



NON-FINANCIAL
CONSOLIDATED STATEMENT 2019
pursuant to Italian Leg. Decree 254/2016

Sustainability Report



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LETTER TO THE STAKEHOLDERS

GRI 102-14

The CSP International Group **contributes to an ethical and responsible form of fashion**, founded on research and innovation targeting long-term value for all Stakeholders and consumers increasingly oriented to innovative and "eco-sustainable" products.

CSP International defines its own growth path highlighting the **strong bond with the territory**, investing in **innovation to improve the industrial process** and make it more sustainable, from metal free dye treatments to the purification of industrial waste.

Fully acknowledging the importance of the **supply chain**, CSP focuses on engagement projects with its suppliers aimed at collaborating solely with the most distinguished excellencies, consistent with its business model with regard to the organic, regenerated or recycled yarns used, and metal free dyes- both for all other eco-sustainable and recycled packaging materials.

CSP international has set itself the goal of **creating durable safe products** which, even when used and reused, maintain their characteristics, focusing therefore on informed and **not fast-buy** purchasing policies, ensuring products that are recognisable thanks to their exemplary quality.

CSP International comprehensively implements the "**full digital strategy**" model, from its channels of communication to the digital based reorganisation and the adoption of an integrated platform that promotes management of the entire life cycle of a product. Strategic investment is focused on the B2B segment for the collection of orders based on User Experience principles in order to maximise the performance of sales and Customer satisfaction.

2019 was once again characterised by an adverse market environment that prevented CSP from achieving the levels of equilibrium envisaged by the restructuring process adopted by CSP in recent years.

As of February 2020, the international scenario was further aggravated by the global **COVID-19** pandemic, but the Group promptly put in place measures to manage the difficulties, first and foremost to safeguard the health and safety of all employees and collaborators, focusing on the stability and streamlining of the collections that must be durable and of superior quality, responding to the actual demands of consumers.

With this context in mind, we are proud to introduce the third edition of the Non-Financial Statement and the important results we have achieved, whilst fully aware of the further steps forward we need to take to respond in an increasingly timely manner to the demands of our Stakeholders.

Maria Grazia Bertoni

Chairman of the Board
of Directors
CEO

Francesco Bertoni

CEO

Carlo Bertoni

CEO

SIGNIFICANT EVENTS THAT OCCURRED AFTER THE END OF THE YEAR: THE COVID-19 EMERGENCY

| GRI 102-15

Since March 2020, the CSP Group has been resolutely engaged in dealing with the serious repercussions arising from the Covid-19 pandemic, which has drastically reduced the levels of consumption and business activities.

As a result of the health emergency declared by the World Health Organization in relation to the epidemiological evolution of Covid-19 and the progressive contagion that has spread throughout Italy, CSP has addressed the problems caused by the onset and subsequent spread of the Covid-19 virus, ramping up safety measures aimed at containing the risk of contagion enacted by the provisions enforced by the competent authorities.

At the date of the approval of this document, CSP considers it has put in place appropriate measures and initiatives to mitigate the effects of the emergency.

Business continuity and scenario

Given the fact that global health emergency situation caused by the effects of the virus is still evolving, and pending the resumption of business activities, it is fairly impossible to carry out accurate forecasts on the quantitative impacts on the business of the Group. The general economic situation is equally worrying and the possible consequences include a general slowdown in the global economy; today it is certainly possible to predict significant repercussions in the national economies of the Countries most affected by the pandemic, including ours. In such a context, and for the purposes of the annual financial statements, the Board of Directors has approved the revision of the 2020-2024 Business Plan, which confirms the current guidelines, but has also introduced emergency measures to tackle the situation, including the first estimates of the potential impact of the current outbreak and spread of Covid-19. This circumstance is extraordinary by nature and extension, and will have direct and indirect repercussions on the economic activity, generating a level of overall uncertainty, the evolution and effects of which are not yet fully predictable.

Health and safety of employees

The risk of contagion of the coronavirus is an exogenous risk, pursuant to the scope of the activities carried out by CSP and documented in the RAD: it is a biological risk which is not directly connected to CSP's own activities.

In this sense, and also taking into account the guidelines provided by the different regional health authorities, the risk of COVID-19 for CSP employees overlaps that of the general population.

Given the spread of the coronavirus infection, CSP has adopted the following emergency measures:

- adoption of a corporate policy oriented on maximum caution and maximum health protection;
- immediate application of teleworking by all employees whose job/task are compatible with smart working;
- consistent monitoring and timely application of the national and regional regulations enacted to combat the pandemic;
- adoption, application and updating of an anti-contagion protocol to be enforced for the protection of personnel working on site

Communication with Stakeholders

CSP has maintained active communication with its Stakeholders, using a number of different channels

COVID-19: risk and sustainability analysis

There are many factors linked to the different dimensions of sustainability that can boost the onset of the pandemic risk: travel and movement on an international scale, the progressive urbanisation and contextual growth of population density, deforestation, migrations caused by conflicts and disasters, climate change and the relative loss of biodiversity and, last but not least, changes in disease transmission models.

In the circumstances described, the examination and assessment of the business risk profiles are affected in a highly significant manner.

There are many different types of impact generated and incurred.

Among these: a) modification of the market scenario and economic-financial consequences; b) control model and the organization of the operating model; c) cybersecurity and privacy (potential changes in access to ICT systems to enable the workforce to operate remotely); c) management policies for human resources and operating modes (Smart Working); (d) the health and safety of workers; e) supply chain profile and management.

Organizations that have defined and applied adequate systems, policies and risk management models are able to mitigate the impact of events such as the one in question.

A strategy that integrates sustainability and the consequent policies in its business model is believed to also be able to limit the probability of the risk occurring.

HIGHLIGHTS – SUMMARY DATA

	Units of measure	2017	2018	2019
Economic-financial results and Distributed value				
Sales revenue	millions of €	119.6	111.5	108.6
Distributed economic value	millions of €	118.3	113.6	108.4
Investments in Research and Development	millions of €	2.4	2.9	1.6
Value of local supplies	millions of €	N/A	17.1	17.1
Governance				
Management systems	Integrated Environment, Health and Safety management system ISO 14001 – ISO 45001			
Legality Rating	Three stars (maximum rating)			
The Customer - Product quality, safety and sustainability				
Environmental Product Certification	Oeko-Tex® Confidence in Textiles - Standard 100 (Italy – France)			
	Mark Origine France Garantie®			
Redemption positive Oroblù brand (<i>Gold company feedaty</i>)		N/A	98%	98%
Cases of non-compliance with product health and safety regulations		none	none	none
Positive feedback from Italian mass market brands (Lepel Cagi and Sanpellegrino)	%	N/A	N/A	98%
Human Resources				
Employees	Number	846	807	750
Gender equality: % of female employees	%	65.6%	65.4%	64.3%
Employees per geographical area – Italy	Number	410	393	362
Employees per geographical area – France	Number	436	414	388
Serious accidents	Number	none	none	none
The Environment				
Energy – Direct consumption	MegaJoule	148,573,416	133,781,017	126,976,861
Emissions	t CO2e	9-104	8,284	7,791
Water – Withdrawals	Mega litres	273	249	270
Water drawn from wells	%	86.4%	86.2%	87.6%

PRESENTATION OF NON-FINANCIAL STATEMENT - METHODOLOGICAL NOTE

GRI 102-45 GRI 102-46 GRI 102-48 GRI 102-49 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-54

The Non-Financial Statement (hereinafter also referred to as “Non-Financial Statement or “NFS”) of CSP International Fashion Group S.p.A. and of its subsidiaries (hereinafter also referred to as ‘CSP’ or the ‘Group’ or the ‘CSP Group’) was drawn up in compliance with articles 3 and 4 of Leg. Decree 254/2016 (hereinafter also referred to as “Decree”), implementing Directive 2014/95/EU, and contains information on environmental and social topics, employees, respect for human rights and anti-corruption, useful for ensuring proper understanding of the activities carried out by the CSP Group, its performance trend, its results and the impact of its activities.

The Non-Financial Statement pertains to the 2019 period and was drawn up according to the methodologies and principles set out in the *GRI Sustainability Reporting Standards (In accordance – core option)*, defined by the *Global Reporting Initiative (“GRI Standards”)*. It should be noted that, as indicated more specifically in the relative chapters, starting from this NFR the GRI 303 (Water and Effluents) updated in 2018 was adopted earlier on, while the GRI 403 (Occupational Health and Safety), which was also updated in 2018, will be adopted from the 2020 reporting, deadline for its mandatory application.

The general principles applied during drafting of the Non-Financial Statement are the ones established by the GRI Standards: materiality, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability, clarity. The performance indicators used are the ones provided for by the adopted reporting standards, and are representative of the various sustainability areas and consistent with the activity carried out and the impacts of said activity. In particular, these indicators were chosen on the basis of the materiality analysis and of the topics referenced by Leg. 254/2016. In the various sections of the Non-Financial Statement, quantitative information for which we resorted to estimates is duly provided.

The reporting scope of the qualitative and quantitative data contained in the Non-Financial Consolidated Statement of CSP refers to the performance of the Parent company CSP International Fashion Group S.p.A. and of its subsidiaries, fully consolidated, as resulting from the Consolidated Financial Statements of CSP Group as at 31 December 2019, with the only exclusion being Orobù USA and Orobù Germany Companies as regards environmental and social topics, due to the absence of employees and production units.

For the purpose of allowing a comparison of data over time and the evaluation of the trend of CSP's activities, comparative data pertaining to the three previous periods were included, if available.

The Non-Financial Statement contains a summary of the information pertaining to the various areas covered (GRI Content Index), so as to allow traceability of the indicators and of the other quantitative and qualitative information presented in the document.

The drafting process of the Non-Financial Statement saw the involvement of the heads of the various functions of CSP.

This document was approved by the Board of Directors of CSP International Fashion Group S.p.A. on 27 April 2020 and, according to the provisions of Leg. 254/2016, it was audited by the designated auditing firm PricewaterhouseCoopers S.p.A. based on the principles and indications contained in ISAE3000 (International Standard on Assurance Engagements 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). PricewaterhouseCoopers S.p.A. is also the firm assigned the task of conducting a legal audit of the Consolidated Financial Statements of the CSP Group.

The Non-Financial Statement is published on the Company website at the address cspinternational.it.

To request additional information, please contact: sostenibilita@cspinternational.it.



CSP - STRATEGY AND SUSTAINABILITY

CSP INTERNATIONAL

GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-5 GRI 102-6 GRI 102-7 GRI 102-10

CSP operates in the production and distribution of socks, hosiery, corsetry, underwear and knitwear, fashion and beachwear. The CSP Group was founded in 1973 in Ceresara, (Mantua - Italy), in the geographical area of Europe's most important industrial hosiery district. The headquarters of the Parent company CSP International S.p.A. is located in Ceresara.

CSP Group International produces and distributes hosiery, underwear, beachwear and innovative and top-quality clothing throughout the world.

The bases



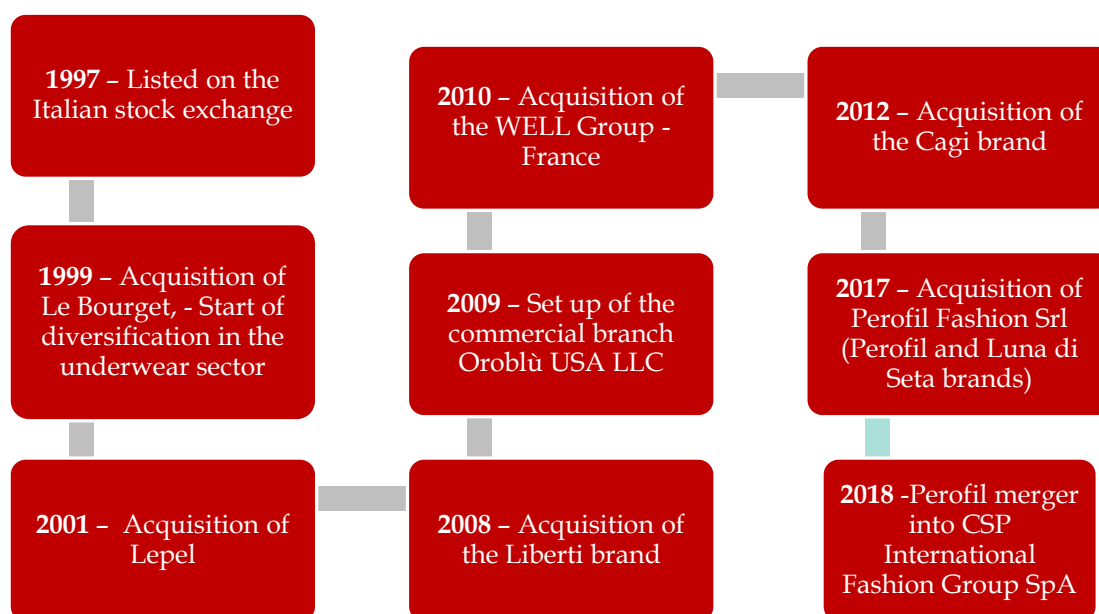
The CSP Group



The Group's subsidiaries, headquartered in the U.S. and in Germany, carry out commercial activities only.

The history

Since its founding in 1973, CSP has carried out several acquisitions with the aim of strengthening its competitive position, including through a diversification process, despite the particularly complex market scenario.

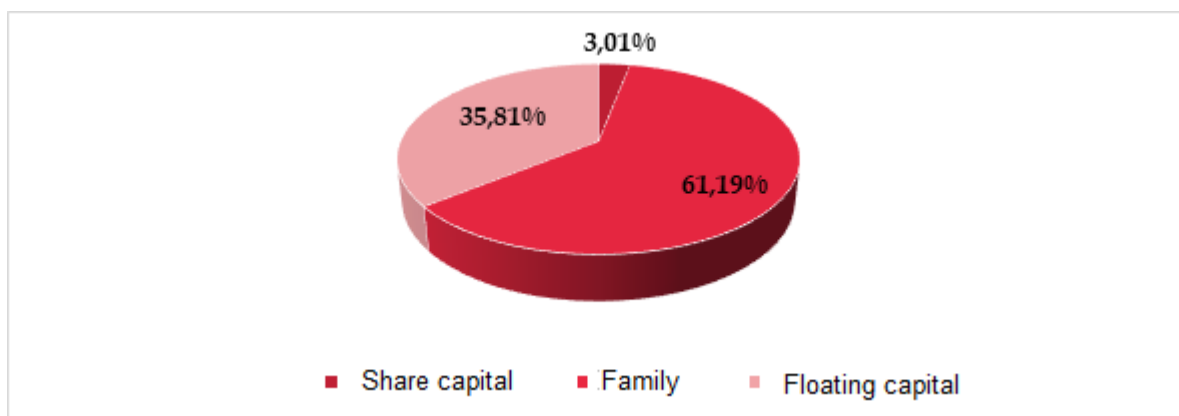


Company size

The Group generated revenues of Euro 108.6 million in 2019 and has a workforce of 750 employees at its Italian and French facilities. The tables show the breakdown of revenue by area of activity and by geographical area of destination

CSP's revenue by area of activity (Amounts in millions of €)	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
Hosiery	76.8	64.2%	65.8	59.0%	65.05	59.9%
Underwear and knitwear	17.1	14.3%	21.1	18.9%	19.59	18.0%
Corsetry and beachwear	25.7	21.5%	24.6	22.1%	23.99	22.1%
Total	119.6	100%	111.5	100%	108.6	100.0%
CSP's revenue by geographical area (Amounts in millions of €)	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
Italy	35.3	29.5%	35.4	31.7%	32.4	29.8%
France	67.5	56.4%	60.2	54.0%	61.5	56.6%
Germany	2.2	1.8%	2.4	2.2%	2.2	2.0%
Western Europe	10.7	8.9%	9.3	8.3%	8.9	8.2%
Eastern Europe	1.5	1.3%	1.9	1.7%	1.6	1.5%
Rest of the world	1.9	1.6%	1.8	1.6%	1.6	1.5%
United States	0.5	0.5%	0.4	0.5%	0.5	0.5%
Total	119.6	100.0%	111.5	100.0%	108.6	100.0%

As at 31 December 2019, the share capital of the Parent company CSP International S.p.A. amounted to 17 million Euro, corresponding to 33,259,328 shares with voting right, of which 61.19% belonging to the Bertoni families (54.37% relating to Shareholders of the same families with voting rights above 5%).



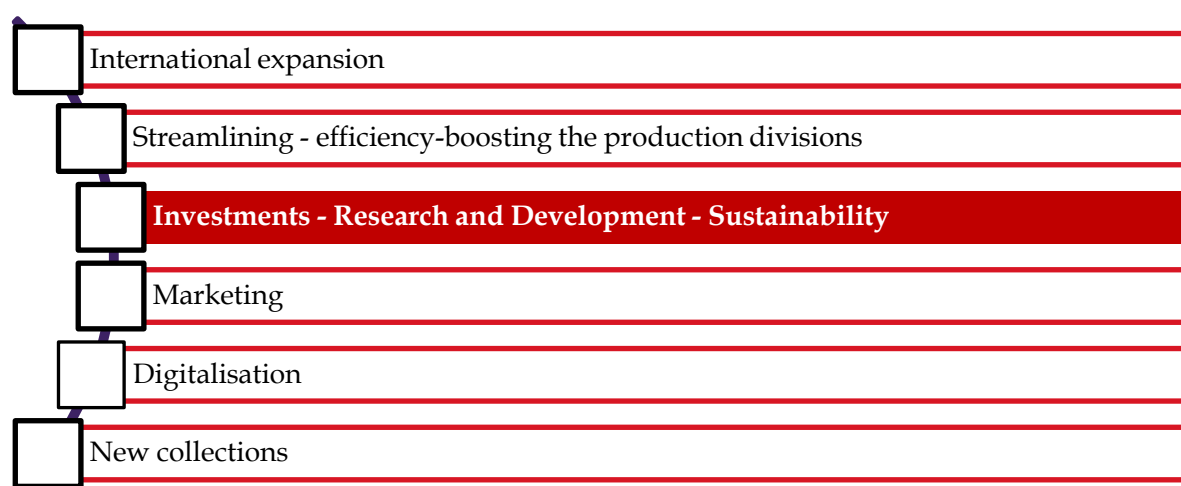
The strategic scenario and the sustainability

GRI 102-2 GRI 102-6 GRI 102-15 GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1

The Industrial Plan

The reference market is still characterised by stagnating consumption, strong contraction of the markets and climatic factors which have become structural. In such a scenario, research, development and innovation, based on a logic of sustainability, are consequently an important driver of CSP's Industrial Plan.

