and production. Moreover, both the ZDHC MRSL and the PRSL can be considered as “living” documents, since they are constantly updated with the new substances that need to be banned or restricted throughout the value chain. In the following diagram, 19 substance categories subject to restriction by the MRSL are listed:

Other more specific information on the Hazardous Chemicals and the limitations on their intentional use are detailed in the MRSL V2, which can be downloaded at the following link [https://mrsl.roadmaptozero.com/MRSL2\\_0](https://mrsl.roadmaptozero.com/MRSL2_0)

CLASS OF BANNED SUBSTANCES	Typical uses	Danger for people and environment
ALKYLPHENOL (AP) AND ALKYLPHENOL ETHOXYLATES (APEOS)	They are a group of substances derived from phenols and olefins; their characteristics of surfactants, dispersants, wetting agents and emulsifiers makes them attractive in the textile sector within detergents and dressings. They could be used during the sizing, washing, abrasion, dyeing and softening of fabrics.	They are among the substances subject to restrictions as a cause of dermatitis and allergies due to their environmental hazard: they are persistent, bio-accumulative and toxic to aquatic organisms.
HALOGENATED FLAME RETARDANTS (HFR)	These are compounds used in highly flammable materials to contain the propagation of the flame and reduce the development of smoke; they are therefore used for this purpose during functional finishing processes of some materials.	They are included in the list because of the problems associated with their use: adverse effects on human health such as endocrine alteration, cancer, immunotoxicity, reproductive toxicity and problems in the development of foetal and infantile neurological function have been demonstrated.
CHLORINATED SOLVENTS	The high volatility and ability to dissolve many types of organic compounds make these substances ideal solvents. Used as stain removers or as abrasive substances, they are precisely used in the washing phases dry or abrasion, but sometimes also in the bonding process.	Their use has been limited due to their strong toxicity and carcinogenicity; they are also among the major pollutants in aquifers, their presence in certain concentrations completely compromises the water resource.
CHLOROBENZENES AND CHLOROTOLUENES	Halogenated compounds derived from benzene, thanks to their properties they are used as solvents and as agents for the growth of fibres, mainly used in the dyeing process.	They have proved highly toxic to humans, as well as causing irritation to the eyes and skin, some compounds have also been found to be carcinogenic. Furthermore, this group of compounds is also harmful to the environment, especially for aquatic organisms
CHLOROPHENOLS	It is a class of compounds which includes 19 organic molecules obtained by halogenation of phenols by chlorine; mainly used as pesticides and for the conservation of fabrics, they are used in the dyeing and dyeing processes bonding.	Like chlorobenzenes and chlorotoluene, they are also dangerous for humans, causing irritation of eyes and skin, but not only: they are considered toxic to aquatic organisms and with harmful effects on the whole aquatic environment if subjected to a chronic exposure.
HEAVY METALS	A series of heavy metals, used in dyes or as catalyst pigments, they can be used in the dyeing, printing, tanning and leather processes polymerization of the fibers.	These can be very dangerous for humans to varying degrees, the effects in facts vary according to the metal, it can include acute effects, from irritation to poisoning, and chronic effects, such as carcinogenicity.
ORGANOSTANNIC COMPOUNDS	It is a group of organic compounds, generally hydrocarbons, alkyl-substituted by tin atoms; these compounds thanks to their catalyst characteristics, antimicrobials and preservatives find application on materials in the processes of dyeing, leather upholstery and polyurethane synthesis.	Some of these compounds can be very dangerous, damaging principally the nervous, hepatic, renal and skin systems.
PERFLUORINATED AND POLYFLUORINATED COMPOUNDS (PFCS)	This class of organic compounds composed only of fluorine and carbon are useful in the fabric finishing phase, in fact thanks to the high surface energy of these molecules, their application makes water repellent the treated materials	These substances are dangerous for their bioaccumulation, they can therefore, thanks to their stability, accumulate in the environment, in humans or in animals. Finally, they are also known as powerful greenhouse gases.
PHTHALATES AND ESTERS OF ACID ORTHO-PHTHALIC	They are a family of chemical compounds used in the textile industry as plasticizers, substances added to improve flexibility and modeling of materials. They are used in printing, dyeing, fabric coating or softening.	They are included in the list because they have been found to be dangerous for humans, causing damage to the reproductive system.
CHLORINATED PARAFFINS A SHORT CHAIN (SCCPS)	It is a group of substances formed by unbranched chlorinated chains t used as fabric softener during the tanning process.	However, it has proven to be toxic to the environment, these molecules can volatilize into the atmosphere or to disperse and accumulate in the aquifers, where we have seen they to be harmful to aquatic organisms
DYES (AZOICS, CARCINOGENIC, DISPERSED, NAVY BLUE)	Within this group there are also substances that are very different from them, all characterized by their common use in the dyeing phase.	The azo dyes have been limited because they cause the formation of aromatic amines; the latter have several harmful effects on human health, as carcinogenic, mutagenic and genotoxic; they are also a danger to the environment, especially for aquatic systems. A series of dyes without affinities has been shown to be harmful to humans as they are carcinogenic and consequently banished. Then there are the dispersed dyes that have been banned because the skin irritations they cause.
ANTIMICROBIALS AND BIOCIDES	Some substances of this category, which have a neutralization function for harmful organisms, are used as disinfectants and preservatives during dyeing and gluing processes.	Some of them are dangerous for humans, causing eye and skin irritation; they are also harmful to the environment with different effects depending on the type.
GLYCOLS AND GLYCOLETERS	These two groups of substances are used in the textile field for different purposes; they have properties of solvents, diluents and printing agents: they are applied in the washing, finishing, degreasing and printing phases.	These substances have several negative health effects, in small quantities irritate eyes and mucous membranes, but they can also be teratogenic and cause problems to the nervous, cardiovascular, liver and kidney systems.
POLYCYCLIC HYDROCARBONS AROMATICS (PAHS)	Hydrocarbons consisting of two or more aromatic rings are used as additives in different processes, with different functions depending on the type. They can act as plasticizers, pigments, dyes and pesticides.	Polycyclic aromatic hydrocarbons have known negative effects on the environment, on the human and animal health, as evident toxicity for some aquatic organisms and birds, high chronic toxicity to aquatic life, contamination of agricultural crops coli. Some of them are classified as carcinogenic while others are considered possible carcinogens and there are still ongoing studies.
UV STABILIZERS	These substances are known for their anti-aging properties, they absorb UV rays protecting the material from degradation.	They do not present significant problems for the human being apart from the performance of anti-estrogenic properties, however, are dangerous for the environment and difficult to be totally disposed of with waste water treatments, and part of them can reach surface waters such as rivers and lakes, compromising their integrity.
ORGANIC COMPOUNDS BIRDS (VOCS)	This category includes numerous substances that are also very different from each other, they share the characteristic of being highly volatile at room temperature. In the textile sector most of them find application in processes with the use of solvents or dry cleaning.	Some of these compounds are toxic to humans, resulting in several problems a depending on the substance, while others are carcinogenic.