Guidelines



- **International expansion**/ create added value, margins, brand awareness.
- **Streamlining and efficiency-boosting of the production divisions** / Simplification and synergies at product development level- production processes – commercial processes- collections – products.
- **Investments in R&D and focus on sustainability** / Orientation of research and development on innovative "eco-sustainable" products.
- **Marketing and communication** / Investment reorganisation to strengthen CSP's brand awareness and brand reputation - capture consumer trends (online sales - sales induced through social networks).
- **Digitalisation** / Digitalisation model of "digital transformation" processes.

- **New collections** / Optimising the demand/offer ratio by using the analytical briefing method, both quantitative and qualitative, on sales, on recommended price to the public brackets and relative limit thresholds of price perception by the consumer, on the trendiest categories of goods.

Sustainability and innovation: research and development, projects and partnership

Sustainability and the fashion supply chain

It is firmly believed that the gradual integration and dissemination of sustainable practices throughout the fashion and textile chain practices will bring economic benefits. The adoption of a strategy that integrates sustainability within the business model mainly refers to the materials used and the related traceability, the production processes, as well as the social aspects key to maintaining employment levels and working conditions. Specific lines of action involve production cycles (use of chemical agents), new packaging solutions, and the supply chain (monitoring and actions in relation to working conditions). Sustainable practices are a game-changer when it comes to scaling up the brand value and reputation (*brand reputation*), with consequent positive repercussions for product marketing and communication activities.

CSP has defined its journey by investing in research and projects that have led to the realisation of products and collections that boast the sustainability of the product as one of the strategic elements: innovation, yarns, regenerated or recycled. The goal of production is to create durable products which, even when used and reused, maintain their characteristics, focusing therefore on informed and not fast-buy purchasing policies. With these kinds of actions, CSP also aims to counteract the orientation of consumption toward low cost and low- quality basic products.

R&D - CSP research and development

Organic Cottons: collections were designed for the Oroblù, SanPellegrino and LeBourget brands using organic cottons. Organic cotton is cotton grown using methods and products with a low environmental impact. Organic cotton production is more ecosystem friendly and does not involve the use of toxic pesticides and fertilisers, which persist in cotton itself and in the environment. Oroblù creates this collection by inserting the Eco Color Cotton sock next to the Eco project by Oroblù for the regenerated nylon pantyhose.

Dyes - During the course of 2019, the R&D divisions conducted studies on natural dyes and on other types of innovative dyes. These dyes have been used for the All Pure Colors collection, coloured pantyhose that are renewed with the use of the latest generation of metal free dyes, free of heavy metals and skin friendly, while maintaining the high dyeing quality and silkiness of the pantyhose. These dyes are used for certain families of products, in particular those under the LeBourget, Oroblù and SanPellegrino brands.

Projects: sustainability and circular economy

Collaborations with suppliers represent a strict condition for the realisation of innovative and sustainable projects: the selected partners are GSR (Global Standard Recycle) certified, hence guaranteeing the origin of the raw materials of its own materials from a complete production cycle, which engages in a circular economy prospect as regards the environmental and social criteria.

Organic Fibres: *EVO® by Fulgar* is the new generation bio-based hi-tech yarn developed by Fulgar S.p.A., leader in the market of *man-made* fibres and a company in the Italian sock district. The biomass from which *EVO® by Fulgar* originates is the seed of the castor-oil plant. From the cultivation of castor-oil plant seeds, which grow in dry areas not intended for farming and require a reduced amount of water, derives the castor oil used for the creation of the biopolymer that has no repercussions on the human or animal food chain, unlike many others bio-based polymers that use natural products intended for the agricultural food sector. The yarn is also OEKO-TEX STD 100 class certified, which guarantees the absence of harmful substances.

The productive use concerns a line of pantyhose and socks (lightweight and heavy) marketed by CSP under the Le Bourget and San Pellegrino brands.

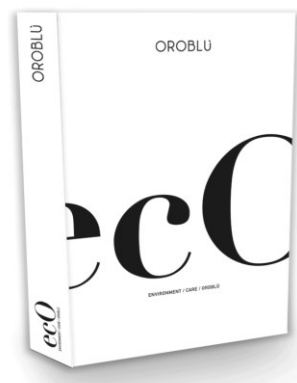
Regenerated Fibres: *Q-NOVA®* is an eco-sustainable Nylon 6.6 fibre made exclusively with regenerated raw materials that complies to specific traceability needs and principles of circular economy. The fibre, developed by Fulgar S.p.A., is an ecological product, which aims to reduce CO₂ emissions and water consumption and to use energy from renewable sources. The fibre is obtained by a mechanical regeneration system, which does not involve the use of chemical agents. *Q-NOVA®* consists mostly of waste, which could not be reused in any other way and should be disposed of externally as waste.

CSP uses regenerated fibre for two types of pantyhose (light and heavy) for the Oroblù Eco line and for Perofil underwear and homewear.

Regenerated cotton: these are high-performance natural yarns, which guarantee processing, aesthetics, touch, using 60% regenerated cotton: technological fibres that make it possible to obtain fabrics of the latest generation. The *Ecolife* yarn is made of mixed cotton and recycled polyester, while the *Recycled* yarn by Olcese Ferrari, is obtained by mixing 60% cotton from processing waste, regenerated in a special plant certified GRS (Global Recycle Standard) with 40% virgin cotton.

Ecolife yarn is used in the Perofil collection, Jersey, la Microfibra, la Felpa Revive, while *Recycled* yarn is used for the Perofil collection of Oroblù socks, stockings and homewear.

Sustainable products



Oroblù - ecO Environment Care Oroblù

Oroblù - ecO brand: collection of pantyhose in eco-sustainable Nylon 6.6 fibre, obtained with raw materials regenerated to zero kilometre, dyed with metal free dyes. A yarn that reduces CO₂ emissions by up to 80% while saving 90% of water resources. The yarn comes entirely from regenerated and selected materials, by means of a certified system.

Oroblu - The first EcO Cotton sock

CSP has launched EcO Cotton, the first sock made of recycled cotton. The product was conceived and developed thanks to the know-how of a Group that has been producing high-tech socks for almost half a century for innovative and sustainable *legwear*.



Oroblu - All Pure Colors collection

In the same innovative direction is also the *All Pure Colors* collection, proposed with vibrant colors, which uses *metal free* dyes, i.e. without heavy metals and skin friendly.



Perofil - REVIVE

The latest Perofil collection (Jersey, la Microfibra, la Felpa) uses technological fibres: 60% regenerated cotton, Ecolife yarn in cotton mixed with recycled polyester, Q-Nova nylon or recycled polyamide from industrial processing.



Sanpellegrino - Ethica

The guideline of the hosiery products of the collection (pantyhose and socks) of the Ethica project is represented by the sustainability of the raw material. The yarn is 100% BIO-BASED (DIN CERTCO certified), made from seeds of the castor-oil plant., ultra-light, super stretch, highly breathable, dries quickly and has thermal properties. The dyes used are metal free.

The paper used for the packaging is special paper made with algae present in excess on the bottom of the Venice lagoon and FSC cellulose. The bag is made of degradable plastic.



CSP Paris is knitting its future

The French subsidiary CSP Paris, whose revenues account for 57.6% of the CSP Group's consolidated revenues, has developed a sustainability project called "*CSP Paris is knitting its future*". CSP Paris intends to make its own contribution to a responsible fashion, based on innovation, sustainability and respect for the environment.

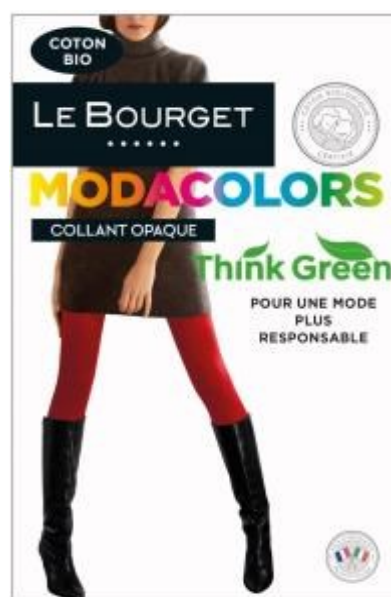
The research & development and marketing teams are committed to developing collections that meet the expectations of Stakeholders focused on sustainable development, with the objective of integrating this approach throughout all phases of the process, from production to delivery to the point of sale

Le Bourget – MODACOLORS hosiery

Organic cotton products, designed using Q-Nova recycled yarns produced in France: 6.6 nylon fibre produced from regenerated raw materials and recycled polyester from plastic bottles.

This production does not require chemical substances and CO2 emissions below 80% and water consumption is 90% less compared to traditional production.

Recycled paper packaging.



#We are Colors Addict

The dyeing process developed for hosiery products is "metal free" - These are hosiery products dyed with colourants with toxicological characteristics that are definitely better than those of "traditional" dyes.

An eco-responsible dyeing process, which respects health and the environment, without metallic additives and which also allows the reduction of water consumption. The main characteristic of these latest-generation colourants is the fact that the molecule lacks a chromophore (part of the chemical molecule that provides the colour) that does not contains metal, compared to a pre-metallised colourant, the chromium concentration of which, for example, can be included between 1% and 5%, in other words between 10,000 and 50,000 mg/kg.



Eco-friendly hosiery line of the Well Brand - "Mes Gambettes Aiment The Planète": an eco-designed range based on recycled and regenerated material.

The finished product contains 97% recycled materials. "My legs like the planet" means 3-4 times less energy consumed, simply by removing the product industrial ironing phase.

Stakeholders and materiality analysis

GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44 GRI 102-47 GRI 103-1

The role of Stakeholders and relationships

Stakeholders are individuals or groups who have a vested interest in a company, subjects who are affected by the organisation's decisions and activities but, at the same time, have an impact on the same organisation. A suitable and effective medium-long term strategy, which allows the company to last over time, requires dialogue and exchange of views with the Stakeholder for the analysis and understanding of their expectations, needs and evaluations. CSP has identified the following main categories of Stakeholders.



Stakeholders

Banks and Investors

Employees

Trade unions – Workers representatives

Suppliers and subcontractors - Agents - Commercial partners

Customers

Agencies and Institutions

Community and territory

Media

Relationships with Stakeholders

CSP maintains constant relationships with Stakeholders. Stakeholder engagement is fundamental in order to understand change (potential or real) deriving from the decisions, activities and initiatives adopted by the company. Engagement activities vary in relation to the different categories of Stakeholders and to their level of dependence and impact on the organisation. The table below lists the Stakeholders along with CSP interaction channels, contact points, projects and initiatives.

Stakeholder category	Engagement activity Projects – Initiatives – Relations
Stakeholders	Shareholders' Meeting - Board of Directors
Banks and Investors	Stakeholders' Meeting - Investor relations activities - Website / dedicated section - Periodical meetings
Employees	Dialogue with the Human Resources Department - Sharing and analysis of the relevance of material topics (2019 Survey) - Analysis of resources and training needs -Company welfare initiatives- Company Intranet - Internal newsletter - Informal meetings and institutional events - Dedicated communication plan
Trade unions – Workers representatives	Periodical meetings for an exchange of views with trade union representatives - Periodical consultation meetings with the Workers Safety Representatives
Suppliers and subcontractors, commercial partners and agents	Continuous dialogue - Definition and sharing of standards - Commercial meetings and visits at the company (including retailers and associates of the commercial network) - Partnership on projects (products and innovation) 2019: Engagement of goods and services suppliers through a specific survey in relation to material topics in general and HSE topics in particular.
Customers	Interaction with sales personnel at regular shops and digital stores - Customer service office - Corporate website, social media, e-mails, regular post and dedicated toll-free number - Newsletters - Commercial meetings and visits at the company
Agencies and Institutions	Meetings with representatives of local institutions
Community and territory	Meetings with local community representatives - Visits at the company
Media	Interviews – Press conferences - Events - Corporate website

Supplier survey

CSP, aware of the importance of the supply chain in the various sustainability areas, has carried out a specific *engagement* project aimed at its suppliers during 2019, data and information on processes, procedures and sustainability issues were collected. The project started with a preliminary mapping of the most significant suppliers from the standpoint of potential impact on environmental and social topics. The specific evaluation of the suppliers' profile (social topics, human rights, health and safety, environment) is aimed at improving quality and partners' compliance with CSP's business model. In particular:

- Definition of the criteria used to evaluate the risk level along the supply chain (environmental - health and safety topics);
- Implementation of direct and indirect monitoring actions (through questionnaire) of the suppliers depending on priority/risk level;

- Collection of data and of qualitative and quantitative information that also make it possible to improve the quality and efficacy of sustainability accountability and the measurement of CSP's impact in the various reference areas.

The materiality analysis

The process - The materiality analysis is the evaluation of aspects that are particularly relevant for the company and for its Stakeholders. The process in question makes it possible to identify the sustainability topics that have significant impacts (positive and negative) for both CSP and for its Stakeholders, with respect to governance and to the various dimensions of sustainability: economic, environmental and social. The process of materiality analysis, carried out and updated on an annual basis and consistent with GRI Standards, provides:

General aspects

- Preliminary mapping of the Stakeholders;
- Analysis of material topics identified in the previous year's Non-Financial Statement and sector benchmarking analysis (comparison of CSP reality with comparable companies);
- Evaluation of company priorities conducted on the basis of interviews to management;
- Analysis of the main significant company documents with respect to sustainability topics (Code of Ethics, Model 231, documentation pertaining to the management systems and the relative certification in the environment, health and safety areas);
- Specific engagement activities with CSP Stakeholder categories;
- Evaluation and the relevant sharing of relevant topics and of their priority scale and potential relevance/impact by CSP management;
- Elaboration and validation of the materiality matrix.

Specific aspects - NFS 2019

- Conduct and evaluation of a "survey" of the main suppliers of the CSP Group companies;
- Critical review of the results of the survey conducted for the purposes of NFS 2018 (January 2019) involving employees of the CSP Group (Italy - France). On the basis of this analysis and considering that there were no substantial changes in the reference scenario, the results of the survey conducted in January 2019 were confirmed.

The documental analysis used as reference the contents of the GRI Standards issued by the Global Reporting Initiative, taking into account the international sustainable development Goals (SDGs - Sustainable Development Goals - 2030 Agenda of the United Nations).

The material topics: the reasons, scope of impact and accountability standard

The reasons that led to the identification of material topics, for the various dimensions and areas of sustainability, are summarised in the following table, which also provides evidence of the connection with the areas of Leg. Decree 254/2016, which governs the drafting of the Non-Financial Statement and of the Indicators (GRI Standards) used for the accountability of the material topics.

The analysis carried out for the purposes of NFS 2019 highlighted as a new material topic "data security and privacy protection", aspects that have become increasingly important for companies, also in relation to the underlying requirements, potential risks and related organizational impacts. The topic of Cybersecurity, together with environmental ones, is also considered very relevant by the annual risk analysis carried out by the World Economic Forum ([WEF The-global-risks-report-2020](#)).

The different material topics identified have a different impact area, but generally cross-cutting to the plurality of Stakeholders.