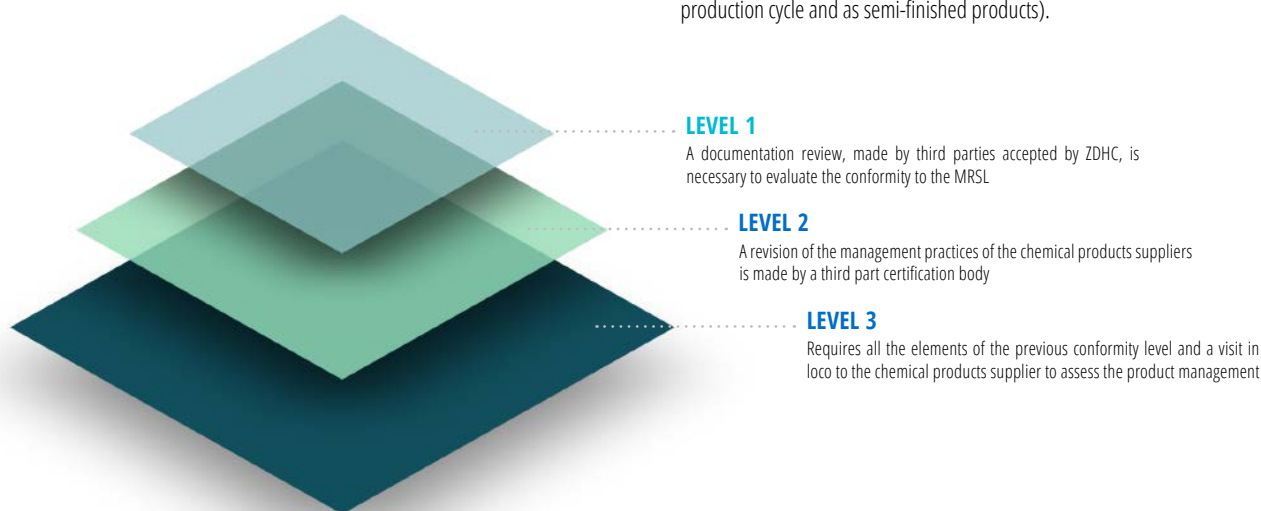


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## 2. MRSL CONFORMANCE GUIDANCE

The ZDHC conformance guidance is a useful tool for the companies to understand when the use of a chemical product is compliant with the MRSL restrictions. There are three levels of conformity to classify the chemicals products management, that depends on how many information are available about products and how they are made. The conformity assessments are conducted by third parties to confirm what has been declared by the companies, and establish in which of the three following levels a supplier is classified.

Until 2019 a level zero would have been acceptable, where the companies that provided a self-certification only for their products where located.; taking into consideration the progresses gradually reached towards a sustainable development of this industry, ZDHC has decided to raise the bar for the suppliers cancelling the level 0 of self-certification in order to help them in their route to achieve a more sustainable production. In line with this point, Pattern invites its suppliers to reach a certain level of conformity with the MRSL standards, so that they will process only controlled materials. To date, all fabrics and linings suppliers have provided the signed Commitment and the management of the P2020 to all the technical materials, trims and supporting facilities suppliers, is growing (managed as phases of the production cycle and as semi-finished products).



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**CLEANCHAIN<sup>^</sup>**  
AN ADEC INNOVATION

## 3. GATEWAY – CHEMICAL MODULE

In order to ease the information sharing between brands, suppliers and chemical formulators, ZDHC has provided an online platform where you can find and register chemical products that are compliant with the MRSL. Pattern, through this tool, communicates to its supply chain the brands' requirements, to reduce environmental impact of fabric and materials. In this way, a trust between Pattern and the brands is created and the administrative costs are reduced along the entire value chain.

## 4. CHEM CHECK & IN CHECK

The ChemCheck is a compliance certificate released by ZDHC once the compliance of a product registered in the chemical module is verified. Through the ChemCheck we have the possibility to know which products have been verified and certified as compliant by ZDHC, avoiding the tests repetition of substances already tested, creating trust between brands and suppliers thanks to the transparency of the products information. Pattern

is registered both on the Gateway and Cleanchain portal, having the access to the registered products with the aim of understanding whether the products used in all its offices and by the suppliers are conforming to the required standard. During the supply chain assessments and audits, Pattern also verifies that all its suppliers and subcontractors that are using chemical products, are both registered on the Gateway platform, and possibly also subscribed to the Gateway, promoting registration and use towards all the supply chain (both for the production cycle phases and for semi-assembled products).

The whole of all the ChemCheck builds an inventory of all the incoming products by a specific supplier, called InCheck. It guarantees the compliance of the incoming flow, improving the quality of the brands chemical input, and, in this specific case, of Pattern.



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## B. TOOLS FOR SHARING OUTPUT INFORMATION



WASTEWATER  
STANDARDS  
LITERATURE REVIEW



WASTEWATER  
GUIDELINES



ZDHC GATEWAY  
WASTEWATER MODULE



CLEARSTREAM™

You will find listed below all the tools adopted by Pattern for the information sharing during the output phases of the production process, which describe in detail how every tool works and Pattern's active role.

### 1. WASTEWATER STANDARDS & GUIDELINES

From the collaboration with brands, suppliers, universities, testing labs, technology providers and other involved parties, ZDHC has created complete and unified standards and guidelines for wastewater. These guidelines provide a balanced series of wastewater and sludges parameters, limit values and testing methods. They help brands and suppliers to align with a unified standard for the wastewater quality. These guidelines have the main goal of going beyond the conformity to the mandatory regulations, ensuring that the wastewater discharge does not negatively impact the environment and the communities.

The conformance is calculated with two sets of parameters:

- Conventional Parameters  
The limit values for the substances in wastewater are classified in three levels: fundamental, progressive, ambitious.
- MRSL ZDHC Parameters  
In addition to the conventional list of substances, there are also those that are classified as hazardous in the MRSL by ZDHC.

Pattern involves its supply chain in the wastewater management according to the ZDHC protocol (2018). The company has built relationships with the main dye-works and finishing companies of its suppliers, and in two years, has led all this subjects to perform analyse of wastewaters twice a year according to the ZDHC deadlines (March and October) with testing houses validated by ZDHC; these samples can be tested according with the conventional parameters and the one established by MRSL ZDHC.

### 2. GATEWAY – WASTEWATER MODULE

As per the chemical module, ZDHC has provided to all the supply chain a platform to register and share data related to tests conducted on wastewater, obtained following the standard of the Wastewater Guidelines. Pattern requires its suppliers to publish the tests report about wastewater on the specific Gateway.

### 3. CLEARSTREAM REPORT

Once data on Wastewater uploaded in the platform have been revised by ZDHC, they release a certificate named Clearstream Report, which guarantees the quality of outgoing water for suppliers. Therefore, Pattern requires its suppliers to perform and provide twice a year (in February and in September), both the waters sampling test results and the Clearstream Report, once it is released by the Gateway.