Material topic	Why (The reasons)	Reference areas Leg. Decree 254/2016	GRI Standards Topic Specific Standards
Ethical business conduct and compliance with standards	The topic is cross-cutting and typical of CSP's operational and organisational model; essential condition for the business	Respect of human rights Fight against active and passive corruption	GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 307-1 GRI 416-2 GRI 417-2 GRI 417-3 GRI 419-1
Data security (Cybersecurity) and privacy protection	The protection of information is a topic of growing importance with regard to the information system managed. CSP's activity requires attention to the potential consequences of privacy and security issues related to information systems and their sensitive information content.	Social Respect of human rights	GRI 418-1
Creation and distribution of value	Economic sustainability in general, and more specifically for an operator in a mature sector with difficult market scenarios such as the one in which CSP operates, is crucial for present and future operativity.	Social	GRI 201-1 GRI 201-4 GRI 203-2 GRI 204-1
Product quality and safety	In view of the general characteristics of the sector, of the raw materials, of the destination/use by the customers, the quality as well as the safety of the product are very important in terms of CSP's business continuity, economic results and reputation.	Social	GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3
Brand image and reputation	The reference sector, and the history and brands of CSP require utmost attention to maintaining the "brand reputation", a crucial aspect for the performance of CSP and its competitive positioning.	Social	GRI 416-2 GRI 417-2 GRI 417-3
Customer satisfaction and responsible marketing	CSP's performance depends significantly on customer satisfaction. In this regard, the policies of responsible and transparent marketing of new products and collections are important, in particular for products that focus on technical, innovation and sustainability features.	Social	GRI 417-1 GRI 417-2 GRI 417-3

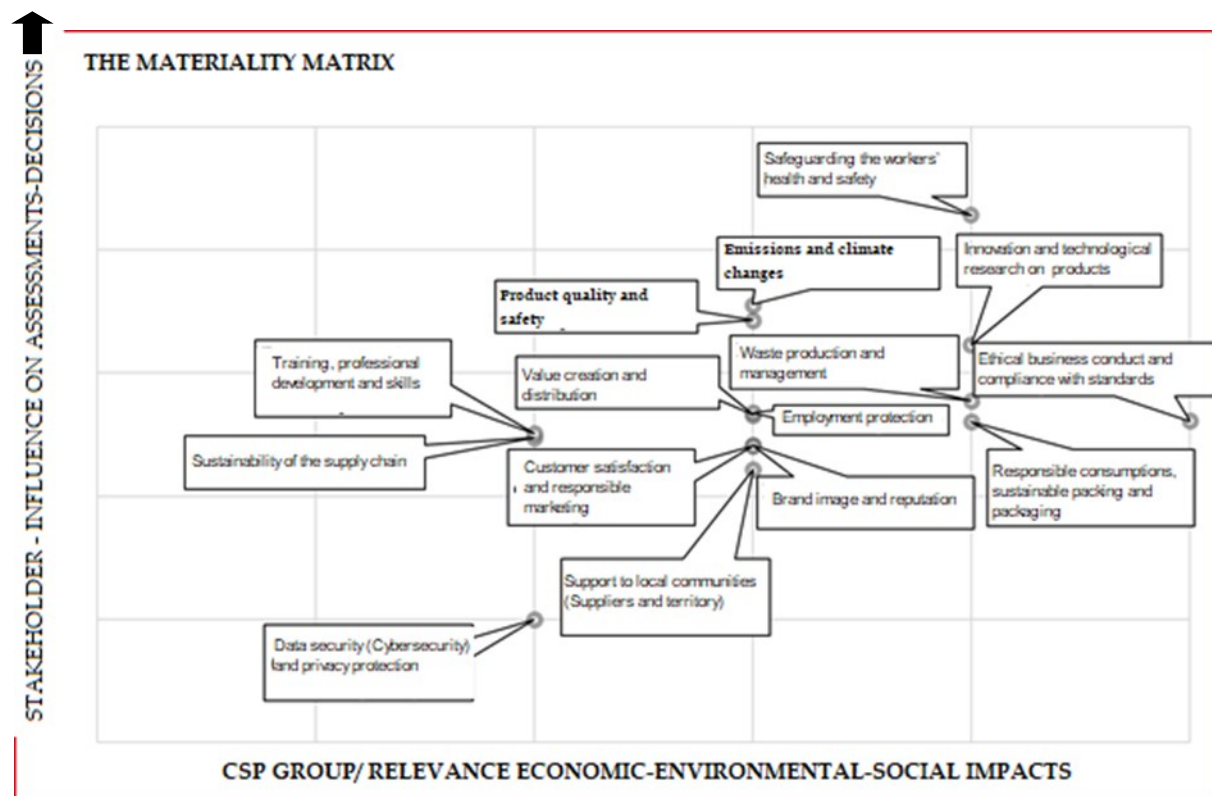
Innovation and technological research on products	Research and development, the innovation of the product, of the materials used and of production processes-techniques can allow the improvement of economic and financial performance, at the same time contributing to a reduction of the environmental impacts of the textile-clothing sector, thus directly and indirectly benefiting the community and the territory	Environment Social	GRI 203-1
Sustainability of the supply chain	The sustainability and responsibility of the supply chain is an extremely important topic at the global level for the entire fashion sector. CSP wants to give its own contribution to improving the social and environmental aspects of its supply chain, and has started a specific program in that sense	Environment Social Fight against active and passive corruption Respect of human rights	GRI 308-2 GRI 414-2
Support to local communities (Suppliers and territory)	CSP's operational model is characterised by a strong bond with the territory of origin.	Social	GRI 203-2 GRI 204-1
Training, professional development and skills	The training, development and maintenance of professionalism and of skills are topics that cut across the organisation, the operational model and other material topics	Personnel Respect of human rights	GRI 401-2 GRI 401-3 GRI 404-1 GRI 404-2 GRI 404-3 GRI 405-1 GRI 405-2
Safeguarding the workers' health and safety	The safeguarding of the health and safety of the human resources are topics that "cut across" the organisation, the operational model and other material topics	Personnel Respect of human rights	GRI 403-2 GRI 403-4
Employment protection	The maintenance of employment levels tied to the reference territory represents a priority and a peculiar characteristic of CSP's operational model	Personnel Respect of human rights Social	GRI 401-1
Responsible consumption, sustainable packaging and packing (raw materials, energy, water)	CSP uses considerable quantities of raw materials for its production, and purchases directly semi-finished and/or finished products from third-party suppliers. Significant water amounts are also used for the production processes.	Environment	GRI 301-1 GRI 303-1 GRI 303-2 GRI 303-3

Emissions and climate changes	CSP's production processes and production systems require significant use of energy, with the simultaneous generation of emissions (mainly GHG/CO ₂)	Environment	GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-4
Waste production and management	CSP's production processes and packaging phases generate significant amounts of waste, some of which is special waste, that require specific treatments and disposal methods (in particular, sludge from the purification process carried out in the dyeing department). CSP (in Italy) operates its own purification systems for the management of water and waste, downstream the dyeing process	Environment	GRI 306-2

The materiality matrix

The materiality matrix, updated with respect to the previous period as a result of the periodical analysis process, provides a graphic summary representation and an overall view of the most important topics.

The review of material topics for purposes of this document compared to the previous period has, in the first place, entailed a streamlining of the "map" of relevant aspects. In line with the revision of the strategy that guides CSP's Industrial Plan, another topic that was highlighted is the one tied to innovation and to the new lines/collections, which comply with "environmental sustainability" requirements as well as to employment protection. The relative importance of the material topics from the perspective of the CSP Group, at the conclusion of the analysis process described above, has been validated by the Directors of CSP International.





2 THE CSP MODEL

Material topic	Why (The reasons)
Product quality and safety	In view of the general characteristics of the sector, of the raw materials, of the destination/use by the customers, the quality as well as the safety of the product are very important in terms of CSP's business continuity, economic results and reputation.
Brand image and reputation	The reference sector, the history and brands of CSP require utmost attention to maintaining the "brand reputation", a crucial aspect for the performance of CSP and its competitive positioning.
Customer satisfaction and responsible marketing	CSP's performance depends significantly on customer satisfaction. In this regard, responsible and transparent marketing policies for the marketing of new products and collections are important, particularly for products that focus on technical, innovation and sustainability features.
Innovation and technological research on products	Research and development, the innovation of the product, of the materials used and of production processes-techniques can allow the improvement of economic and financial performance, at the same time contributing to a reduction of the environmental impacts of the textile-clothing sector, thus directly and indirectly benefiting the community and the territory.
Sustainability of the supply chain	The sustainability and responsibility of the supply chain is an extremely important topic at the global level for the entire fashion sector. CSP wants to give its own contribution to improving the social and environmental aspects of its supply chain, and has started a specific program in that sense.
Support to local communities (Suppliers and territory)	CSP's operational model is characterised by a strong bond with the territory of origin.

CSP's business model is differentiated for the various distribution channels and offer segmentation. The permanent and fashion collections are proposed in a manner consistent with the value and identity of the different brands and corporate strategies.

The value of the brands

GRI 102-2

The brands of the CSP Group are aimed at different market targets. The quality of the fabrics and the care for details distinguish all collections, with the aim of guaranteeing the consumers products featuring an adequate quality/price ratio and an unmistakably Italian and French style.

CSP Italy - High-end brand	
	<p>Oroblù: international Italian brand on the high-end market</p> <p>For over thirty years, Oroblù, international Italian brand of reference in the scenario of hosiery and women's lingerie, offers collections synonymous with modern elegance, innovation and quality, designed to dress femininity and spread the Italian style throughout the world. The Oroblù brand is sold in the best boutiques and in luxury department stores.</p>

	<p>Luna di Seta: high-end brand of pure silk lingerie</p> <p>With the acquisition of Perofil, Luna di Seta, a high-end brand of pure silk lingerie whose collections are conceived under the banner of sober and refined sensuality and Italian elegance, has also joined the CSP Group.</p>
	<p>Perofil: since 1910 the men's underwear brand that distinguishes itself for elegance and quality, expanding with modern ideas its range of socks and loungewear.</p> <p>Perofil joined the CSP Group in 2017. Over 100 years of Italian history, quality and innovation in the underwear, hosiery and men's loungewear sectors. Brand par excellence, specialised in men's underwear, Perofil constantly evolves and reinterprets its heritage, setting the rules for a modern and international elegance and for an Italian style capable of nonchalantly combining past present and future.</p>

CSP's main brands dedicated to the *mass market* channels are: **Lepel**, specialised in corsetry, **Sanpellegrino**, specialised in women's hosiery and **Cagi**, which offers men's quality sleepwear and underwear. The three brands go through the following channels: wholesale, mass distribution, retail and large textile stores, with dedicated sales organisations and mainly continuous collections.

CSP Italy - Mass Market	
	Sanpellegrino: Legendary Italian brand, known for its quality, always on the women's side.
	Lepel: historical Italian brand of underwear and mostly corsetry, featuring quality and comfort.
	Cagi: since 1925, the traditional brand of underwear for men of all ages.

CSP Paris	
	<p>Le Bourget: innovation, creativity and quality are its reference values.</p> <p>The Le Bourget brand develops its French identity, both feminine and fashion, by relying on flawless quality, using the most cutting-edge production technologies. Le Bourget manages its image through communication campaigns that highlight the fashion spirit of the brand. At the centre of the process, there is a balance between fashion, femininity and quality. Le Bourget: the most prestigious brand of French hosiery, inspired by Parisian chic and fashion trends.</p>
	Well: the most innovative and high-performance hosiery and lingerie brand on the French modern channel.

The production - CSP's commitment

GRI 102-2 GRI 102-4

Commitment in manufacturing is a historic commitment for CSP. A model based on maintaining production in Italy and France means:

- **Limit** transport, maximize product availability and **protect jobs**;
- Maintain the **know-how** and control of the development and production process;
- Carrying out many controls and tests, entrusted to internal and external laboratories, allows to guarantee **a high and constant quality of the products and to protect the health and safety** of the customers;
- Claim belonging to a profession, to a land of unique know-how, competence and production. The aim is to support a high-tech and innovative industry.

Hosiery

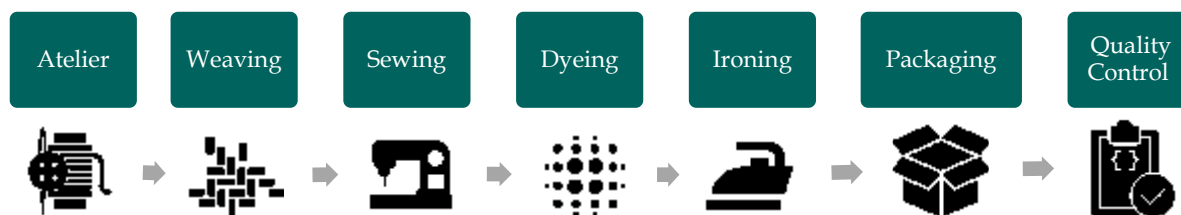
Italy - The production of hosiery relies on the value of the *Made in Italy* and it is mainly carried out at the Parent Company's plant in Ceresara (Mantua). The pantyhose production cycle is highly automated and is certified for environmental ISO 14001:2015 and safety ISO 45001:2018. Moreover, in 2019 CSP obtained, for the hosiery Italian and French division products, the annual renewal of the certification Oeko-Tex® Confidence in Textiles - Standard 100.



France - CSP Paris (production site in Le Vigan - Gard region - France) offers, within its range, products that have obtained the recognition of the mark Origine France Garantie® created by the independent association 'Pro France', which guarantees French production of the hosiery through very thorough procedures and checks. More than 30 quality controls are carried out at the various stages of design and production.

The sock production process

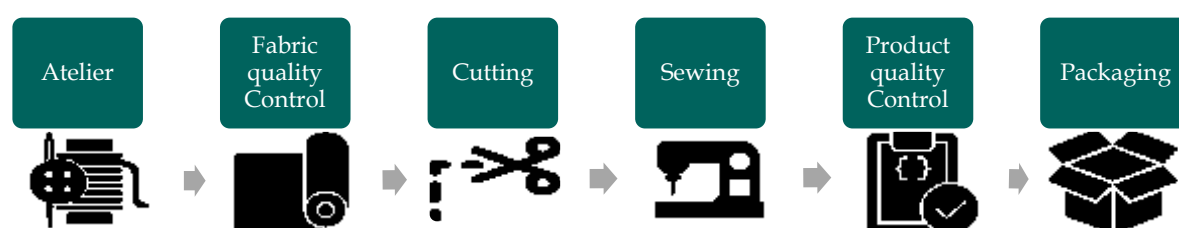
The phases of the hosiery production process are mainly carried out at CSP's production units. For some product lines (high-end, such as Oroblù and Le Bourget) requiring manual sewing, steam fixing and manual packaging, subcontractors located nearby the Ceresara facilities (known as the 'hosiery district') are used for the most part; in some cases, subcontractors located in Albania are hired for Le Bourget brand products.



Other categories of goods

Corsetry, underwear, bodywear and beachwear are designed with exclusive methods, from the cutting, to the model making and the sampling.

The production process - Underwear



The product research and development (Atelier), the inspection of fabrics, the cutting and quality control of the product are, for the most part, managed directly at the production facilities of the CSP Group. The sewing and packaging phases are mainly outsourced to selected and specialised suppliers.

The digitalisation

CSP International adopts the digitization model working on a "digital transformation". The communication channels (from web to social), which connect the company's brands with consumers, aim to create engagement and accompany a digital redefinition of the business model, which develops around the concept of "smart factory" (smart production, smart service and smart energy).

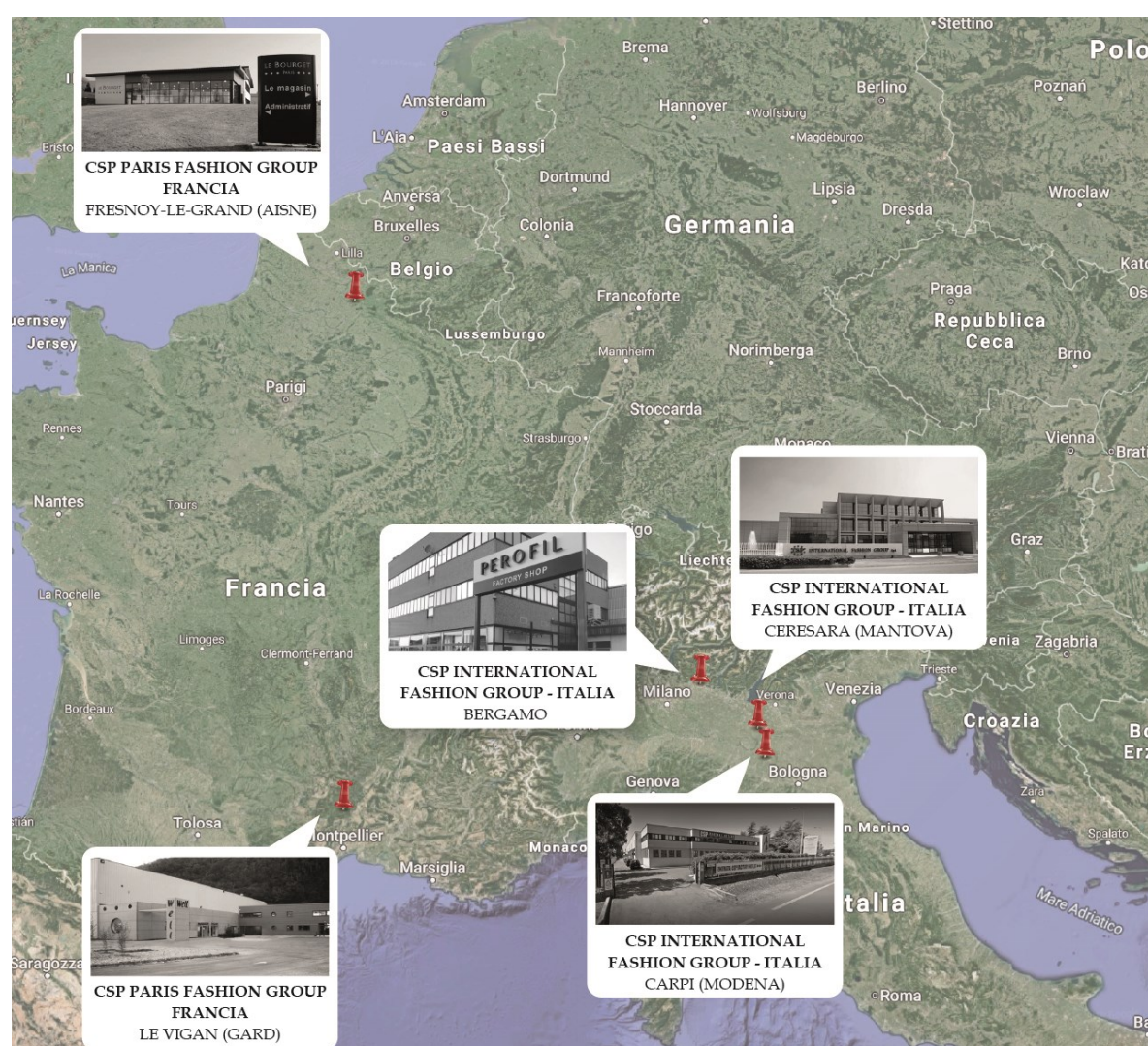
CSP invests in the adoption of a **PLM (Product Lifecycle Management)** platform that provides solutions necessary for the management of the entire life cycle of a product, from its conception to its withdrawal from the market and that provides for the sharing of data between the different business functions and the *extended* company.

CSP, among the first companies in the socks and underwear sector, is working on the **business** segment to develop an **order taking app** based on User Experience principles. A totally digital approach, which allows to increase the efficiency of sales and restocking processes by collecting and controlling information through a single platform, tracking performance. A digitisation that prepares the ground for a new release also for the end consumer.