After two years of implementation of the project related to wastewater quality within its supply chain, Pattern receives the Clearstream Report by 80% of its majority suppliers and follows, in partnership with them, the Root Cause Analysis (RCA), to identify the origin of possible fails and analyse the causes that led to this result, as well as to implement the corrective actions identified and, consequently, to have positive results in the next sampling round.

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## C. TOOLS FOR PROCESS ASSESSMENT AND IMPLEMENTATION



AUDIT PROTOCOL



PPT



DUE DILIGENCE CALCULATOR



ZDHC ACADEMY



TRAINING

## 1. AUDIT PROTOCOL & PARTNER PROGRESS TOOL (PPT)

By using this tool, the supply chain companies could develop a program to be implemented in each structure to assess their compliance with the environmental requirements of the regulation. Protocols are intended exclusively as a guide in this common effort, since the requirements for compliance vary according to the company assessed. Before the audits, with a view to the project P2020, Pattern hired the supply chain upstream, identifying in suppliers of fabrics and linings the element of biggest risk for its own environmental sustainability and for the supply chain's one. After doing various visits to these suppliers, Pattern has mapped supply chain and working cycles of all its suppliers, identifying the parties outside the supplier organisation who carried out potentially risky operations for the environment, such as prints, finishing or laundries. After having determined these elements, Pattern has decided to arrange for them assessments and audits as for the other parties of the supply chain. In compliance with what has been expressed for the other tools, also the audits follow the ZDHC protocol. Each assessment follows the Partner Progress Tool (PPT), the base tool for the evaluation of the supply chain. It is organized in 28 KPI (Key Progress Indicators), which include the internal implementation of the supplier, the external implementation of the supplier towards its supply chain and an area of continuous implementation. Each KPI has a different weight, according to the importance of the KPI itself:

- The “INTERNAL IMPLEMENTATION” area has 24 KPI as a reference, to which a score from 0 to 4 is assigned, that the supplier examined must have implemented within its own structure.
- The “EXTERNAL IMPLEMENTATION” area has 2 KPI as a reference, that the supplier must have implemented upstream and downstream of its structure (with its wet-process partners such as dye works, finishing, printing works, and all the wet-processes with which it collaborates as well as with all its dry-process partners, such as spinning, weaving and its raw materials and thread's suppliers).
- The “CONTINUOUS IMPROVEMENT” area has 1 KPI in which the management of cyclical process employed is assessed, together with eventual gaps, corrective actions implementing, and the fixed goals. Based on the result of each KPI, an action plan is shared with the suppliers, together with the creation of a rating for each supplier. Then, according to the business volume/value of that specific supplier on the total ordered, a priority is given to the visit frequency and plan, in addition to the score of the PPT, and to the Due Diligence that needs to be developed.

At the end of each KPI, there is a Due Diligence area to which a 0 to 30 score is assigned, based on the Due Diligence implemented by the supplier on its finished product and on the one implemented by its own partners (upstream and downstream suppliers and vendor). When all its completed, the PPT provides a numeric result combined with a colour (RED, AMBER, GREEN, BRONZE, SILVER, GOLD) that identifies how much a supplier has adopted the principles mentioned in the different KPIs. Every season every new supplier is assessed, through the PPT tool and visits to the company. The suppliers previously assessed as unsatisfactory, are re-assessed, with the aim of checking the progresses made after the last visit and after the previous action plan. At the end of 2020 Pattern has audited

more than the 90% of its textile supply chain, and among this, around the 85% has resulted very performing, with only a 15% still lacking in the application of the required protocols.

## 2. DUE-DILIGENCE & DUE-DILIGENCE CALCULATOR

The due diligence is the tool through which is underlined the test number that needs to be made and on which substances, based on the business volume/value, material type, processing and the PPT result of a certain article/supplier. For the due diligence of the raw materials, some pre-assessment criteria are used, and subsequently the Due Diligence Calculator is filled out to analyse the tests to be done on the Raw Materials. Regarding the finished product Due Diligence, every garment already in the industrialization phase is assessed, and the garment chosen for the due diligence are then communicated.

In 2018 Pattern has defined a procedure in the purchase of products compliant with the ZDHC requirements, for the internal Due Diligence implementation and for the information sharing between a Team and the other, that has shared with everybody and published in the company procedures.

Pattern is implementing its due diligence twice a season, four times a year, concentrating for the 80% on the raw materials received, mainly fabrics and linings, and for the 20% on its own finished product, therefore the garments realized, since the assembling and the sewing phases do not represent a high risk.

## 3. ZDHC ACADEMY & TRAINING

ZDHC and its affiliates are providing respectively an online platform and periodical webinars for a global training, with the aim of realizing a sustainable chemical management system and implementing the ZDHC tools in the textile, clothing, leather and footwear industries. These trainings are projected for brands, distributors, producers, policies manager and for all the other value chain involved parties. After trainings, certifications are released; Pattern's Chemical Manager has obtained the ZDHC certification in March 2019, for two main ZDHC courses: “Introduction to Chemical Management” and “Top 10 issues of Chemical Management”. There is also another tool to raise awareness around the sustainability, which is training, that could be distinguished between internal and external trainings. The Chemical Manager has the assignment of instructing the employees of its company through internal trainings periodically scheduled; in the same way some external trainings are also scheduled to the suppliers with the aim of involving all the supply chain members in the sustainable management of its own business.

# PATTERN'S CHEMICAL MANAGEMENT PROCESS



ZDHC MRSL



ZDHC PRSL



LETTERA DI COMMITMENT



VISITE AI FORNITORI  
E AUDIT MEDIANTE PPT



DUE DILIGENCE TESTING



TRAINING  
(INTERNO & ESTERNO)

Once every tool is described in detail, the procedures to reduce its environmental impact that Pattern is performing, are easily understandable.

## 1. ZDHC MRSL & PRSL, COMMITMENT LETTER & APPOINTMENT OF CHEMICAL MANAGER LETTER

Firstly, Pattern sends the Commitment Letter and the Chemical Manager Appointment Letter to its clients and to its suppliers, after having divulged them internally with its employees, affixing them in the notice board.

Pattern manages a lot of different suppliers on behalf of its clients, for fabrics and linings, trims, other materials and semi-assembled products. Some suppliers are chosen by the client while others are chosen directly by Pattern. For each supplier, at the beginning of the partnership, Pattern sends the P2020 Commitment Letters, together with the MRSL and PRSL; every supplier is required to carefully read the two lists and sign the P2020 Commitment Letter, in order to adhere to the project and to satisfy the requirements and the limitations expressed in the project, providing Pattern with a product which is compliant with the limits expressed in the PRSL. Once the Commitment Letter is signed, it is valid until any change is done on the MRSL and PRSL. Following from the release of the new MRSL on 2019 by ZDHC, on January 2020 Pattern has sent again the Commitment Letters and the new version of the MRSL v2.0. to the whole supply chain. Together with the signatures on the Commitment Letters, the Chemical Manager Appointment Letters are required. The Chemical Manager is identified by the supplier as manager of the internal implementation of the project, with all the involved offices, and externally, with its own supply chain.

## 2. VISITS AND AUDITS TO THE SUPPLIERS THROUGH THE PPT

Once having completed the sampling phase, and after the second fit meeting, when the clients requires the last production trials, an Industrialization Meeting is scheduled where all the main company roles representatives are involved (Product Development, Production, Quality Control, Purchase & Procurement, SA8000, P2020, Logistics, CAD, Technical Office) where every garment is analysed in order to underline, from the very beginning, eventual issues. Regarding the P2020, fabric,

linings and trim suppliers as well as the working phases are identified. Pattern is mapping its suppliers and the external working phases every season; to achieve that, it assesses all the PO issued to its suppliers both for fabrics and linings, both for trims and other materials which are needed for the garment construction, and for all the intermediate production phases like washings or particular garment treatments (prints, dyeing, embroidery, etc.)

The adopted criteria for the most important suppliers' assessment and for the subsequent division into priorities both for visits and assessments to be scheduled are listed below:

- Identification of the most important suppliers in terms of volumes and purchase value.
- Identification of eventual new suppliers or products.
- Identification of the products that are going to undergo intermediate workings to new suppliers.
- Identification of particularly hazardous workings by the chemical process and employed products points of view.
- Identification of the suppliers that has received an unsatisfactory PPT level (RED, AMBER).
- Identification of the suppliers that, even though they have received a satisfactory result (GREEN, BRONZE, SILVER OR GOLD), they have not been assessed for more than a year.

Once the most important suppliers of Pattern's business are identified, together with the new ones and those who have not previously been assessed or have been assessed as unsatisfactory, a priority of visit/assessment/audit is established.

## 3. DUE DILIGENCE TESTING (RAW MATERIALS & FINISHED GOODS)

In 2018, Pattern defined a procedure for the purchase of products compliant with the ZDHC requirements, for the implementation of the internal due diligence and for the information flow between a Team and the other, that has shared with everybody and published in its company procedures.



Pattern is implementing its due diligence twice a season, four times a year, concentrating for the 80% on the raw materials received, mainly fabrics and linings, and for the 20% on its own finished product, the garments realized, since the assembling and the sewing phases do not represent a high risk.

For the due diligence of the raw materials the following pre-assessment criteria are used, and subsequently, the Due Diligence Calculator is filled out to analyse the tests that need to be made:

- All the test conducted by the supplier for the shipments (mandatory) and to conduct its risk analysis (due diligence) according to the ZDHC protocol are assessed and inserted in a template.
- According to the volume, value and result of the PPT, the main suppliers are mapped, and the most important articles are selected.
- For each bulk fabric, a sample of 20cm of fabric is cut and inspected together with the technical sheets.
- The previous season/year tests are reviewed for continuous articles to evaluate if the test had been already done and if the result was positive. Normally, the tests for continuous products are not made if the result from the previous year was “pass”.

Regarding the finished product Due Diligence, every garment already in the industrialization phase is assessed, and the garments chosen for the due diligence are then communicated.

Normally, the classification criteria are the following:

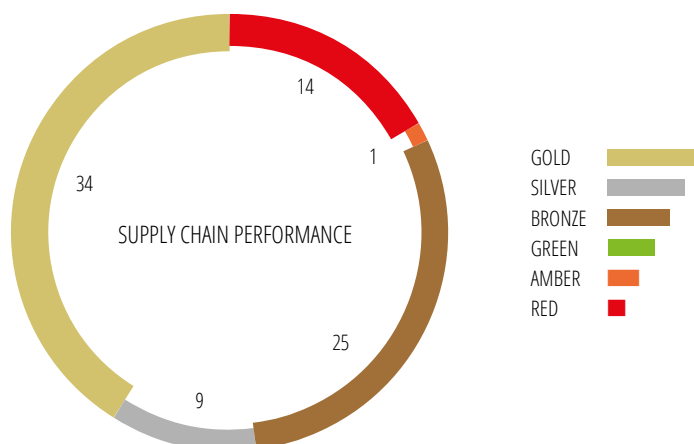
- Garments that have undergone sub-workings after having received the raw materials, in addition to the normal assembling and sewing phases (washing, dying, embroideries, paintings, prints etc.).
- Garments that contain many materials considered hazardous (metal trims, rubber or leather patches, mix of fabrics with composition in nylon, polyurethane, leather, dyed or printed fabrics).

#### 4. TRAINING (INTERNAL AND EXTERNAL)

Training is a fundamental part of a correct Chemical Management and it should be performed both internally and externally, towards its supply chain upstream and downstream. Firstly, the Chemical Manager of each company should be trained through specific courses proposed by ZDHC or its affiliates (UL, Process Factory and others). Once the CM has obtained a certification, he/she must train his/her colleagues within the company, orienting the training content to the different Teams involved in the management process of Purchasing, Production, Product Development, Logistic, Management Team, by using the materials given by ZDHC.

Pattern organises its trainings to cover eventual changes to the methodologies, RSL, news by ZDHC; the trainings are documented by a register with the date, title, presence list, signatures of the participants, and the material used for the training. The company executes training

In 2019, Pattern was able to implement all the chemical management process phases above described, that had been assessed through audit with PPT, among the 83% of its suppliers, improving the score obtained in 2018 by many of its suppliers and increasing the number of the assessed suppliers. The largest part of the assessed suppliers has reached an implementation level from green to gold while just a few have a level amber or red.

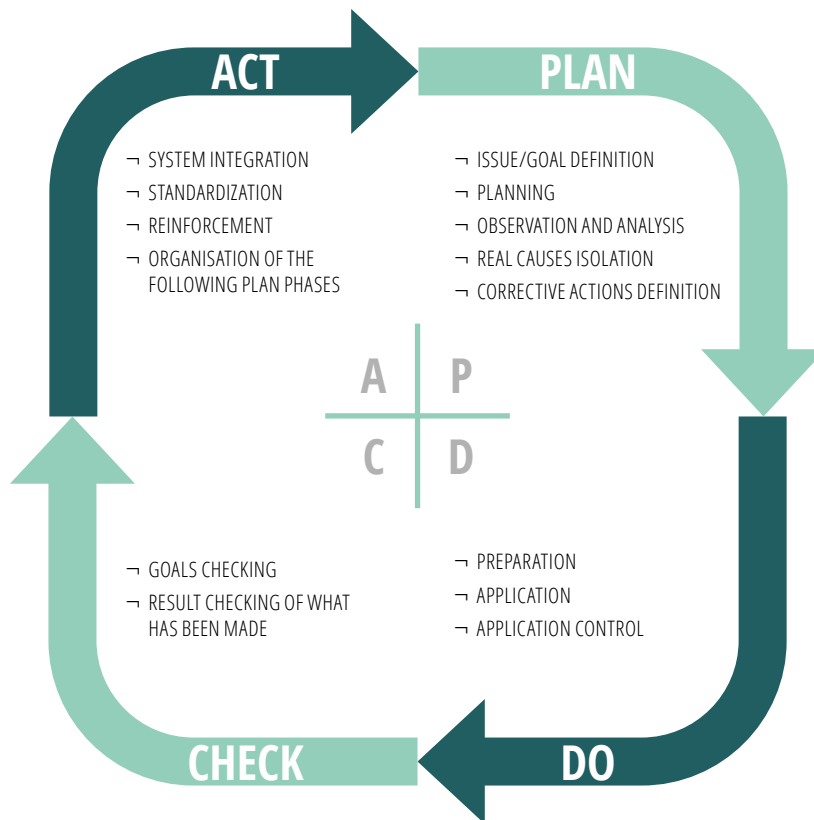


twice a year in every location (Turin and Spello) to ensure that all the personnel has been involved and engaged and keeps up with the recent actions as a Group and the results obtained.