Hyphen - The introduction of the **Hyphen system** is also part of CSP's digitalisation strategy to industrialize the process of product photography in compliance with traditional creative and quality standards, overcoming quality, quantity and time to market constraints. Hyphen is the solution for e-commerce images and more, providing photographers with a set control and management workstation, an advanced image processing and automatic image adaptation system, as well as the option to link to the post-shooting workflow, also allowing product coding. The shooting sessions thus become digital assets that can be, if approved, automatically post-produced and transferred to the platform that manages the workflow and then used by the different user profiles within the Company or by the end customer.

CSP's production units

As at 31 December 2019, the CSP Group owned 5 production and/or logistics facilities located in Europe (Italy and France).



The distribution

| GRI 102-2

CSP operates through **sales networks, specialised distributors and direct retail partners** in over 40 countries worldwide, and its collections can be found in the most important international *Department Stores*.

Planning of the delivery management process and the related restocking is aimed at offering the right product at the right time. The commercial strategy uses the techniques of visual merchandising, of emotional impact.

It is important to differentiate oneself from competitors, not only in terms of production and product characteristics, but also in terms of commercial approach. The concept of Shop-in-Shop and/or areas dedicated to one's own brands is evolving. This without neglecting the "omni channel" approach, dealing in particular with the presence on-line and on social networks in order to attract customers/consumers.

The Customer - Product quality, safety and sustainability

| GRI 102-2 GRI 102-6 GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

Quality and safety - Product conformity

CSP International Group produces and distributes hosiery, underwear, beachwear and innovative and top-quality material clothing throughout the world. Research, technological and stylistic innovation are the basis of its production. These strategic objectives can only be achieved if the production chain and the production and distribution processes are managed and monitored in a consistent manner. In this regard, it is known that one of the potential critical issue of the textile - clothing sector is represented by the product compliance with environmental rules and regulations. The use of raw materials, and specifically the use of chemical substances in internal and/or outsourced processes exposes the Company to potential risks, which require constant attention.

Environmental certification

The adoption of an environmental policy, management systems and, in particular, certification according to the ISO 14001:2015 Environmental Standard by CSP (for Italian production) finds its logic, in addition to strengthening the confidence of Stakeholders, in the following elements:

- Requests of **mature customers** who are aware and careful in their choices, including environmental and social aspects;
- **Optimising the consumption** of resources (raw materials);
- Compliance with rules and regulations ('Compliance') in the environmental field.

Oeko-Tex® Standard 100 – Product certification

In 2019 CSP obtained the annual renewal of the Oeko-Tex® Confidence certification in Textiles-Standard 100 for the products of the Italian and French hosiery division. In particular, all hosiery products of a continuous nature and most of those of the fashion

seasons of the Parent company are certified according to this standard. With regard to CSP Paris, the entire hosiery collection and a significant part of the underwear collection are Oeko-Tex® certified.

Standard 100 by Oeko-Tex® is an independent control and certification system standardised at the international level with checking criteria, limit values and test methods with scientific basis for human-ecological requirements of raw materials, semi-finished and finished products of the textile sector at all stages of the production, as well as of the ancillary materials used. For products consisting of multiple parts, the assumption for certification is that all components comply with the requested criteria.

Tests carried out on the products, based on STANDARD 100 by OEKO-TEX®, Appendix 4, Class II - products with direct contact to skin, show that the human-ecological requirements, currently in force and defined by STANDARD 100 by OEKO-TEX®, Appendix 4, were complied with. The certified products comply with the requirements of Annex XVII of REACH (among which the use of azo-dyes, nickel release, etc.) as well as with the requirements of American laws on the content of lead in products intended for children (CPSIA; with the exclusion of glass accessories).

The adoption of Standard 100 by Oeko-Tex® allows advantages of a commercial nature to be obtained for a responsible marketing: guaranteeing a high level of safety meets a 'real' need of the consumer and according to strict reference parameters acknowledged at the international level. Consequently, the company that adopts this standard must request and obtain greater control of its 'supply chain' for a responsible use of chemical substances and, more generally speaking, guarantee an improvement in processes within and outside its quality control perimeter.

Products subjected to analyses in order to verify their impact on health and safety - cases of product non-conformity

During the reporting period, there were no cases of non-conformity with rules, regulations or voluntary codes regarding impacts on the health and safety of the products during their life cycle.

Product labelling

CSP products require labelling (even only on the pack) that indicates the fibre composition and the manufacturer or retailer. As in 2018, there were no cases of non-conformity to this regulation by CSP or by the other Group subsidiaries in 2019.

Relationships with the Customer – Responsible marketing

CSP is *Consumer Oriented*. For CSP, Customer satisfaction is at the centre of the corporate philosophy, for all the Group's brands. In fact, "thinking retail" means starting from the buyers in order to arrive at the production of a product and service that satisfies the customer

The industrial plan foresees a remodulation of advertising promo investments, to adapt to the new consumer trends, such as online sales and sales motivated by social network impacts. More specifically, the activity refers to the extension of the *omnichannel* investments

(interaction of the brand with customers), partly maintaining the traditional media commitments, but also increasing the attention paid to scale-up points of contact with people, by means of a digital communication and an active presence on the main social networks. The objective is to engage in an integrated and synergy-based communication that interfaces by means of the digital network and the traditional press channels, with a strategy that scales up brand awareness and the reputation of the CSP brand.

Customer Care - The core objective of the CSP Customer Care Service is product related: pre-and post-sale service quality, any complaints and suggestions received from the commercial network and the customer, use of e-commerce and the social network to measure consumer sentiment. The Customer Care service serves both end customers and the distribution network. The marketing campaign dedicate plenty of space to the packaging of each product. In the dedicated digital area, communication aids are made available to CSP's partners. CSP has a toll-free number, a dedicated e-mail address that is always available (info@cspinternational.it), in addition to a chat-line.

The feedaty - opinioni certificate (<https://www.feedaty.com/>), which collects reviews on sellers and products, is active on the corporate websites. CSP's leading brand, Oroblù, GOLD Company-certified, with 98% of positive redemptions. For the Italian mass market brands (Lepel Cagi and Sanpellegrino) the CSP platform Myboutique myboutique.it shows 97.5% of positive redemptions.

Lastly, please note that the CSP Group was not the object of any dispute nor was it applied any fines in relation to the non-conformity of its marketing communications and/or of other initiatives of a commercial nature.

Suppliers - Supply Chain Management

| GRI 102-9 GRI 102-10 GRI 103-2 GRI 103-3 GRI 308-2 GRI 412-1

Supply Chain Management - Supply Chain and Selection Criteria

The selection of suppliers and the definition of terms and conditions of purchase of goods and services take place on the basis of objective and unbiased evaluations, founded upon quality, price and warranties. When dealing with its suppliers, CSP adheres to the following principles set out in the Code of Ethics:

- CSP neither practices or approves any form of 'reciprocal exchange' with its suppliers: the desired goods/services are selected in advance and purchased exclusively on the basis of their value in terms of price and quality;
- Any negotiation with a supplier, current or potential, must exclusively concern the goods and services being negotiated with the supplier;
- The personnel assigned to the purchase of goods and services must not be subjected to any form of pressure on the part of the supplier for the donation of materials, products and/or sums of money in favour of charity/solidarity associations and the like.
- The taking on of commitments and the management of relationships with suppliers, current and potential, must take place in compliance with the Company's guidelines on the subject of conflict of interest and business management.

Suppliers and partner companies are required to accept the Code of Ethics, which sets out the basic principles to which the CSP Group refers when selecting a supplier. The Group believes it is important that the people of 'CSP's world' experience a positive and satisfactory working condition, including in terms of well-being, with no discrimination and full respect for their rights. This policy is particularly important for a sector that sees a significant exposure to risk factors, especially social ones, linked to the geographical location of many production districts in the supply chain.

The selection of suppliers takes place on the basis of quality, flexibility, price and organisation parameters. CSP's main guidelines for planning and carrying out purchases of raw materials and/or the outsourcing of jobs to subcontractors are listed here below:

- **Quality** – Ability to make products that meet CSP's expectations, thus already present in the supplier's production range.
- **Flexibility** – Ability to product significant quantities and, at the same time, should the need arise, small lots even if below the requested standard minimum quantities.
- **Price** - In line with the cost of labour of the country in which the production is carried out, hence on target with CSP's request.
- **Organisation** – Ability to manage and use the technology needed to transfer information which is useful for production.

The supply chain structure - Origin of purchases

There were no significant changes in the structure of the CSP supply chain during the reporting period. With the aim of benefiting from the "made in France" logo, in 2019 the production of 2 pantyhose under the Le Bourget brand was transferred directly to the French plant in Le Vigan.

Purchases of raw materials and subcontractors

For the hosiery category, CSP favours the local production facilities of the Parent company and of its French subsidiary. In particular, for Italy, the sewing process, which is crucial in order to be able to make the 'made in Italy' claim, is carried out at internal departments or at workshops located in the hosiery district of Castel Goffredo. The most characterising phases, knitting and dyeing, take place almost completely at internal departments.

The purchases of hosiery semi-finished goods are not particularly significant, as they are limited to products that can only be made with special machinery (not present at the CSP plants) or with *exclusivity for intellectual property rights*. These hosiery semi-finished goods mainly come from Italy (about 95%), of which 80% directly from companies located in the district. The French subsidiary mainly avails itself of European suppliers for the finished products of the hosiery divisions, whilst the purchases of finished products of the underwear division involve subcontractors located in countries of the Far East, Turkey or Morocco. For the finishing of some of the products woven and dyed at Le Vigan, CSP Paris also uses 2 subcontractors located in Poland and Tunisia.

Origin of the purchases of raw materials

The origin of raw materials is not relevant for attribution of the "made in" claim. Nonetheless, for its own hosiery division, CSP favours, where possible, materials of Italian or European origin. To this regard, please note in particular that for the Parent company

CSP, the breakdown of areas of origin for the various types of raw materials intended for hosiery is as follows:

Type	Suppliers - Country
Yarns	Italy and EU (mainly) Other Countries: Serbia, Israel, Japan, North Africa and Asia (China - Vietnam)
Fabrics, flounces	Italy (mainly)
Packing, packaging materials	Italy and France (mainly)
Dyes and Auxiliary agents:	Direct suppliers mainly Italy, but purchased products of different origin

The supplier monitoring project - Italian sites

With regard to the management of Health, Safety and Environment (HSE - Health Safety Environment) issues relating to the supply chain, CSP has designed a monitoring and control system with the following application:

Phase	Activity plan	Timeline
1	Identification of the most representative suppliers for the process and relevant for the business of Italian CSP facilities	Completed
2	Classification of identified suppliers by activity, business volume (qty/value), location of production units	Completed
3	Sharing Environment and Safety Policy Provision of a self-assessment form	Completed
4	Collection and processing of self-assessment results Classification of suppliers that highlights: <ul style="list-style-type: none"> their organizational strategy with respect to ethical, social, HSE, sustainability requirements; the level of control that each of them declares to have in particular with regard to HSE topics 	Completed
5	Planning and implementation of activities for suppliers with the lowest HSE control level, such as: <ul style="list-style-type: none"> inspections at their production communication aimed at raising awareness and directing them towards HSE topics 	2021

The results at this stage of the project are summarised below:

- 91 suppliers, relevant for the business of CSP's Italian sites, were identified and sent the questionnaire (41% with operating units in Italy and 59% with operating units abroad).
- 34 suppliers (37% of the total), equally distributed between Italy and abroad, replied to the questionnaire. This feedback percentage is to be considered good, taking into account the average size of suppliers and the sector.

The analysis and classification of replies showed a high dispersion and therefore a significant variability of situations that can be summarized as follows:

- Margins of improvement in the adoption of certified management systems;

- Organizational structure with a medium-high ability to keep ethical, social, HSE, sustainability requirements under control;
- High attention to topics more closely related to occupational health and safety.

Potential social and environmental problems - trend of the period

The full adoption of the model defined for the supply chain monitoring project should enable CSP to strengthen monitoring of supply chain risks. The supplier selection procedures of the subsidiary CSP Paris provide for the acceptance, by the main non-European suppliers, of a possible audit or certification of compliance with working conditions ("social compliance").

As at the date of this document, there were no cases of suppliers in CSP's supply chain with significant problems concerning freedom of trade union association, child labour, forced labour conditions and respect for human rights. In the reference period (2019) no negative environmental impacts from the CSP supply chain were detected.

No operations and/or suppliers were found to be subject to specific analysis or impact assessment activities with regard to potential and significant human rights issues.

No operations and/or suppliers were found to be subject to specific analysis or impact assessment activities with regard to potential and significant human rights issues.

The relationship with the territory

| GRI 413-1 GRI 413-2

Relationships with the local community

Initiatives and partnerships in favour of the territory - The difficulties of the Hosiery district and the impacts on the territory

Project proposal 'Hosiery district network crisis-fighting action' - During the month of September 2017, within the scope of the "Notice for network actions for employment - Fighting the crisis, referred to in the decree of the structure reuse and occupational inclusion referred to the DDUO no. 6935 of 13 June 2017", a project was presented to the Lombardy Region drawn up on the basis of agreements made between the local Trade Union Organisations, the Municipality of Ceresara and the cooperative Sol.Co. Mantova, IAL Lombardia S.r.l., Province of Mantua and Manpower S.r.l., which, by pursuing the objectives set by the regional tender, aims at reallocating the highest number of people possible, including former employees of CSP concerned by the lay-off procedure that ended on 30 September 2017, for the purpose of reducing the inactivity period so as to contain the risk of a drastic reduction of employability and motivation to work. The project initially involved 16 former employees of CSP and at present, 15 of these have completed the training/requalification program.

This initiative is set in the scenario that concerned the 'Textile - hosiery district' of a large geographical area that includes the Municipalities of the province of Mantua, Brescia and Cremona, where the production of hosiery and of all mechanical equipment used in the hosiery and underwear manufacturing activities is concentrated. The District manufactures about 75% of Italy's entire women's hosiery production, over 60% of the European one and

about 30% globally. The district is the home of the administrative or production facilities of the largest companies in this sector, alongside small and medium-sized companies that produce private labels and a high number of labourers and family-run business that work as subcontractors.

The entire production chain has long been involved in a conversion process that, starting from the delocalisation (at first especially in Serbia) in the early 2000s, caused by a generalised drop in the consumption of some products (panty hose), which led many companies to convert their production and commercial facilities to non-saturated products (underwear), and by a growing globalisation, in the past 15 years has witnessed the loss of about 8000 jobs (Source: CISL). The employment crisis originated from the necessary restructuring process.

The project, developed in partnership with other entrepreneurs and private individuals, pursues the objective set by the regional call and aims to find employment for the highest number of project participants, also with the objective to reduce the unemployment period for the purpose of minimising the danger of a drastic reduction in the employability and motivation to work of the people.

Any negative impacts on local communities may derive from the workforce reduction plans implemented in recent years - In addition to having encouraged the aforementioned project, by participating in the preparatory meetings, CSP also signed an agreement with the Trade Associations on 28 September 2018 that entailed the allocation of a total sum of Euro 20,000 as incentive to the reallocation of former employees who had participated in the project mentioned above and had completed the training activities.

This form of economic incentive was not intended to the individual former employees, but rather to the companies that hired them. The incentive made available by CSP was to be considered compatible and in addition to the measures contained in the project presented to the Lombardy Region or to other forms of facilitations/tax deduction, associated with the hiring, which are required by the regulations in force. A portion of this allocation has provided an incentive to relocate a former employee, who has been hired on a temporary basis since November 2019, by a local craft enterprise.

Art and culture - Sponsorship and initiatives

Every year, CSP sponsors the Fiera della Possenta, which has been held in Ceresara during the month of March for over 60 years: a custom that has become a tradition by now. The event, the origins of which go back to much earlier than 60 years ago, is held in the small hamlet of Possenta, where there is a shrine dedicated to the Virgin Mary. Despite the fact that the occasion was initially of a mostly religious nature, over the years it has taken on a more popular aspect, turning the Possenta into a veritable Fair of livestock and goods. Today, it represents a major meeting point for agriculture and craftsmanship, in the honour of traditions.

Support for local sports activities - During 2019, CSP confirmed its commitment to support local sports activities through donations and sponsorship for a total commitment of Euro 28.4 thousand, of which Euro 14.7 thousand for sports activities. Initiatives supporting sport include the Perofil Milano Football Club (Milan University Championship), purchases of the material necessary for the award ceremonies and/or convivial activities of local football,

tamburello and cycling schools. CSP Paris supports some local initiatives in its territory of Fresnoy and Vigan. These initiatives are addressed in particular to sports clubs (provision of equipment for young people).



3 GOVERNANCE

Material topic	Why (The reasons)
Ethical business conduct and compliance with standards	The topic is cross-cutting and typical of CSP's operational and organisational model; essential condition for the "business".
Data security (Cybersecurity) and privacy protection	The protection of information is a topic of increasing relevance with regard to the information system managed. CSP's activity requires attention to the potential consequences of privacy and security issues related to information systems and their sensitive information content.

Corporate governance

GRI 102-18 GRI 405-1 GRI 102-12 GRI 102-13

The *corporate governance* structure adopted by CSP is founded on the traditional organisational model, hence it consists of the following corporate bodies:

- The Shareholders' Meeting (authorised to adopt resolutions on topics provided for by the law and by the company By-laws);
- The Board of Directors (to which the Company's management is entrusted);
- The Board of Statutory Auditors (to which the supervisory function is entrusted).

The legal auditing is assigned to the Auditing firm PricewaterhouseCoopers S.p.A. for the nine-year period 2018-2026. A 231 Supervisory Body was also appointed to supervise on proper functioning of the "Model 231" and to handle its update.

The Board of Directors set up a Control and Risk Committee and, on 7 February 2019, the Appointments and Remuneration Committee was also set up, consisting of two independent directors.

CSP adheres and complies with the recommendations contained in the Self-governance Code of Listed Companies, July 2018 edition, with the additions and adaptations consequent to the Group's characteristics indicated in this Report (which can be consulted on the website of Borsa Italiana: <http://www.borsaitaliana.it>) A new Code, published in January 2020, is currently being evaluated.