The training must be executed also within the supply chain, in the same way, both internally and towards the suppliers; Pattern is always available to support its suppliers, in the eventuality that they would not be able to manage the first trainings, to explain the whole management process, structuring with them a correct training methodology. Furthermore, during the assessments and the audits to the suppliers, Pattern also verifies that the internal and external training had been effectively made by their suppliers and that all the required documentation is provided.

## 5. CONTINUOUS IMPROVEMENT

The chemical management process needs to be periodically reviewed in view of a continuous improvement and needs to be adequate to the recent changes of the standard, following the strategies of Continuous Improvement. Between the models used for this goal, the one that better conjugates the necessities of a Chemical Management System is the so called Plan-Do-Check-Act (PDCA); in this way every chemical management system goes through four cyclical phases: planning, application, control and implementation.



Following from the application and the control of the chemical management system Pattern has the chance to identify eventual gaps, issues in the system and intervention areas; therefore, once the intervention areas have been highlighted, Pattern proceeds with the implementation of the weak areas with corrective actions or adjustments caused by the modernization of the reference standard.

This leads to a re-planification of the chemical management system and to a new and performing application; the cyclicity of this process transforms the CMS in a document which is constantly updated, responding to the most recent necessities of the sustainable development.

# TRANSPARENCY AND COOPERATION

Transparency and cooperation are two non-negligible elements of every chemical management system within the supply chain. The data transparency and its sharing on platforms like Gateway eases and simplifies different procedures related to the materials and waste, helping companies to have traceability of raw material and products and in the mapping of all the supply chain components. As we saw, the use of a common protocol and unified tools is fundamental to reach the common goals for the environmental impact reduction. A productive cooperation allows a bigger positive impact: thanks to a constant dialogue between the different actors of the supply chain, the implementation of the best-practices in the chemical management system is favoured. This aspect is really important downstream the supply chain, where the cooperation with brands or vendors is reflected with a certain influence on the supply chain actors upstream, like suppliers, sub-suppliers and chemical producers, bringing a noticeable impact on the entire sector.

To collect the results of this principles, a concrete commitment from the supply chain components is needed, which takes place through training and debates opportunities, working group and activities organised directly from the supply chain. The involvement is not everything: harmonization of the procedures that leads to the application of the best-practices is necessary, allowing measurable and shared goals' achievement with the best standards.

One of the results of the supply chain cooperation was the first vendor community meeting which took place in 2017 and was then scheduled

three-four times a year. Every vendor with common enquiries by the chemical point of view from the different brands gathered in a "Chemical Management Community" with the following objectives:

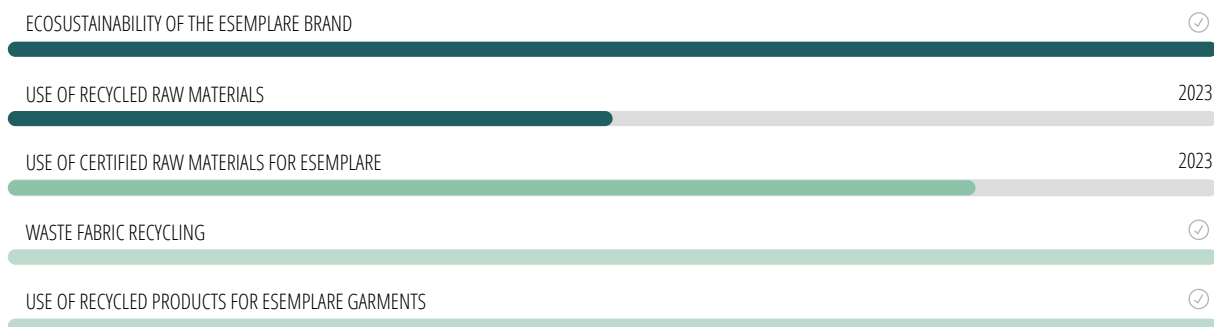
- Ease the sharing of ideas, tools and common issues.
- Work with the same methodologies with many suppliers and sub-suppliers in common, so that being a united front supporting the supply chain upstream is fundamental for all the institutions involved.
- Organizing meetings every 3-4 months between all the vendors to stimulate new projects, arranging a common visits' calendar, realizing forums and trainings established by the client or by external institutions (such as ZDHC and its certificate affiliates).
- Identify skills or specific topics, such as Due Diligence, Gateway, PPT, in which a Chemical Manager could be "The Champion", becoming the community reference person for a particular topic.
- Have a common action plan at the end of each meeting with issues to be presented to brands, proposing solutions or alternatives, presenting a series of actions to be implemented or improved with a deadline for the next meeting.

Since January 2019, Pattern has been Champion for the fabric supply chain regarding the PPT and the onboarding of new vendors, suppliers and sub-suppliers; in November 2019 has been appointed Champion for the new Water Conservation project.

# CIRCULAR ECONOMY & REVALUE WASTE

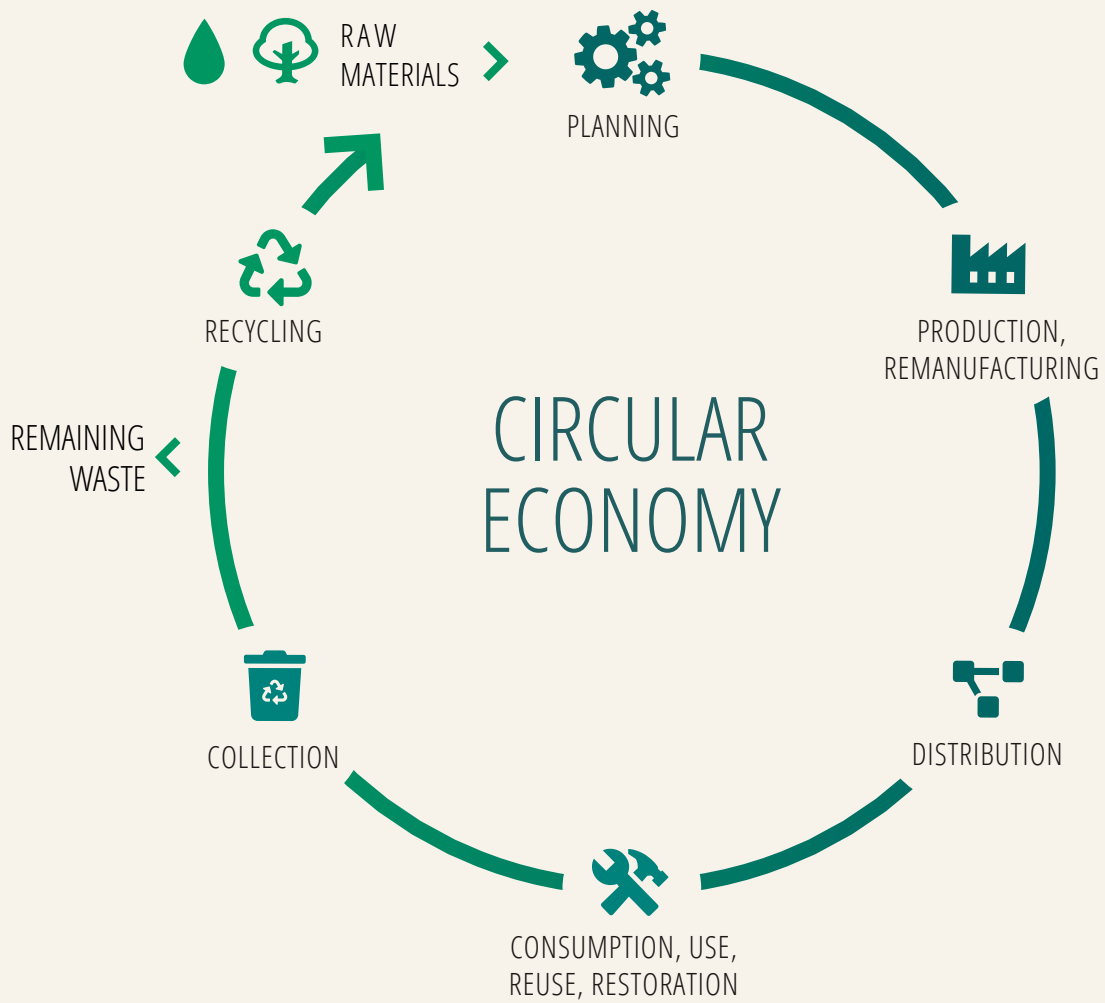
The third goal of Pattern is the implementation of a circular economy system. At the base of this new economic system there is a paradigm change regarding the waste definition: if in the linear economy the waste was considered only as a scrap, now the products' components are formerly projected to adapt within a material cycle, where they will have a prominent role also after their obsolescence. In contrast with the less sensitive fast fashion' strategies, the application of the circular economy concept to the luxury fashion world allows the control and waste reduction, by transforming the waste in recycled materials to reinsert in the production cycle.

UPDATED TO 31/12/2020



This new economic policy addressed to sustainability has been the background of the value chain of the product of the brand ESEMPLE since its acquisition from Pattern in 2014. The main goal of ESEMPLE is the creation of innovative and sustainable garments, realized with a zero impact on the environment, keeping in mind recycling and regeneration processes. In addition to the elimination OF every hazardous chemical substance mentioned in the ZDHC MRSL and PRSL,

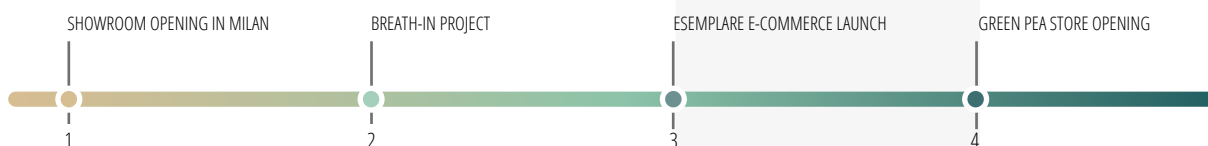
ESEMPLE is committed in the everyday research of new technologies and materials to reach the best performances in every climate condition and environmental stress situation, making each garment a unique experience, thus having an enormous competitive advantage. The results obtained in 2020 are explicative of the ESEMPLE success in the application of the circular economy principles.





# ESEMPLE

## THE STAGES OF ESEMPLE IN 2020



ESEMPLE was born and developed with a strong and clear identity: women and men outerwear garments, that combine the most advanced technologies and the attention to environmental sustainability with an essential style, characterized by the iconic upside-down Y construction of the yoke. The ESEMPLE collections, as the result of continuous research and experimentation, are drawn, engineered, and developed exclusively in Italy.

The sustainability values are not only defining the finished products but are animating all our employees and find application on our daily work. The brand's policy and its inclination to a concrete revolution of the actual fashion world's strategies, in favour of eco sustainable practices, could be described in the following principles applied by ESEMPLE.

- Sustainable Design: we are inspired by concept of modularity, versatility and adaptability and we develop garments that could be constantly updated, durable and repairable.
- Research and Development: "Innovation for regeneration" is the direction that guides us towards ESEMPLE's future. We study, develop and engineer new technologies, materials and fabrics that ensure high-level performances, without drawing pure raw materials.
- Production: we use a certified supply chain who respectfully share our approach and ethics.
- Procurement: we use eco-sustainable Italian fabrics, reconciling tradition and innovation.
- Recycle and regeneration: our main goal is to "make more and better with less". We control and reduce waste. We use, regenerate, and recycle the materials employed in the production process, giving value to the waste.

→ Energetic efficiency: we deploy renewable and certificated energy sources, paying particular attention into the efficient use, minimizing resources' waste.