Composition of Corporate Bodies

Board of Directors	
Maria Grazia Bertoni	Chairman and CEO
Francesco Bertoni	CEO
Carlo Bertoni	CEO
Giorgio Bardini	Member of the Board
Rossella Gualtierotti	Independent Member of the Board
Stefano Sarzi Sartori	Independent Member of the Board
Board of Statutory Auditors	
Guido Tescaroli	Chairman
Marco Montesano	Standing auditor
Camilla Tantini	Standing auditor

In accordance with article 19 of the company By-Laws, the Board of Directors is vested with the widest of powers for ordinary and extraordinary management of the Company, including the power to carry out all acts it deems appropriate for the achievement of the corporate purpose, with the only exception being those which the law reserves to the General Meeting.

Chairman and CEO - Maria Grazia Bertoni: proxy in the administration, finance and control, *information technology*, human resources and workplace safety areas of the Company (as per art. 16 of Leg. Decree 81/08)

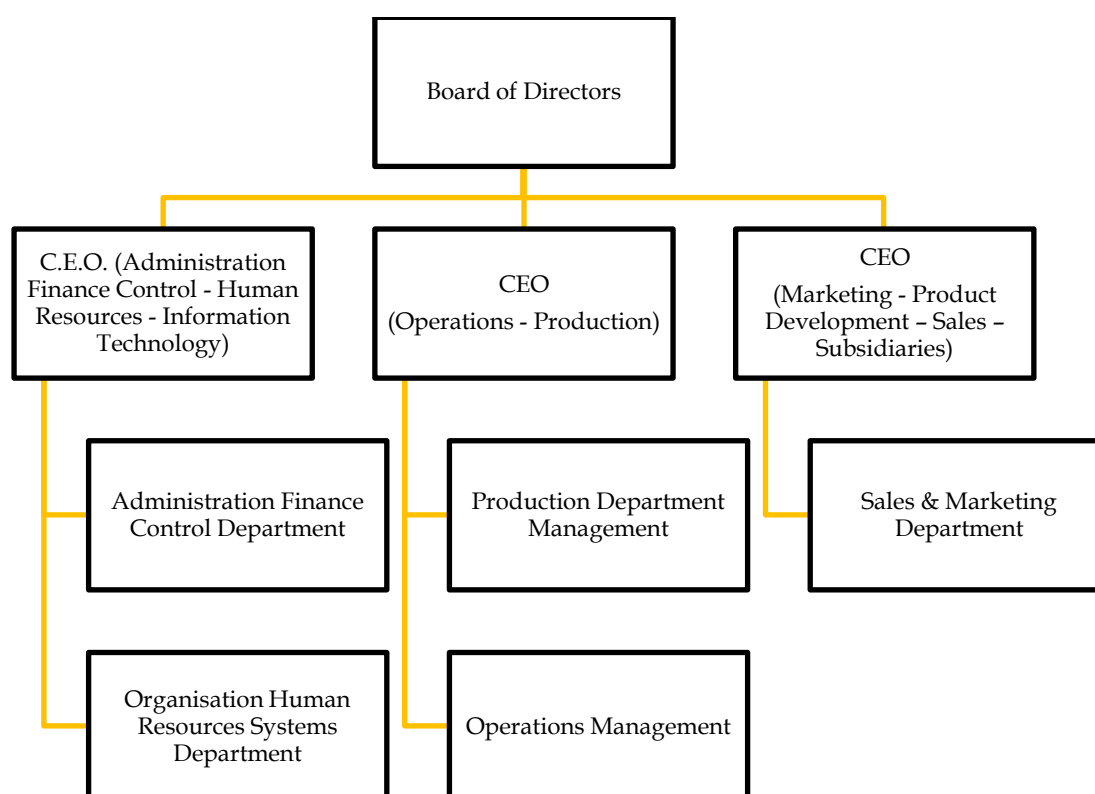
CEO- Francesco Bertoni: proxy in the areas of production, logistics and quality system of the Company.

CEO- Carlo Bertoni: proxy in the areas of marketing, product development, sales and commercial branches of the Company.

B.o.D. - Gender diversity	Women		Men		Total	
	No.	%	No.	%	No.	%
	2	33%	4	67%	6	100%
B.o.D. - Composition by age brackets	Younger than 30		Between 30 and 50		Older than 50 years	
	No.	%	No.	%	No.	%
	-	-	3	50%	3	50%

Organisational structure

The organisation chart of the Parent Company CSP International is shown below.



Associations and Memberships

Adherence to Codes of Conduct - Principles

As of the date of this document, CSP does not adhere to and/or has not directly signed any Declarations of Principles, Codes, International charters drawn up by agencies/organisations in the specific areas of sustainability.

Associations – Memberships

Through the Perofil division, CSP is a member of Confindustria Bergamo. CSP is also a member of the following organisations:

Centro Servizi Imprese di Castel Goffredo (Mantova)/Centro Servizi Calze. The Centre originated as a service provider to enterprises during the last decade of the 1900s to meet the needs of the women's hosiery district of Castel Goffredo.

Mantova Export, founded in 1974 at the initiative of a group of companies and of the main associations and banks in Mantua. Mantova Export has about 220 member companies and operates for the most part in the rendering of qualified services in the import-export sector.

The French subsidiary CSP Paris Fashion Group is a member of **Medef** (Mouvement des Entreprises de France), the most important association of enterprises in France, and of FEEF (Fédération des Entreprises et Entrepreneurs de France), founded in 1995, which brings together the French businesses operating on the territory.

The control model and anti-corruption measures

| GRI 102-16 GRI 102-17 GRI 205-1 GRI 205-2 GRI 205-3

The internal control system, which involves all company functions, contributes to ensuring the efficiency and efficacy of company operations, reliability of financial information, compliance with laws and regulations and protection of corporate assets.

Managers of operational areas are in charge of internal control. The Board of Directors has the ultimate responsibility for the internal control system in terms of orientation, guidance and supervision. Said corporate body periodically evaluates the adequacy and efficacy of the system with respect to the enterprise's characteristics, making sure that the main company risks are identified, measured, managed and monitored in an adequate manner. The Chairman and CEO, Maria Grazia Bertoni, is the Director assigned the task of overseeing the functionality of the Internal control system.

For the purpose of increasing the efficiency and efficacy of the jobs and creating a body to support its own functions, the Board of Directors has set up, within the management body, a specific Committee for internal control, known as the "Risks and Governance Committee (RGC). Among the various functions assigned to the RGC, we would like to point out the one pertaining to support and assistance to the Board of Directors for tasks relating to internal control system and identification and management of company risks, as well as the function of expressing opinion on specific aspects pertaining to the identification of the main company risks.

The Board did not deem it necessary to appoint a person in charge of the internal audit function, since the current internal control and risk management system is considered functioning and adequate.

Organisation, Management and Control Model as per Leg. Decree 231/2001

CSP has adopted an “Organisation, Management and Control Model” as per Legislative Decree 231/01, a regulation that introduced the administrative liability of companies in the Italian legal system. In particular, the Model takes into account the CSP's structural and organisational characteristics, and it is periodically updated. As required by the regulations in force on the subject, a suitable Supervisory Body was set up and assigned the task of supervising the functioning of and compliance with the Model, and of updating it.

The Code of Ethics, which identifies guidelines for corporate behaviour, forms integral part of the Model as per Leg. Decree 231/01.

The basic elements developed during the drafting of the Model are listed here below:

- identification of ethical principles and behavioural rules aimed at preventing conducts that may give rise to the types of offences referred to in Leg. 231/01;
- mapping of sensitive activities, subjected to periodic monitoring and analysis;
- verification of measures aimed at preventing offences, of the policies and procedures already implemented by the Company, their evaluation and identification and / or implementation and / or adaptation and / or introduction of additional specific protocols pertaining to instrumental processes deemed at greater potential risk of an offence being committed;
- setting up of a Supervisory Body in collegial form, consisting of three members, which shall stay in office for a period of not more than three years as from the date of appointment, possessing specific skills on the subject and being assigned specific supervisory tasks on the effective implementation and actual application of the Model;
- definition of a system of sanctions suited to ensuring an effective implementation of the Model, containing the applicable disciplinary provisions in case of failure to comply with the measures indicated in the same Model and in the Code of Ethics;
- development of an information, awareness and disclosure activity to the recipients of the Model;
- adaptation of the methods for adopting and actually applying the Model as well as for the necessary changes or additions to said model (updating of the Model).

The ‘Code of Ethics’ and the ‘Organisation Management and Control Model’ are available on the Company website at <http://www.cspinternational.it> in the Corporate Governance section.

During the course of 2019, no reports were submitted to the Supervisory Body and/or cases of corruption.

Code of Ethics

CSP is determined to ensure the utmost fairness in the running of its business and the relative company activities, also with a view to safeguard its image and reputation. The Code of Ethics states the principles and ethical values with which CSP complies during performance of its activities, and with which it expects compliance by all subjects at the

company and, more generally speaking, by all those who cooperate with it for the pursuit of the company mission.

CSP bases all its actions, operations, relationships and transactions carried out during the management of the different corporate activities on the principles set out in the Code of Ethics. The Code of Ethics is binding on those who cover roles of representation, administration or management, or exercise, de facto, the management and control of CSP, or who cooperate and collaborate with it, for any reason, in the pursuit of CSP's business objectives, all employees with no exceptions whatsoever, collaborators and anyone who entertains business relations with CSP (the 'Recipients').

In particular, the Directors of CSP are required to draw from the principles of the Code of Ethics when establishing the Company objectives, proposing investments, carrying out projects, and when taking any decision or action related to the management of CSP.

In order to attain its objectives, CSP complies with the following principles:

Compliance with legislative and regulatory provisions and observance of behavioural rules
Equality and impartiality in the treatment of employees, collaborators and customers
Transparency and reliability
Honesty
Fairness and good faith
Confidentiality
Value of the person and of human resources

The policies and the integrated management system

| GRI 103-2 GRI 103-3

Environmental and safety policy

On March 13, 2020 CSP updated its Environmental and Safety Policy. The main lines of actions that CSP intends to follow on the topic of environmental protection and occupational health and safety, as highlighted in the policy for the environment and safety are:

- adopting rules and procedures, in addition to the mere legal requirements and regulations, which focus on its environmental aspects and its health and safety risks;
- monitoring the consumption of resources, energy, amount of produced waste and improving its management;
- monitoring the trend of accidents, near-misses, occupational diseases and improvement of their management;
- monitoring and raising awareness on the supply chain;
- adopting all measures necessary to limit the occurrence of emergency conditions and any consequent impacts;

- adopting measures aimed at eliminating hazards, where possible, and reducing risks for health and safety;
- adopting measures intended to improve environmental sustainability of processes;
- evaluating the impacts on the environment and on health and safety associated with the supply chain;
- designing, manufacturing and offering sustainable products, also taking into account indirect environmental impacts;
- promoting the actions which the organisation undertakes and the results it achieves in the area of environmental sustainability and workplace health and safety protection.

To ensure compliance with these principles, CSP:

- adopts a preventive approach to the management of problems related to safety and environment;
- periodically reviews the efficacy of the adopted management system by checking the achievement of objectives and targets set for this purpose;
- promotes awareness among its personnel concerning the objectives, desired results, accountability, motivations and individual commitment in the implantation of this system; encourages participation and consultation at all levels;
- informs all Stakeholders, and whoever requests such information, of its own environmental, health and safety policy;
- commits the human and financial resources needed to achieve the objectives and to implement the improvement programs.

The Board of Directors, upon a proposal drawn up during the Management Review meeting, defines short and medium-term objectives which are disseminated and shared at all organisational levels.

The Integrated Management System

CSP (for the subsidiaries located in Italy) equipped itself with management systems in accordance with international standards, which allow continuous monitoring of the efficacy and efficiency of the processes.

CSP is fully aware of the challenges and opportunities dictated by the market, and of the need to make choices in line with the principles of sustainable development and worker safety protection. Therefore, CSP deems to be of crucial importance having an *integrated environment and safety management system* that makes it possible to standardise and control its processes and collect the information deriving from them.

The integrated management system is aimed at ensuring continuous improvement of the processes, of environmental performance and of the management of the workers' health and safety, as well as the satisfaction of all Stakeholders, the prevention of environmental pollution, of accidents and occupational diseases, as well as the meeting of all Stakeholders' expectations.

Key points of the integrated system

Ability of the organisation
to innovate, renew itself,
manage and steer change

Commitment, care,
correctness,
professionalism of the
people

Feeling of belonging to the
company, sense of
identification with the
company and with its
objectives,

Environment - ISO 14001:2015 Environmental Certification. The ISO 14001 system certification aims at increasing the trust of all Stakeholders, by ensuring the existence of an environmental management system suited to the nature of its activities, products and services. During the course of 2018, the transition from the ISO 14001:2004 scheme to the ISO 14001:2015 scheme was completed. The relative certificate was acquired and, in April 2019, the supervisory audit was conducted by the Certifying Agency.

Occupational health and safety - ISO 45001:2018 Occupational Health and Safety Certification. This certification confirms that the Company uses an efficient occupational health and safety system, hence that it is a reliable company. In April 2019, the transition audit from standard OHSAS 18001:2007 to ISO 45001:2018 was conducted, and the relative certificate was acquired.

Considering that standards ISO 14001:2015 and ISO 45001:2018 feature the same structure, modelled on the one established by higher level rules (high level structure), the two management systems are perfectly combined into a single system. The management system and its performance are constantly monitored by means of internal and external audits conducted by third parties.

Legality Rating

The Legality Rating is a tool introduced by the Italian Competition Authority, aimed at promoting and introducing principles of ethical behaviour in the company. Achieving an adequate rating is also important for access to credit.

The company is assessed on the basis of compliance with current regulations and, more generally, the degree of attention paid to the correct management of its business, through the assignment of an award measured in "stars". In June 2019, CSP obtained the rating renewal, with a rating of 3 stars, the maximum score.

Risk management

| GRI 102-15 GRI 102-11

Risk management is incorporated in the development strategy of the CSP Group, and represents a basis element of the governance system. The identification of risks is based on a periodical process of risk assessment involving the entire Management: the managers of the company functions, through a detailed analysis of its own activities, explain the company risks under their control and commit themselves to implementing a management policy of the consequent risk.

Individual risks are analysed and ordered by priority, in consideration of the Company's objectives and in connection with the combination of probability and potential impact of the risks themselves. The control activity represents the application of policies and procedures aimed at managing risks, guaranteeing Management the implementation of its directives. These policies and procedures ensure the adoption of the measures necessary in order to deal with risks that may compromise the attainment of the organisation's objectives. The outcomes of the activities referred to in the previous points are distributed in such form and times as to allow each one of the persons in charge to fulfil their tasks, with the aim of developing effective and diffused communication that flows within the organisation towards the bottom, towards the top and across all company functions.

Risk monitoring and assessment

The monitoring phase completes the risk analysis process, validating actions aimed at preventing or mitigating the effects of the risks. In real terms, this means constant supervision, periodical evaluations, or a combination of the two. The process is conducted in a current management framework, and includes regular checks conducted by Management or other initiatives undertaken by the personnel themselves during the performance of their tasks. The extent and frequency of the periodical evaluation mainly depend on the risk assessment and on the efficacy of the supervisory procedures.

Environment, Health and Safety - Analysis of the risk context

In line with the requirements of standards ISO 14001 and ISO 45001, an analysis of the context (both internal and external) and the risk was conducted and documented which made it possible to highlight, specifically, the aspects associated with the environment and with occupational health and safety.

Risks - opportunities assessment of the processes

The company processes were mapped by site/activity. For each activity, the impact on the environment and on the workers' health and safety was evaluated and classified. Similarly, for each activity the relative opportunities for improvement, to be implemented during the subsequent design activities, were searched for and highlighted.

Risks and management methods

The CSP Group conducted an assessment of the risk areas, which are listed here below, with specific, but not exclusive, reference to the significant ones in terms of sustainability. The same table lists, in summary and/or with specific references to other sections of this document and/or documentation that can be found on CSP's website, the methods for managing said risk, in other words the strategies, policies and action plans of the CSP Group identified as a protection against risks.

Area-Category / Risk description	Underlying Material topic	Management method
Competitive scenario		
Trend of reference markets	Innovation and technological research on products	CSP's Industrial Plan, in view of a reference scenario characterised by stagnating consumption and a strong contraction of the reference markets

		was drawn up starting from strategic guidelines that consider research, innovation and sustainability to be important drivers.
Strategic risks - Business model		
<p>Risks related to general macroeconomic trends on the markets where CSP is present. The markets in which the Group operates are highly competitive.</p> <p>The success of CSP's activities depends on its ability to maintain and/or increase its market shares and to expand into new markets, through innovative products featuring high qualitative standards and capable of guaranteeing suitable profitability levels.</p>	<p>Product quality and safety</p> <p>Brand image and reputation</p> <p>Customer satisfaction and responsible Marketing</p>	<p>CSP's 2019-2023 Industrial Plan, in view of a reference scenario characterised by stagnating consumption and a strong contraction of the reference markets was drawn up starting from strategic guidelines that consider research, innovation and sustainability to be important drivers.</p> <p>Specifically:</p> <p>a) Development and marketing of new products with innovative and sustainable features.</p> <p>b) Relevance of product quality and safety</p>
Financial risks		
<p>The CSP Group is exposed to financial risks associated with its operations and, in particular, to:</p> <p>a) credit risk, in connection with normal trade relations with customers; b) liquidity risk, with special reference to the availability of financial resources and access to the credit market; c) foreign exchange risk; d) interest rate risk.</p>	<p>Creation and distribution of value.</p>	<p>CSP constantly assesses risks in order to estimate, in advance, the potential negative effects and to undertake suitable actions aimed at mitigating said risks.</p> <p>For the specific management methods of risks of a financial nature, please refer to the <i>Consolidated Financial Statements as at 31 December 2019</i>.</p>
Operating risks		
Compliance		
<p>Risks associated with failure to comply with rules and regulations</p>	<p>Ethical business conduct and compliance with standards</p>	<p>CSP has adopted an organisation, management and control Model pursuant to Leg. Decree 231/2001, which defines and provides for responsibilities and tasks of senior-level staff, with the aim of segregating potential conflicts or sensitive areas, including with respect to offences on the subject of the environment and/or health and safety in the workplace.</p> <p>Periodical conformity checks, including with respect to authorising practices and dialogue with the Stakeholders. Planning and conducting internal audits.</p>

Risk of potential <i>data breach</i> in relation to customer privacy and loss of customer data	Data security (Cybersecurity) and privacy protection	<p>CSP has adopted a Model for the protection of personal data, operating procedures for the management of the various fulfilments, legal documentation, processing operations register, IT risk analysis approach).</p> <p>The Data Breach Management Procedure governs the process in accordance with the European Regulation on the protection of personal data and defines the roles and responsibilities of the subjects involved.</p>
Environmental risks		
Risks with the highest potential environmental impact are represented by the management and discharges of water. The risks pertain to the dyeing process, the management of hazardous materials used in production processes (chemical products /dyes) and to the generation of waste.	<p>Ethical business conduct and compliance with standards</p> <p>Responsible consumption, sustainable packaging and packing (raw materials, energy, water)</p> <p>Emissions and climate changes</p> <p>Waste production and management</p>	<p>The CSP Group has long dealt with the problems underlying this area, adapting the installations and subjecting them to monitoring. This with special reference to process which are most exposed, such as: the dyeing process and the use of energy sources.</p> <p>The protection against the risk in question is represented, in the first place, by the Environmental Management System.</p>
Human Resources / Organisational risks		
Ability to retain, attract and motivate qualified resources	<p>Training, professional development and skills</p> <p>Employment protection</p>	<p>The human resources management policy entails an annual review of the integrated company policy and monitoring of the attainment of objectives and targets.</p> <p>The protection against the risk in question is based on a few specific elements:</p> <p>a) Dialogue at all organisation levels in order to promote leadership and a feeling of belonging;</p> <p>b) Constant dialogue with the social parts (trade union organisations) and focus on the application of company principles (Code of Ethics) during the work activity;</p> <p>c) Periodically, personnel who cover key positions or positions of responsibility are subject to specific training that allows an updating of their</p>

		skills and enhances the value of the people.
Guaranteeing the workers' health and safety	Safeguarding the workers' health and safety	<p>The protection against the risk in question is represented, in the first place, by the Health and Safety Management System.</p> <p>Key points of this system:</p> <ul style="list-style-type: none"> a) Transition to standard ISO 45001 and refresher program of the competences by means of scheduled training sessions; b) routine maintenance activities to be carried out on the systems, also in connection with the assessed risk level; c) survey of suppliers as regards environmental and health/safety aspects that may affect the company business; d) updating of the risk assessment and subsequent periodical training activity; e) monitoring of dangerous situations and near-misses; f) Periodical and formalised operational check.
Supply chain - Suppliers		
Reputational risk caused by any violations by the suppliers (external workers / subcontractors) of the principles contained in CSP's Code of Ethics and by non-conformity to CSP's policies regarding environment-health-safety.	Sustainability of the supply chain	An internal analysis was carried out in order to: a) map the most significant suppliers from the standpoint of potential impact on environmental, safety and health topics; b) define the criteria used to evaluate the risk level along the supply chain; c) implement direct and indirect monitoring actions (through questionnaire) of the suppliers depending on priority/risk level
Community and territory		
Development of conflicts and disputes.	Support to local communities (Suppliers and territory)	CSP's Management (at different levels of Function / responsibility) is directly committed in managing dialogue and any problems with local communities and the territory.

The precautionary principle or approach

Introduced in 1992 during the United Nations Conference on Environment and Development (*United Nations in Principle 15 of "The Rio Declaration on Environment and Development"*) in the area of environmental and biodiversity protection, this principle is based on the assumption "*better safe than sorry*", and it has been transposed and used at various governmental levels and in practice in areas pertaining to consumer health and safety protection.

As integral part of the risk management strategy, the application of this principle entails a prior evaluation of any potential negative effects of an environmental and social nature that may derive from the making of decisions and/or strategic choices pertaining to products and processes. Should the existence of a risk of serious or irreversible damage is identified, the adoption of suitable and effective measures must be evaluated, also in relation to costs and benefits, aimed at preventing and/or mitigating said negative impacts.

As indicated in the Policy for the environment and safety, CSP has adopted a preventive approach as regards the management of problems related to the environment and to safety, in particular for that which is referred to the production process and the development of new product lines.

Compliance with standards - Regulatory compliance

| GRI 206-1 GRI 307-1 GRI 418-1 GRI 419-1

CSP's governance model, which includes the Organisation Model as per Leg. Decree 231, and the Code of Ethics, define the Group's reference parameters on the subject of relationships with the international regulatory framework. Please see the chapter where customer relations are analysed for the aspects of regulatory compliance more closely related to products and to commercial and marketing policies.

Compliance with environmental laws

During 2019, just like during the previous year, there were no situations which resulted in sanctions and/or litigation for non-compliance with environmental laws, rules and regulations. Similarly, as at the date of this Non-Financial Statement there are no ongoing litigation concerning environmental issues.

National and local environmental laws are particularly alert to the production process of the dyeing departments of CSP's production sites (Ceresara and Le Vigan). These systems require specific authorisations and a constant monitoring process of various parameters, among which the concentration of chromium, used in dyes (especially for the colour black), to set the colour pigments. The regulatory evolution provides for a gradual reduction of the thresholds and/or limits, with which CSP shall be required to fully comply.

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

As at the date of this document, there are no cases of violations of laws and /or regulations pertaining to provisions of a social and economic nature. No penalty of such nature was received during 2019 and there are no significant proceedings concerning this issue.

Human rights

As regards in particular the topic of human rights, said topic is basically an integral part of the processes tied to the supply chain and relative potential problems. Please, see in this regard the information provided in the chapter of this document dedicated to the analysis of relationships with suppliers (Responsibility of the supply chain).

Cybersecurity and Privacy Policy

The Company has completed the project to comply with the new legal framework for the protection of personal data (EU Regulation 2016/679 and Italian implementing legislation). As a result of this activity, a set of internal provisions and self-regulation rules have been defined, including the Model for the protection of personal data, operating procedures for the management of the various fulfilments, legal documentation, processing operations register, IT risk analysis.

The Model, which intends to comply with the provisions contained in the GDPR and, more generally, with the self-regulation rules adopted by the Company, pursues the following objectives:

- guaranteeing exercise of the rights of the data subjects concerned by the processing;
- fulfilling the Data Controller's obligations, enhancing in all those who process personal data the awareness of the role covered within the organisational structure and of the responsibilities assigned to them;
- act promptly in order to prevent or combat possible violations through actions aimed at monitoring and checking the fulfilments referred to in the GDPR and the implementation of suitable security measures.

In 2019 CSP continued its data protection management activities, including:

- management of relationships with service providers and regularisation of privacy relations (e.g. designation of suppliers as data controllers);
- management of personal data breaches (so-called “data breach”), as occurred during the cyberattack suffered by the Company in November 2019, which involved a detailed analysis of the case from a technical-legal point of view and the preparation of mandatory notifications and communications (to the Data Protection Authority and to the Company's customers);
- adoption of additional document templates, in response to specific needs;

The Company has also taken some specific actions regarding the personal data protection, such as:

- internal control activities, such as the analysis of the e-commerce website "My Boutique" from the point of view of cookie management and privacy settings;
- personnel training activities on data protection;
- distance education, for all company employees on the general principles of EU Regulation 2016/679 (for which funding has been applied for from Fondimpresa);

No objections, no complaints from external parties or regulatory bodies have been received by CSP as of today's date with regards to violations of the regulations in force, the data subject's rights and the personal data for which CSP is the Data Controller.

In 2019 CSP suffered 2 cases of *data breach*, which affected the database of some customers. Beside an irrelevant episode that was remotely inhibited in a timely manner, there was a breach into the e-commerce site for the withdrawal of payment data, which involved 111 customers. As required by law, this event was notified to the Data Protection Authority and did not have any consequences for customers.

Procedures on the subject of respect for the competition

During the course of the reporting period, no episodes and/or initiation of proceedings or lawsuits against the CSP Group occurred concerning the violation of free competition, monopolistic practices or anti-trust.

4

ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE



4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE

Material topic	Why (The reasons)
Creation and distribution of value.	Economic sustainability in general, and more specifically for an operator in a mature sector with difficult market scenarios such as the one in which CSP operates, is crucial for present and future operativity.

The economic value generated and distributed

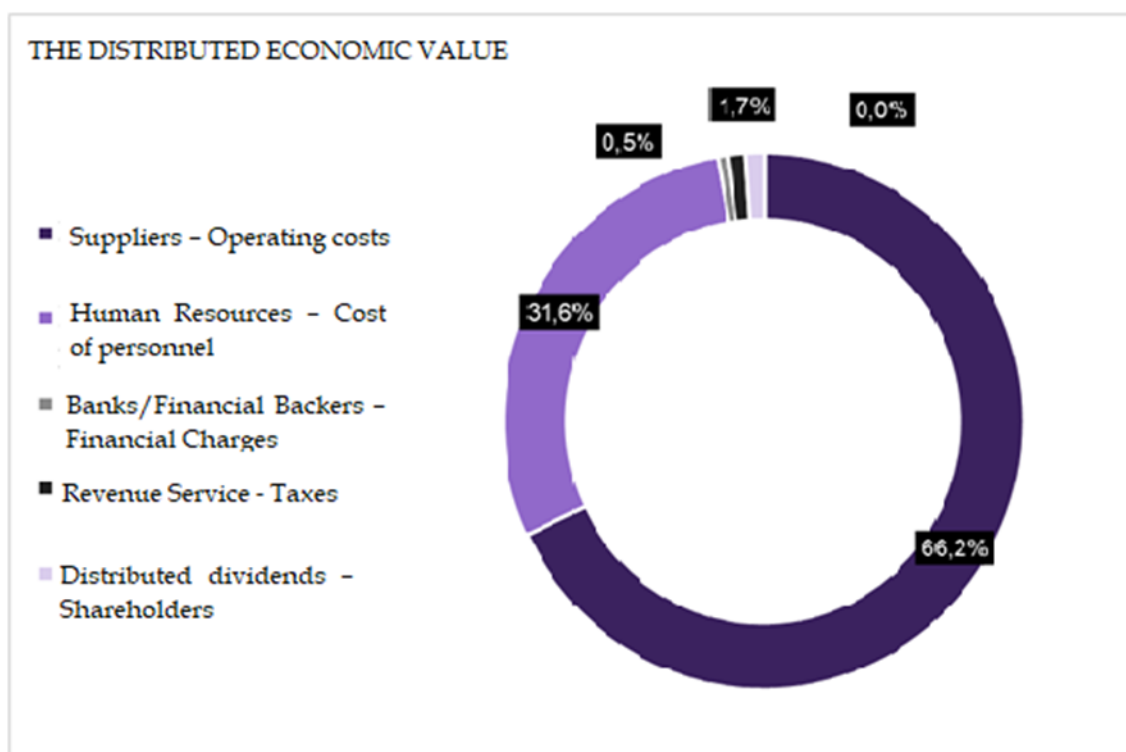
GRI 201-1 GRI 201-4

The table below, prepared on the basis of the consolidated income statement for the reference period, highlights the economic value generated directly by CSP and distributed to internal and external Stakeholders. This indicator refers to CSP's net revenue (Revenue, Other operating revenue, clear of losses on receivables), whilst the Distributed economic value includes costs reclassified by category of Stakeholders.

No dividends were distributed to Shareholders in 2019.

The retained economic value is the difference between generated and distributed economic Value and comprises the amortisation/depreciation of intangible and tangible fixed assets, provisions for restructuring costs (Euro 1.2 million) and deferred taxes.

Economic value (thousands of Euro)	2017	2018	2019
Generated economic value	121,361	113,551	110,025
Suppliers – Operating costs	(78,121)	(75,647)	(71,751)
Human resources – Cost of personnel	(36,678)	(34,888)	(34,298)
Banks and other financial backers – Financial charges	(842)	(458)	(499)
Revenue Service – Taxes	(1,413)	(1,364)	(1,878)
	(117,054)	(112,357)	(108,426)
Distributed dividends – Shareholders	(1,290)	(1,290)	-
Distributed economic value	(118,344)	(113,647)	(108,426)
Retained economic value	3,017	(97)	1,599



Financial assistance received from the Public Administration

The Group receives no financial assistance of significant entity from the Public Administration. In 2019, the Parent company CSP International Fashion Group S.p.A. benefited of the tax credit of Euro 54,000 deriving from advertising investments. In previous financial year, the same Parent company had accrued a tax credit for research and development activities, amounting to Euro 26,000.

The impact on the territory

GRI 203-2 GRI 204-1

The distributed value has a significant impact on the local territory and CSP's reference community. In addition to the employees, there is a high percentage of suppliers to which the Company assigns processing activities (these suppliers being known as subcontractors) and who operate in the hosiery district of Castel Goffredo, in proximity to the facility of Ceresara (MN), just like in the geographical areas of Carpi (MO) and Bergamo and on French territory in the departments of CSP's France subsidiaries.

The policy followed contributes to ensuring a positive spin-off on the economy and on the operators of the reference sector. Please note how the value distribution to local suppliers must, in any event, take into account and be conditioned not only by the operational model, but also by the type of supply being requested.

The economic spin-off on the territory

In 2019, CSP entrusted to **local suppliers** a total of supplies equal to a total of **Euro 17.1 million** (the same amount of Euro 17.1 as in 2018).

(Amounts in millions of €)	CSP Italy		CSP France		Total	
	2018	2019	2018	2019	2018	2019
Total value of local supplies	15.4	15.3	1.7	1.8	17.1	17.1
% of local supplies out of the total (in value)	33.1%	42.7%	4.1%	4.3		

With regards to CSP Italy, the suppliers identified as local suppliers were over 400 operating in the provinces of Mantua, Modena and Bergamo (locations of CSP's production units). As for CSP France, the local suppliers (about 100) are those operating in the departments of Le Vigan and Fresnoy (CSP plants).

The investments – The innovation

GRI 203-1

Investment policies and plans

During the period in question, gross investments were made for a total of Euro 2.2 million (Euro 0.97 million in 2018 - Euro 2.2 million in 2017) mainly pertaining to the purchase of other assets for the ordinary replacement of certain obsolete assets.

During the course of the 2019 period, CSP conducted research and development activities focused on technological innovation, for a total commitment (incurred costs) of Euro 1.6 million (Euro 2.9 million in 2018 and Euro 2.4 million in 2017). These activities focused on projects deemed particularly innovative and were carried out in the various plants, both in Italy and France. Please, see the information contained in Chapter 1 of this document.

We trust that the positive outcome of these innovation investments will generate good results in terms of value creation and distribution, with favourable consequences on the economic situation of the company and the local territory.



5 THE HUMAN RESOURCES

Material topic	Why (The reasons)
Training, professional development and skills	The training, development and maintenance of professionalism and of skills are topics that cut across the organisation, the operational model and other material topics.
Safeguarding the workers' health and safety	The safeguarding of the health and safety of the human resources are topics that cut across the organisation, the operational model and other material topics.
Employment protection	The maintenance of employment levels tied to the reference territory represents a priority and a peculiar characteristic of CSP's operational model.

Personnel management, value enhancement and development policies

GRI 102-41 GRI 103-2 GRI 103-3 GRI 406-1

Remuneration policies

As required by the regulations in force, all employees are covered by collective bargaining and supplementary company agreements.

Safeguarding gender diversity and equal opportunities

CSP safeguards and promotes the supreme value of human beings, who must not be discriminated against based on age, sex, sexual orientation, race, language, nationality, political and trade union views, or religious belief.

CSP acknowledges the central role played by human factors and believes that the most important success factor for any company is guaranteed by the professional contribution of the people who work for the company, in an environment of honesty and mutual trust. CSP considers human resources as an indispensable and precious asset for its very own existence and future development.

CSP acknowledges, as unavoidable principles of its company philosophy, in tune with the international organisation to which it belongs, respect for the work, professional contribution and effort of each single employee, as well as respect for different opinions, regardless of seniority and experience, and the power of ideas. To this end, CSP guarantees equal opportunities at all levels of the organisation, according to merit-based criteria and with no discrimination whatsoever.

In turn, employees and external staff are asked to commit themselves and to behave honestly, guaranteeing the due performance and fulfilling the commitments undertaken vis-à-vis the Company.

CSP also agrees to arrange for authority to be exercised with fairness and correctness, avoiding any and all abuse. In particular, authority must never lead to the exercise of power that is detrimental to the dignity and autonomy of employees and external staff in a broad sense. The organisation's choices regarding the work must safeguard the value of all employees and external staff.

CSP guarantees the physical and moral integrity of its employees and external staff, working conditions that are respectful of individual dignity and safe and healthy working environments. There is absolutely no tolerance at the Company for requests or threats intended to make people act against the law and the Code of Ethics, or to act in such a manner that is damaging to a person's beliefs and moral and personal preference.

Training

Moreover, fully aware that professionalism is a value acquired through practice and experience as well through specific training, CSP acknowledges the crucial contribution made to this process by professionals with higher seniority and encourages the handing down of their knowledge and of their professional attitude to the younger employees. CSP aims to enhance the value of professionalism, encourages the career ambitions of the individual persons as well as each individual's expectations for learning and for professional and personal growth.

Discrimination and harassment

CSP does not tolerate any discriminatory behaviour, nor any form of harassment and/or personal or sexual offence. Hence, CSP is committed to fostering a working environment that excludes any form of discrimination and harassment concerning race, gender, religion, nationality, age, sexual orientation, disability or other personal traits not pertaining to the job.