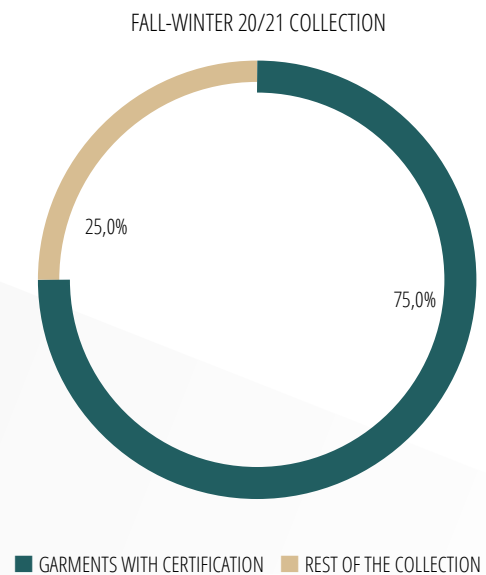
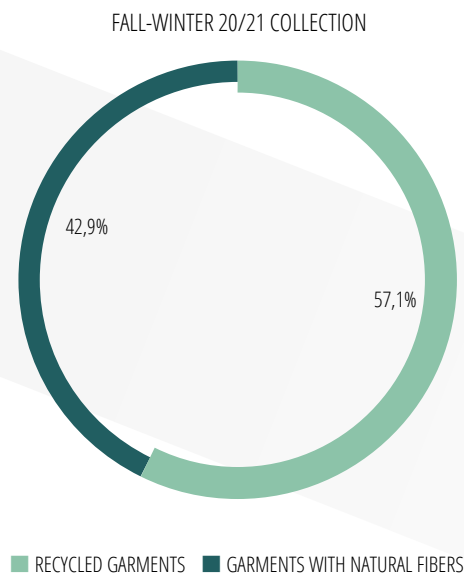
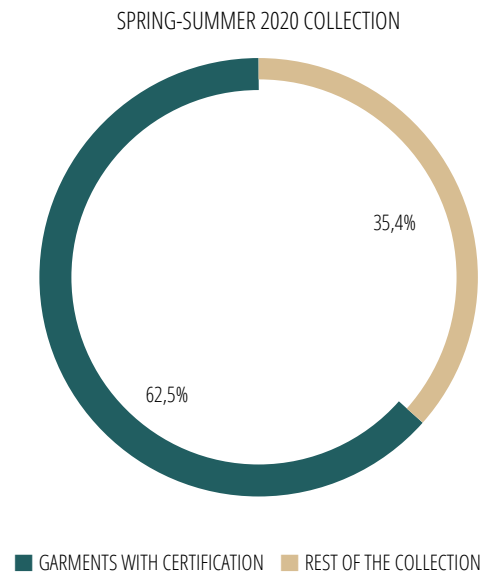
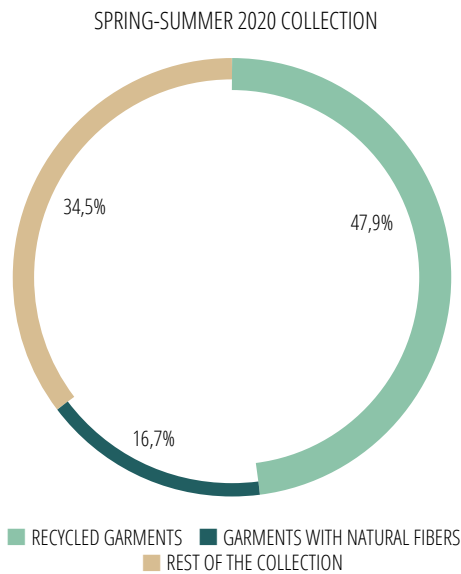
→ Hydric efficiency: our wastewater treatment system is carefully projected. Therefore, we conduct careful controls of process and chemical management, following the standards that goes beyond the low conformity, in order to reduce the chemical pollutants, both physical and biological.

→ Employees training: we want to increase the consciousness level of our partners to ensure that the resources available are always used with attention and awareness.

The goals and ways with which ESEMPLE wants to be sustainable are aligned with those of Pattern, from which inherits the SA8000 Social Accountability certification and the adaption to the ZDHC international protocol; ESEMPLE shares with Pattern the same Chemical Management System.

Responsible decisions are taken on every aspect, starting from the company's structures and infrastructures projecting.

Nevertheless, the commitment in the field of sustainability is not only concentrated in infrastructures but also on the research of new ecological materials: since 2015, ESEMPLE stopped using fur or goose down in the new collections, and to substitute the technical necessities of those materials has developed a new quilting called Thermore Ecodown; this material, made of 100% recycled fibres, allows the reuse of 10 plastic bottles for a single garment production. Naturally, also the garment's materials exposed to the weather is realized with ecological material, a nylon re-pet obtained from the recycling of PET bottles.



Finally, ESEMPLARE has continued its commitment of the previous year in the third macro-area in the sustainability field: the circular economy. As previously underlined, we could summarise the main progresses in the following points: 26% of garments were made by using natural fibers and 51% using recycled materials; this was possible thanks to the use of the above-mentioned materials Thermore Ecodown and nylon re-pet.

# ESEMPLARE INAUGURATES ITS FIRST FLAGSHIP STORE IN TURIN WITHIN GREEN PEA



In December 2020 ESEMPLARE inaugurates its first flagship store within Green Pea, a Green Retail Park dedicated to Sustainability.

ESEMPLARE, a unique brand thanks to the combination of a truly sustainable approach and mind-set with a performing urban product, is perfectly integrated into the main concept of Green Pea: to consume in harmony with Nature and, at the same time, to produce according to the principles of beauty and authenticity of the Made in Italy.

Perfectly integrated into the architecture of Green Pea, that is modern and sustainable in every detail, the ESEMPLARE store, 54m<sup>2</sup> located on the second floor, is designed as an open space that breathes and allows to breathe.

In fact, inside the store, ESEMPLARE presents the project “La Fabbrica dell’Aria” by Stefano Mancuso and PNAT, an indoor greenhouse with an innovative air purification system through plants. Thanks to its technology, “La Fabbrica dell’Aria” uses and improves the ability of plants to effectively absorb and degrade atmospheric pollutants.

*“We believe that the opening of Green Pea, in this time of great changes, represents an example of courage for all Turin and Italian entrepreneurs. As an Italian and Turin based brand, we are proud to be part of this and to inaugurate our first flagship store in this context.”*

*Fulvio Botto and Francesco Martorella*







PNAT  
INSPIRED  
BY PLANTS  
FABRICA  
DELL'ARIA  
powered by STOMATA









## ESEMPLARE REVEALS THE B-IN PROJECT



In 2020 ESEMPLARE launched the 'Breath-in' project, an acronym for breath-integrated, the innovative technology used as an expression of a new concept of clothing that allows to live one's own city in safety every day.

The project is based on the combination of technology and sustainability and it uses the 4way stretch fabric, which is currently found exclusively in sports due to its high technical content, thanks to the antibacterial treatment, the sunblock system for UV protection and water resistant properties.

This fabric is part of the 'Sensitive Eco' system, a synonym of sustainability in processes, where each phase of the production cycle is closely tracked to reduce the use of water, energy, chemicals and waste. The products incorporate a sustainable philosophy being designed to last over time thanks to the characteristics of non-deformability, abrasion resistance, anti-crease and anti-peeling.

The collection consists of four modular and genderless models, two softshell, a ski mask/ secondskin and a mask made with certified material to guarantee the highest level of protection which is tested for its antibacterial properties and which represents an effective barrier to smog, smoke, pollen, mites.

This state-of-the-art raincoat, which is available from June 2020 on our e-commerce, is the first prototype designed with a highly innovative respiratory protection system, as it is fully integrated into the hood, which hold a totally renewable filtration device.

*"Evolution and responsiveness have always been essential characteristics of ESEMPLARE and it is this attention to change that has allowed us to think of a new, broader interpretation of the idea of protection. Something has changed, more and more consumers are developing a critical approach to the purchasing process, supporting companies concretely committed to improving the conditions of our planet... Because this is the true legacy we leave to our children".*

Fulvio Botto

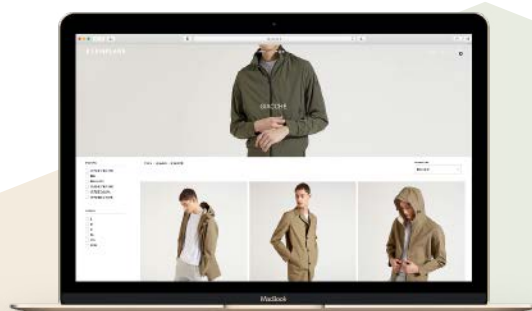
# ESEMPLARE LAUNCHES THE BRAND'S FIRST E-COMMERCE

In September 2020 ESEMPLARE launched the brand's first direct e-shop.