In the workplace, it is absolutely forbidden to engage in any illegal conduct whatsoever or in any form of abuse, threat or aggression against people or company assets. All personnel are required to report any such behaviour and, in any event, any alleged violation of rules, directives or procedures, to their direct supervisor, who in turn shall report it to the Human Resources function, with the due guarantees of confidentiality.

There were no cases and/or episodes of gender discrimination in any of the companies belonging to the CSP Group.

Health and safety in the workplace

The Group guarantees working conditions that are respectful of individual dignity and safe and healthy environments, in compliance with regulations on accident-prevention and on health and hygiene in the workplace currently in force. CSP strongly promotes the spread of a culture of safety and the awareness of risks associated with the work activities carried out, asking everyone, at all levels, to behave in a manner that is responsible and respectful of the safety system in place and of all the company procedures that form integral part of this system.

With this in mind, all employees, collaborators and anyone who works, for any reason, at the Group's offices and plants is required to personally contribute to maintaining the safety and quality of the environment in which they operate, in strict compliance with the implemented safety system and with all company procedures which are part of said system. CSP commits itself:

- to carry out safe activities for the purpose of protecting the health of the Company's employees and of the communities where its facilities operated, adapting its operational strategies to compliance with the Company policy on the subject of safety, health and the environment;
- to ensure training and information of all those who work at the offices and production facilities owned by the Company, on the risks associated with safety to which they may be exposed from time to time, guaranteeing them the Personal Protective Equipment and means required by the regulations in force in connection with the type of activity carried out;
- to periodically review and continuously monitor the performance and efficiency of its system intended to control safety-related risks, in order to keep the workplaces safe so as to protect the physical integrity of its personnel and attain the continuous improvement objectives set by CSP on the subject of safety, health and the environment.

Industrial relationships – Restructuring plan

CSP's role

CSP contributes to the economic well-being and growth of the communities in which it operates. To this end, it carries out its activities in full compliance with local and national communities encouraging a constructive dialogue with trade unions or other types of associations.

CSP encourages and promotes initiatives of a social, sport, humanitarian and cultural nature, including through contributions made in favour of foundations, institutions, organisations or agencies dedicated to the performance of social and cultural activities and, more generally speaking, of activities aimed at improving the quality of life and at spreading a culture of peace and solidarity. The disbursement process of these contributions takes place in compliance with regulatory provisions in force, and it is duly and properly documented.

CSP does not encourage nor does it entertain any kind of relationship with organisations, associations or movements that pursue, directly or indirectly, objectives which are criminally illegal or, in any event, forbidden by the law. Moreover, CSP condemns any form of participation by the Recipients in associations the purposes of which are prohibited by the law and contrary to public order. It also repudiates any behaviour even only intended to facilitate the activity or the program of organisations instrumental for the commission of offence, even if said facilitating behaviours are necessary for the purpose of achieving a benefit.

Market difficulties and production restructuring measures

The difficult situation of the market on which CSP operates has led, in recent years, to the implementation of personnel reduction plans, along with the recourse, for its Italian and

French units, to temporary support measures such as, to a limited extent, 'Cassa Integrazione' (Wages Guarantee Fund). These measures, in respect for the different positions, were managed through a constant dialogue with the trade unions.

Use of social subsidies falls within the scope of streamlining and cost containment plans for the structure of the production divisions, which aims to minimise the effects arising from the contraction of the reference domestic markets and the consequent choice to streamline the development of CSP product lines.

The main initiatives in force at the date of this document are the following:

Carpi Plant Facility (MO): The trade union consultation procedure initiated on 6 November 2019 ended on 11 December 2019, at the Regional Labour Agency - Modena Job Centre, with the signing of the formal minutes to the joint investigation, the objective being to initiate an Extraordinary Redundancy Scheme with effect from 2 January 2020, for a duration of 9 months, which involves 45 employees of the 48 employed at the Lepel Division in Carpi.

Ceresara Plant Facility (MN): the trade union consultation phase terminated on 20 December 2019 whereby an agreement was reached with the trade unions to initiate a Solidarity Contract coming into force on 2 January 2020, for a period of 6 months. This procedure foresees an average reduction in work hours of 50% and concerns 81 employees of the 266 employed at the facility in Ceresara.

Ceresara (MN), Carpi (MO) and Bergamo Plant Facilities and related points of sale: since the productive activities carried out in the Italian plant facilities fall within the scope of the list of business activities suspended by the Decrees of the President of the Council of Ministers published on 22 March and 10 April 2020, concerning the temporary suspension of commercial and manufacturing activities, CSP was forced to suspend its manufacturing activities conducted at the plant facilities in Ceresara (MN), Carpi (MO) and Bergamo along with the commercial activities at all points of sale which came into force on 23 March 2020, and introduced the trade union procedures required to initiate the ordinary "Covid-19 national" redundancy scheme for all corporate facilities (points of sale included), in force from 23 March until 3 May 2020, pursuant to and by effect of Legislative Decree no. 18 of 17 March 2020. Administration activities remained fully operational adopting a smart working regime, in accordance with the current Occupational Health and Safety regulations.

The following interventions were implemented and agreements reached during the course of 2019:

As regards the French subsidiary, **CSP Paris Fashion Group**, in the beginning of 2018 the parties concerned signed the '*Accord de méthode sur le dialogue social*', which defines the general rules according to which relationships between company, workers and trade unions should be managed in order to prevent conflict and facilitate relations. The methods for managing industrial relations also led to a redefinition of agreements on the topics of training, management of career paths and professional qualification.

January 2019 - hypothetical agreement for the stipulation of a Solidarity contract entailing an average reduction equal to 25% of the work hours of the personnel at the Carpi plant, starting from 4 March 2019 and lasting for 10 months. This agreement falls within the streamlining and containment programs of the overhead costs declared by the Group, for the purpose of minimising any possible employment and social impacts originating from the significant contraction in the underwear market and from the consequent decision to

streamline the development of product lines pertaining to underwear and beachwear. The agreement reached on January, 29th, has allowed CSP, on the one hand, to safeguard the employees' specific know-how and, on the other, to approach in a flexible way the changed needs of the compartment concerned by the agreement.

January 2019 - As regard the hosiery division of the Ceresara plant, following the trade union consultation of 7 January, as from 4 February 2019 an ordinary wage redundancy fund (CIGO) has been implemented, involving 90 workers with a maximum reduction of the weekly hours equal to 3 working days, and lasting for 13 weeks.

March 2019 - in line with the strategic revision program aimed at outlining a multi-year plan that may make it possible to combat the current unfavourable situation, CSP presented the development plan for the Bergamo Division, which entailed relocating the production from the current location to a new rented building located at the address of Via Zanica 54, in Bergamo, a few distance away from the current address. The relocation concerned all departments except for those associated with the quality control of raw materials / accessories and finished products, cutting, logistics, services complementary to the previous ones (12 employees), which were centralised at the Ceresara headquarters, for the purpose of taking advantage of all possible synergies associated with unified logistics. Of the total workforce of 68 employees for the Division, 19 were relocated to Ceresara. CSP initiated a dialogue with trade union organisations to make the relocation easier and on 17 April 2019 an agreement was reached, which provided for economic support measures for employees who would have chosen to refuse relocation at the Ceresara headquarters and a series of facilitations, both economic and organizational, for employees who would have accepted it. The new facility in Bergamo has allowed a reduction in management costs and the integration of product development and prototyping operational functions, as well as the expansion, at the new location, of the Company outlet over a total surface area of about 500 square metres, inside of which all products bearing the CSP brands are sold. The relocation of the departments to Ceresara has become operational as from the month of May 2019, and has allowed, at this delicate time for the market, to safeguard the division's know-how and the occupational levels, as well as to streamline operating costs in relation to the actual business trend. Of the 19 employees concerned by relocation to the plant facilities in Ceresara, only 3 accepted while the remaining 16 refused, adhering to a mutually agreed termination of the employment relationship which was formalized for the most part by 14 June 2019. The relocation to the new Bergamo-based facility became operational towards the end of the year and was completed at the beginning of 2020.

August 2019 - on 2 August a further agreement was reached with the trade unions, concerning to the Solidarity Contract drawn up on 29 January 2019 for the Carpi Plant Facility, pursuant to a scale-up of the average percentage of reduction of working hours from 25% to 35%. This scale-up was necessary in order to intensify the rationalisation and cost containment structure processes already in place, arising from the decision to further optimise the organisation and development of the underwear and beach wear collection production lines.

The employees

| GRI 102-8 GRI 401-1 GRI 401-2 GRI 401-3 GRI 405-1 GRI 405-2

Data pertaining to personnel refers to the consistence of the workforces at the end of the period ("Head Count"). The dynamics of the workforce during the period in assessment

continues to feel the impact of the negative trend of the reference market and consequent reorganisation activities along with the adoption of *social subsidies*.

Total Employees	2017	2018	2019
Total	846	807	750

Employees by category / gender

	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives-Managers	4	13	17	4	12	16	4	11	15
White-collars -	363	177	540	341	174	515	302	163	465
Blue-collars	188	101	289	183	93	276	176	94	270
Total	555	291	846	528	279	807	482	268	750

The nature of the sector in which CSP operates has historically witnessed the predominance of female personnel, which at the end of 2018 was 65%, a substantially stable indicator over the three-year period. The place of origin of CSP's employees in the relevant categories is predominantly local. Women account for 27% of management.

Employees by geographical area

As at 31 December 2019, of the 750 employees of CSP, 388 (52%) worked for the French subsidiary of the CSP Group (51% at the end of the previous year).

Area	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	272	136	408	259	134	393	240	122	362
France	283	155	438	269	145	414	242	146	388
Total	555	291	846	528	279	807	482	268	750

Employees by age group

Age groups (years)	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30 years old	41	5	46	36	5	41	27	8	35
From 30 to 50 years old	265	103	368	236	85	321	203	66	269
Over 50 years old	249	183	432	256	189	445	252	194	446
Total	555	291	846	528	279	807	482	268	750

Data for 2019 confirm the trend of a progressive *ageing* of the company's workforce, with a percentage of employees over 50 approaching 60%, while the percentage of employees under 30 falls below 5%, highlighting the difficulty of a generational turnover, made difficult by market trends.

The 'age pyramid' and the reduced turnover of employees hired on open-ended contracts have allowed, at the very least, the containment of the personnel reduction measure (lay-offs), as in previous years.

Diversity by age / gender in %	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	4.8%	0.6%	5.4%	4.5%	0.6%	5.1%	3.6%	1.1%	4.7%
30 -50	31.3%	12.2%	43.5%	29.2%	10.5%	39.8%	27.1%	8.8%	35.9%
Over 50	29.4%	21.6%	51.1%	31.7%	23.4%	55.1%	33.6%	25.9%	59.5%
Total	65.6%	34.4%	100.0%	65.4%	34.6%	100.0%	64.3%	35.7%	100.0%

Employees by contract type and form of employment

CSP's personnel employed as at 31 December 2019 were mainly hired through open-ended contracts. Below is the detailed data referred to the last three periods.

Employees by contract type

Contract	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Open-ended contract	485	283	766	468	274	742	437	253	690
Fixed-term contract	70	8	78	60	5	65	45	15	60
Total	555	291	846	528	279	807	482	268	750

The percentage of employees with fixed-term contracts was not significant at the end of the period (8%), stable compared to the previous year and there were no differences of particular significance at the geographical area level.

Contract/area	2017			2018			2019		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Open-ended contract	387	381	768	376	366	742	355	335	690
Fixed-term contract	21	57	78	17	48	65	7	53	60
Total	408	438	846	393	414	807	362	388	750

Employees by form of employment

The application of the agreements reached within the scope of the workforce reduction plan implemented during the 2017 period and agreed upon with the trade union representatives and with the process workers, has entailed, for a certain number of employees, the conversion of the employment relationship from full-time to part-time. This measure involved in a participated manner all workers in the concerned departments. The percentage of employees with part-time contracts remains at around 22%, in line with Italy and France.

Form of employment	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time job	363	285	648	351	274	625	324	263	587

Part-time job	192	6	198	177	5	182	158	5	163
Total	555	291	846	528	279	807	482	268	750

Type of job /area	2017			2018			2019		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Full-time job	298	350	648	291	334	625	279	308	587
Part-time job	110	88	198	102	80	182	83	80	163
Total	408	438	846	393	414	807	362	388	750

The Italian Companies of the CSP Group benefited, until 31 December 2018, from relief concerning social security contributions in relation to so-called stabilised employees (hiring with open-ended contract or conversion of contracts to the open-ended form).

As regards company benefits, there is no discrimination between full-time and part-time employees, the only difference being that the latter category benefit in a proportional manner to their respective work schedule.

Personnel turnover

Data pertaining to personnel turnover are provided for the last three years only. The table below shows the turnover by age groups and gender

Hiring - Age groups	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30 years old	64	8	72	117	5	122	89	4	93
From 30 to 50 years old	77	36	115	34	10	44	40	9	49
Over 50 years old	86	18	104	47	4	51	30	13	43
Total	227	64	291	198	19	217	159	26	185

The hiring figure of 2019 is largely attributable to the subsidiary CSP Paris (178 hired compared to 7 in Italy). This figure also relates, as in previous periods, and to a large extent, to **collaborators hired with short-term contracts**. These employees cover sales positions, such as 'demonstrators', during marketing campaigns and seasonal sales at the large retailers. At the expiry of the contract, the collaboration relationship is formally terminated and it is included in the terminations figure indicated in the following table. The circumstance is also clearly demonstrated by the dynamics of outgoing personnel:

Terminations - Age group	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30 years old	73	13	86	115	4	119	94	2	96
From 30 to 50 years old	92	28	120	45	14	59	50	12	62
Over 50 years old	84	34	118	66	12	78	60	24	84
Total	249	75	324	226	30	256	204	38	242

Terminations - causes	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary resignation	28	7	36	14	9	23	23	5	28
Retirement	11	8	19	14	10	24	14	8	22
Dismissal	43	26	69	4	8	12	6	4	10
Other (end of fixed-term contract)	167	34	201	194	3	197	161	21	182
Total	249	75	324	226	30	256	204	38	242

The turnover rate is calculated as the ratio of the "net" balance between hiring and dismissal of the Group's personnel and their total quantity at the end of the previous period. This approach makes it possible to normalise the dynamics and effects tied to the seasonal hiring of the French subsidiary. In 2019, the net turnover rate was negative by 7.4% in terms of net reduction of the overall workforce.

Turnover rate %	2017			2018			2019		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Hiring	96	195	291	15	202	217	7	178	185
Resignation	(100)	(224)	(324)	(30)	(226)	(256)	(38)	(204)	(242)
Net increase (decrease)	(4)	(29)	(33)	(15)	(24)	(39)	(31)	(26)	(57)
Employees as at the end of the previous period	412	467	879	408	438	846	393	414	807
Turnover rate	(1.0%)	(6.2%)	(3.8%)	(3.7%)	(5.5%)	(4.6%)	(7.9%)	(6.3%)	(7.1%)

The ratio between salaries and gender

The indicators in the following table show the ratio, for the various categories of employees, between women's salaries and men's salaries.

Salary ratio	2019			
	Italy	France	Italy	France
Executives	84%	-	78%	-
Managers - White-collars	68%	59%	71%	64%
Blue-collars	87%	101%	87%	111%

For both Italy and France, the figure shown compares the fixed component of the remuneration, which can better express said ratio. Job description being equal, the contractual and remuneration level provided for by the National Collective Labour Agreement (CCNL) for the sector is applied, in full compliance with gender equality; however, the remunerations are then obviously adjusted based on seniority at the company and on the type of activities carried out.

Risk management

As regards changes in contractual conditions which are relevant for the employees, the company generally complies with the time frames provided for by the National Collective Contract (CCNL).

Parental leaves

Below please find the data pertaining to parental leaves, an institution provided for by current legislation, which concerned a total number of 35 employees of the CSP Group during the course of 2019. At the end of the period, most employees regularly returned to their job.

Parental leaves	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	25	11	36	20	7	27	23	9	32
France	2	-	2	3	-	3	3	-	3
Total	27	11	38	23	7	30	26	9	35
Returned to work at the end of the period	22	10	32	17	6	23	28	-	28
Returned and remained after 12 months from return	Not available						18	7	25

The indicators show a phenomenon that still concerns the female gender and that has mainly affected Italy. Since 2019, the indicator relating to stay in the company after parental leave has also been reported, which shows that employees using this instrument return to work and do not leave their jobs.

Occupational Health and Safety

| GRI 403-2 GRI 403-4 (2016)

The commitment towards health and safety in the workplace represents an important aspect for CSP. The focus finds application in finalising the project aimed at adapting standard OHSAS 18001:2007 to ISO 45001:2018 management system standard.

With regard to reporting in this NFS, the standard GRI 403 Occupational Health and Safety used for the reporting of topics pertaining to occupational health and safety, was updated during the course of 2018 by the GRI – Global Reporting Initiative.

For purpose of this document, reference is made to the 2016 version of GRI 403. The updated version, which will become mandatorily effective starting in 2021, places particular emphasis on the prevention measures of accidents at work and occupational diseases, in line with the most sophisticated systems that manage these aspects. The reporting scope will include not only the organisation's employees but also independent workers who nevertheless carry out their activity under the organisation's control and/or at a "workplace" controlled by the organisation.

The Head of the Prevention and Protection Service (RSPP) - Work plan and improvement measures

In accordance with the provisions of Leg. Decree 81/2008, CSP has appointed as Head of the Prevention and Protection Service (RSPP) an employee of the Group. This figure deals with safety management in the workplaces and handles the relationships with the various control and certification agencies and bodies. He also coordinates with the workers representatives as to safety and with the Directors. As part of the policy on the subject of health and safety, the Risk Assessment Document (DVR) has been drawn up. This document identifies the specific factors of potential risks relative such operating reference areas. Moreover, a document is periodically drawn up and updated which contains the work plan and the improvement measures (Improvement Plan). For CSP's French subsidiary, the position of safety manager is currently covered by the Production Manager.