This project aims to activate a real 360-degree digital platform that allows, in addition to worldwide sales, a direct communication with consumers and a user-friendly experience, which has now become essential.

*"A project that marks a turning point and a further step forward in the brand's growth path, a path we strongly believe in"*

Fulvio Botto and Francesco Martorella





# GLOSSARY

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SUSTAINABLE MANUFACTURING	TRACK & TRACE PROCEDURE
ZDHC (Zero Discharge Hazardous Chemicals)	RCA (Root Cause Analysis)
MRS� (Material Restricted Sustances List)	CHEMICAL INVENTORY
PRSL (Product Restricted Sustances List)	CHEMICAL MODULE
PPT (Partner Progress Tool)	ZDHC GATEWAY
KPI (Key Performance Indicators)	CHEM CHECK
COMMITMENT LETTER	IN CHECK
CMS (Chemical Management System)	WASTEWATER GUIDELINES
DD RM (Due Diligence Raw Materials)	WASTEWATER MODULE
DD FG (Due Diligence Finished Goods)	CLEARSTREAM
INPUT	TRAINING ACADEMY
PROCESS	HR MANAGER (Human Resources)
OUTPUT	CRS MANAGER (Corporate Social Responsibility)

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# PATTERN GROUP CERTIFICATION



CERTIFICATION	SCOPE	ISSUED
SA 8000 – by CISE SAI (Social Accountability International)  ● ●	<ul style="list-style-type: none"> <li>- Encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace.</li> <li>- Respect for human rights, respect for workers' rights, protection against exploitation of minors, safety and health guarantees in the workplace.</li> </ul>	Since 2013 Latest 3/29/19 Renewal date 4/3/22
CleanChain – Adec Innovation  ● ●	<ul style="list-style-type: none"> <li>- Helps gain visibility and insights into the chemical use in supply chain.</li> <li>- It automates the complex tasks of tracking, managing and reporting compliance with Manufacturing Restricted Substance Lists (MRSLs) and Restricted Substances Lists (RSLs).</li> </ul>	Early 2019
Graduated ELITE Company by Italian stock exchange  ● ●	<ul style="list-style-type: none"> <li>- The prestigious "ELITE Company" certification is issued by Borsa Italiana and reserved for companies with high growth potential.</li> <li>- Aims to support "excellent" SMEs in the realization of their growth project.</li> </ul>	10/01/18, after completing the Programme
UNFCCC's Fashion for Global Climate Action  ● ●	<ul style="list-style-type: none"> <li>- First Italian company to join the initiative as a signatory to the Fashion Industry Charter for Climate Action.</li> <li>- The Fashion for Global Climate Action initiative calls on the Fashion industry to acknowledge the contribution of the sector to climate change and our responsibility to strive towards climate neutrality for a safer planet.</li> </ul>	07/22/2019
ESG rating with CDP  ● ● ●	<ul style="list-style-type: none"> <li>- By scoring businesses from A to D-, CDP takes organizations on a journey through disclosure to awareness, management, and finally to leadership.</li> <li>- Focused on GHG emissions, the score rates the environmental performance in terms of governance and economic sustainability on Scope 1, 2 and 3 emissions, by using KPIs.</li> </ul>	Reporting on Climate Change score: D Supplier Engagement Rating: C
Responsible Down Standard (RDS) by ICEA  ●	<ul style="list-style-type: none"> <li>- Certifies products that contain feathers and down from certified farms.</li> <li>- The scope of the RDS shall include the entire supply chain of waterfowl down, from hatching, slaughter, assembly of the final products, and to final trading with retailers, without geographical limitation.</li> </ul>	08/08/2019
Global Recycle Standard (GRS) by ICEA  ●	<ul style="list-style-type: none"> <li>- Aims to help reduce the consumption of resources (virgin raw materials, water and energy) and increase the quality of recycled products. The GRS provides for the release of an environmental declaration verified by a third party which proves the content of recycled materials of their products (both intermediate and finished) and the compliance with environmental and social criteria in all the production chain.</li> </ul>	In progress
Sustainability Report (GRI Standards)  ● ●	<ul style="list-style-type: none"> <li>- This Report has been drafted following the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative). Particularly, we have applied the Content Reporting Principles (Stakeholder Inclusiveness, Sustainability context, Materiality, Completeness) and the information quality (Balance, Comparability, Accuracy, Timeliness, Clarity, Reliability).</li> </ul>	Yearly, since 2015

- Goal 5: Gender Equality
- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation
- Goal 12: Ensure sustainable consumption and production patterns

# PATTERN GROUP INITIATIVES AND PROJECTS



INITIATIVE OR PROJECT	SCOPE	ISSUED
<p>"From Red to Green Carpet" Project – 2023 with the adoption of United Nations SDGs</p> <p>• • • •</p>	<ul style="list-style-type: none"> <li>- Being Carbon Neutral within 2023.</li> <li>- Improving social sustainability to ensure a quality work environment and economic sustainability, in order to ensure a continuous growth using certified and quality raw materials.</li> <li>- Improving Circular Economy, with focus on Esemplare, but also in everyday work, revaluing and reducing wastes.</li> <li>- 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.</li> </ul>	<p>Started in 2019 Target year: 2023</p>
<p>Recycling fabric scraps and raw materials with Green Line srl</p> <p>•</p>	<ul style="list-style-type: none"> <li>- Improves the Circular Economy.</li> <li>- Green Line takes all the waste fabric from Pattern and provides accurate selection and storage of the fabric and depending on the type of material, sends it to companies able to process the raw material and create a new one.</li> </ul>	<p>Start: 10/01/2019.</p>
<p>CSR - Corporate Social Responsibility</p> <p>• •</p>	<ul style="list-style-type: none"> <li>- Goes beyond compliance with legal requirements, focused on obtaining results that can bring benefits and advantages to itself and to the context in which it operates. Particular attention is paid to relations with its stakeholders.</li> <li>- Aims to reconcile the economic goals with the social and environmental objectives of the reference area, with a view to future sustainability.</li> </ul>	<p>Since 2013</p>
<p>P2020 and ZDHC protocol adoption</p> <p>• •</p>	<ul style="list-style-type: none"> <li>- Aims at eliminating the substances deemed to be toxic or harmful by the main international standards.</li> <li>- The reference standard is represented by the ZDHC: Zero Discharge Hazardous Chemicals.</li> </ul>	<p>Started in 2015</p>
<p>Company newsletter</p>	<ul style="list-style-type: none"> <li>- This newsletter aims to inform all Pattern S.p.A. employees about all the sustainable initiatives, projects and certifications the company is working on.</li> </ul>	<p>Scheduled every 6 months and aligned with Pitti Uomo, for Esemplare</p>

- Goal 5: Gender Equality
- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation
- Goal 12: Ensure sustainable consumption and production patterns



## THANKS FOR HAVING SPENT YOUR TIME READING THIS REPORT

To ask for any clarification with regard  
to the Social Responsibility policies of Pattern S.p.A.  
and to the information contained in the Sustainability Report  
please write to the following e-mail address:  
[pattern@pattern.it](mailto:pattern@pattern.it)



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