Trade union representatives, occupational health and safety

The topics pertaining to the health and safety areas are referenced in the supplementary company agreements and meetings are periodically held by the RSPP, the minutes of which are shared with and signed by the trade union representatives. Specific trade union agreements are then defined and signed for the presentation to Fondimpresa and Fondirigenti of company training plans, which include training sessions on workplace safety. French regulations require a specific internal Safety Environment Committee, of which the workers representatives form integral part (Plant Director, in addition to personnel representatives).

Accidents

Italy	2017	2018	2019
Number of accidents at work (Others)¹	2	2	4
Days of absence due to accidents ²	143	30	81
Total hours worked	600,442	620,133	558,890
Accident Frequency Index	3.33	3.23	7.16
<i>(no. of accidents / worked hours) x 1,000,000</i>			
Accidents Seriousness Index	0.23	0.05	0.15
<i>(days of absence / working hours) x 1,000</i>			

¹Accidents 2018: 1 ongoing - 2019: 1 accident ongoing

²The days of absence for injury refer to the working calendar days, excluding holidays and rest days

France	2017	2018	2019
Number of accidents at work (Others)	5	9	19
Workdays lost as a result of accidents	849	875	687
Total hours worked	849,208	663,346	581,647
Accident Frequency Index	5.89	13.57	32.67
<i>(no. of accidents / worked hours) x 1,000,000</i>			
Accidents Seriousness Index	1.00	1.32	1.18
<i>(days of absence / working hours) x 1.000</i>			

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Accidents by gender

Italy	2017	2018	2019
Women	1	2	2
Men	1	-	2
Number of accidents at work	2	2	4
France			
Women	1	4	4
Men	4	5	15
Number of accidents at work	5	9	19

The accidents occurred in 2019 mainly concerned situations that could be classified as accidents without serious consequences.

The work environment and health

At the CSP Group level, there are no situations, circumstances or working processes such as to deem possible the existence of particular and significant risks of impact of transmissible diseases or serious occupational diseases that may arise in connection with the activities carried out by the Group's employees.

Please note that, during the course of the year 2019 no cases of diseases classified as being of an occupational nature were recorded (in 2018 there were 5 cases in France).

Training

GRI 404-1 GRI 404-2 GRI 404-3

Commitment

Just like in the previous years, training involved CSP's personnel across the entire organisation, according to a rotational training plan.

Italy

Average training hours	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	Data not included (not comparable)			6.1	5.4	5.6	5.4	4.6	4.8
Managers - White-collars				4.5	6.3	5.1	4.5	8.6	6.0
Blue-collars				3.1	3.2	3.1	8.2	10.3	8.8
Total				3.8	4.9	4.2	6.3	9.0	7.2

¹ For the calculation of the average personnel training rate, the average number of employees in force for the period of 2019 was considered to be the denominator. This figure does not differ significantly from the one of the number of employees in force at the end of the period. Data pertaining to the 2017 period was not included due to the lack of homogeneity and comparability of the reference scope.

The significant increase in average training hours in 2019 is largely due to the provision to all staff of the updating of specific training for safety under the State and Regions Agreement no. 221/2011.

France

Average training hours	2017			2018			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	-	-	-	-	-	-	-	-	-
Managers - White-collars	2.7	5.0	3.5	2.1	5.7	3.3	3.7	7.8	5.2
Blue-collars	2.3	2.9	2.5	0.5	5.6	3.3	2.4	2.7	2.5
Total	2.7	4.2	3.2	1.8	5.6	3.1	3.4	6.0	4.4

Support programs

Within the scope of the training programs, and as support during the transition phase of the employees whose employment relationship was terminated due to the implementation of the reorganisation plan of 2017, it is worth noting in particular the realisation of the "Project - Crisis-fighting Network action Hosiery district", presented to the Lombardy Region for the purpose of finding employment for the workers who were laid off, for which you should refer to the section on relationships with the Community and the territory.

Performance appraisal and career development

Taking into account the adopted control and governance model, as well as the organisation's scales, the CSP Group for the time being did not deem it necessary to implement formalised programs for performance assessment and career development (MBO - Management by Objectives). The evaluation of the employees' performance is managed according to the operating practice.

A formalised evaluation methodology is envisaged at the French subsidiary (CSP Paris Fashion Group): this process involves the function managers and their 'first-line' staff (direct subordinates).

In 2019, an incentive agreement was signed that allows CSP Paris employees to receive a bonus tied to the company's performance in relation to a certain threshold.



6 THE ENVIRONMENT

Material topic	Why (The reasons)
Responsible consumption, sustainable packaging and packing (raw materials, energy, water)	CSP uses considerable quantities of raw materials for its production, and purchases directly semi-finished and/or finished products from third-party suppliers. Significant water amounts are also used for the production processes.
Emissions and climate changes	CSP's production processes and production systems require significant use of energy, with the simultaneous generation of emissions (mainly GHG/CO ₂)
Waste production and management	<p>CSP's production processes and packaging phases generate significant amounts of waste, some of which is special waste, that require specific treatments and disposal methods (in particular, sludge from the purification process carried out in the dyeing department).</p> <p>CSP (in Italy) operates its own purification systems for the management of water and waste, downstream the dyeing process</p>

Environmental protection and use of natural resources

GRI 103-2/GRI 103-3

Fully aware of the need to limit the impact of the activities of all companies on the environment, CSP has adopted a specific environmental and safety policy in order to guarantee the organisation's sustainability.

CSP particularly commits itself:

- to monitor consumption of resources, energy, quantity of produced waste and improvement in the relative management;
- to **offer products** that are increasingly respectful of the environment, adopting the best available technologies provided they are economically compatible.

The Code of Ethics indicates the principles of Respect and protection of the environment. In fact, CSP deems of primary importance the protection of the environment and the sustainable development of the territory in which it operates, in consideration of the rights of the local community and of future generations. CSP is committed, and expects its subsidiaries to do the same, to consider, within the scope of operations and business initiatives, the unavoidable environmental needs and to minimise the negative impact that its company activities have on the environment. To this end, CSP, fully complying with environmental regulations in force, pays special attention to the following aspects:

- promotion of activities and processes that are as compatible as possible with the environment, through the use of criteria and advanced technologies aimed at environmental protection, energy efficiency and sustainable use of the resources;
- assessment of the environmental impact of all company activities and processes;
- **collaboration with internal Stakeholders** (e.g., employees) and external Stakeholders (e.g., institutions), in order to optimise the management of environmental problems;
- pursuit of environmental protection standards through the implementation of suitable management and monitoring systems.

In addition to meeting market and strategy needs and having the objective of promoting the CSP's competitive positioning and economic/financial performance, the investments in research and development on new products also meet the environmental sustainability objectives, such as the principles of circular economics and reduction of environmental impact (re-use of production waste, regeneration of products, reduction in the consumption of water resources and energy).

Responsible consumption

GRI 301-1 GRI 303-1 GRI 303-2 GRI 303-3

Materials

Materials	Units of measure	Purchased quantities ¹		
		2017	2018	2019
Raw materials – Packing				
Yarns	Kg	1,004,440	825,774	749,228
Fabrics	m	434,061	358,652	442,839
Flounces	m	727,594	614,145	434,904
Packing / packaging- paper / cardboard	Kg	1,505,665	1,132,113	1,129,209
Packing / packaging - plastic	Kg	137,619	111,795	103,473
Powder dyes	Kg	82,697	26,386	24,496
Auxiliary agents / Liquid dyes	Kg	147,950	111,380	118,391
Auxiliary agents / Liquid dyes	Litres	-	40,545	43,215
Subcontractors				
Ready-to-wear products / Finished products	Pz	6,022,415	5,319,759	6,176,085

During the three-year period, the purchases of raw materials for textile production, just like the dynamics pertaining to semi-finished and finished products, have felt the negative effects of the strong contraction of the reference market. NFS 2019 does not include data on the quantities outsourced for sewing - packaging services (subcontractors). The relative materials are mainly included in the other categories indicated in the table.

Use of regenerated materials and products and sustainable packaging

Within the scope of the Industrial Plan guidelines, CSP is implementing innovative solutions in connection with raw materials and packaging that meet the environmental sustainability policies (regenerated yarns, castor oil seeds as well as the passage for catalogues and product packaging to FSC - Forest Stewardship Council certified paper). These initiatives also include the implementation of company digitalisation, aimed at reducing paper use.

Water resource

The reporting standard relative to water resources (GRI 303) was updated by the Global Reporting Initiative for the purpose of introducing the "best practice" in water management in the reporting practice. The standard, the application of which will be mandatory as from the 2021 reference period, is consistent with the SDGs / sustainable growth objectives, in

particular with objective 6, which deals with the problems of drinking water, of hygienic-plumbing services and of hygiene, as well as the quality and sustainability of water resources throughout the world. The updated version of the standard introduces a framework for the collection of information on the use of water of an organisation, on the associated impacts and on how to deal with them. Another objective is to gain a better understanding of the impacts on fresh water resources, in particular in areas classified as "water stress" areas. CSP applies the GRI 303 standard as of this NFS.

Water withdrawal policies - shared resource

Withdrawal sources - Within the scope of an environmental policy based on responsible consumption of resources, withdrawal of water sources have been scheduled by CSP according to an impact reduction logic. As for the other production facilities:

- Ceresara (MN) - (headquarters and dyeing plant): the main source of supply refers to a number of different wells, from which the water required for production processes is drawn.
- CARPI (MO) and Bergamo: The use of water mainly refers to hygiene and sanitising purposes and to a lesser extent for production processes. The water resource used is supplied by the public aqueduct network.
- France: the French production units guarantee the supply mainly from surface water sources.

Water stress - The term water stress refers to the ability or inability to meet the demand for water, both for humans and the ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of the water. The instrument used for the assessment of the water stress areas made reference to the Aqueduct Water Risk Atlas wri.org/aqueduct of the World Resources Institute.

The production units are located in areas which have no significant water stress related problems (classified as low) and the use by CSP for its industrial processes has no important impact on the availability of water for the reference territory.

Water withdrawal

As required by GRI 303-3, the withdrawals data are reported in Mega Litres (1 cubic meter = 0.001 Mega Litres). The table also shows the withdrawals in relation to the characteristics of the water, which is divided into: a) fresh water, i.e. water with a concentration of total dissolved solids equal to or lower than 1,000 mg/l or b) other types of water with a concentration of total dissolved solids higher than 1,000 mg/l.

Water withdrawals- per source of procurement (ML - Mega Litres) ₁	2017		2018		2019	
	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas
Surface water						
fresh water	35	-	21	-	22	-
other types of water	-	-	-	-	-	-
	35	-	21	-	22	-

Underground water Wells						
fresh water	236	-	220	-	237	-
other types of water	-	-	-	-	-	-
	236	-	220	-	237	-
sea water						
fresh water	-	-	-	-	-	-
other types of water	-	-	-	-	-	-
	-	-	-	-	-	-
Water produced						
fresh water	-	-	-	-	-	-
other types of water	-	-	-	-	-	-
	-	-	-	-	-	-
Third-party water resources/ Municipal waterworks						
fresh water	2	-	8	-	11	-
other types of water	-	-	-	-	-	-
	2	-	8	-	11	-
Total	273	-	249	-	270	-
<i>% of water drawn from wells</i>	86.4%		86.2%		87.6%	

¹ The definition of fresh water / other types of water, adopted by GRI Standards, is based on ISO 14046:2014 standard and the USGS (United States Geological Survey) document, Water Science Glossary of Terms, water.usgs.gov/edu/dictionary.html, (access 1 June 2018) and the OMS (World Health Organization) Guidelines for Drinking-water Quality of 2017.

Reuse of process water - A prospect that needs assessing

At present, the water that is drawn and used for the production process, downstream the processes, is not reused within the production units. As indicated in NFS 2017, a feasibility study is currently under way regarding the possibility of re-using the water from the Ceresara plant dyeing department, treated in a biologic purification plant with double sedimentation owned by the Company.

The problem mainly concerns the technical aspects and the fitness of the water parameters with respect to the utilisation characteristics required for the dyeing phase, such as to be able to guarantee, in addition to lower water consumption, the same product quality. The purification plant has a capacity of 55 m³/h, with a treatment capacity reserve of about 50%, determined in the first place by the plant dimensions with respect to the current production levels.

Water discharges

Most of CSP's water discharges flow into surface water bodies. Taking into account the characteristics of the production processes, the percentage of water used up, or retained inside the products, is not significant. Discharges are regularly authorised- Discharges into surface water bodies comply with the pertinent limits set by Leg. Decree 152/2006

Production unit	Discharges
Ceresara -Headquarters	Domestic type waste is treated in two biological purification systems before flowing into surface water bodies. The water used in air conditioning/chilling systems also ends up in surface water bodies.
Ceresara - Dyeing	All discharges are treated in a biological purification plant and subsequently discharged into surface water bodies.
Carpi	All discharges are conveyed into a public sewer system after being treated in Imhoff tanks.
Bergamo (Perofil)	All discharges are conveyed into a public sewer system.
France	Water used for production processes (dyeing) is discharged into a settling tank where it cools down, then conveyed (dedicated piping) to a municipal sewage treatment plant. CSP commits itself to discharge water at a temperature below 40° and with a pH value between 6 and 8.

CSP Paris - The Le Vigan dye facility

In 2019 CSP Paris put in place an action plan at the Le Vigan plant (France) dedicated to the adaptation of the discharging of waste water output by the dyeing process, as regards to certain indicators (in particular chromium). This plan is a consequence of the introduction of new EU thresholds.

The objectives of the project were to ensure the alignment of the parameters with applicable EU legislation and OEKO-TEX standards, whilst ensuring maximum quality of the dyeing process with no significant increase in costs. The solution chosen to achieve these objectives was to use two chromium free dyes, with consequent adaptation of the product dyeing process. The measurement of discharge parameters carried out from January 2019 highlight a marked improvement and compliance with the thresholds in force.

Climate changes: energy - emissions

GRI 201-2 GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-4

The European Union and the TCFD recommendations

In June 2019 The European Commission published a Communication entitled " Guidelines on non-financial statement: Supplement on reporting climate-related information (2019/C 209/01).

This Communication, which constitutes a supplement of guidelines issued by the Commission in 2017 for non-financial statement foreseen by EU Directive 95/2014, contains the guidelines (non-binding) for the information to be provided by companies as regards to climate change, by integrating the recommendations of the Task Force on Climate-related Financial Disclosures - TCFD) of the Financial Stability Board.

CSP's accountability system

The table below summarises the current CSP's accountability system for climate change information with respect to the references given.

Areas	CSP's disclosure
Scenarios, Risks and opportunities (business model)	<p>CSP considers the effects of climate changes, as they may have a significant impact on consumer habits, needs and choices. In recent years, the hosiery market has also felt the negative effects, in a significant manner, of this factor which concerned, in particular, sales during autumn and winter seasons.</p> <p>At present CSP has not yet developed specific medium-long term scenarios that quantify the resilience of the company's business model and the economic-financial effects of an increase below or equal to 2°C and a scenario with an increase of over 2°C (20). [TCFD recommendation, Strategy c)]</p>
Governance – policies	Environmental and safety policy
Target	<p>CSP has already realised projects concerning the energy efficiency of its production plants, in addition to research and development activities on products (see Chapter 1) which are also aimed at reducing the overall environmental impact throughout the CSP value chain.</p> <p>No specific targets for further interventions aimed at reducing energy consumption and emissions have been established at present (see the Objectives and projects aimed at reducing energy consumption paragraph in this Chapter 6.)</p>
Performance – indicators and measurement	<p>CSP's current disclosure system, in addition to energy consumptions, already provides information on direct and indirect emissions (GHG Scope 1 and Scope 2), together with the intensity indicator of the emissions, integrated in the NFD 2019 with additional parameters.</p> <p>The main data relating to indirect emissions (GHG Scope 3) concern the production processes of the supply chain (first and foremost sub-contractors) and those arising from logistic activities. Such data is still not available to CSP. Obtaining such data is one of the key objectives as regards to the improvement of CSP's sustainability accountability. CSP is also well aware that the data relating to indirect emissions, upstream and downstream of its production and distribution process, arising from the consumption of energy sources which are not under the direct control of CSP, and represent useful information for better understanding of their environmental impacts</p>

Energy consumption

During the course of 2019, the electricity consumption dynamics were mainly determined by production trends. Gas consumption is in part tied to the production trend, if used during the dyeing process, while the rest is related to climate trends, if used to heat the work premises. CSP has also implemented, in recent years and in accordance with its environmental policy, measures to contain consumption by regulating and controlling temperatures in the workplace.

Energy consumption (MJ – Mega joule)	2017	2018	2019
Natural gas	81,561,071	73,097,188	68,443,278
	81,561,071	73,097,188	68,443,278
<i>Of which: from renewable sources</i>	-	-	-
Transport fuel			
Transport diesel	12,570,060	12,374,295	12,262,520
Transport petrol	55,328	83,949	174,866
	12,625,388	12,458,243	12,437,387
<i>Of which: from renewable sources</i>	-	-	-
Electricity			
purchased from the network	53,828,957	47,667,669	45,666,752
purchased from photovoltaic plant	558,000	557,917	429,444
	54,386,957	48,225,586	46,096,196
<i>Of which: from renewable sources</i>	558,000	557,917	429,444
Total	148,573,416	133,781,017	126,976,861
<i>Of which: from renewable sources</i>	558,000	557,917	429,444

The energy (purchased) from renewable sources refers to the photovoltaic plant of the production unit of Perofil (Bergamo). The panels installed on the company's roof produce an average of 310,000 kwh per year. This electricity is produced and put back in the mains, which allows an estimated reduction in emissions of 111 tons of Co2, 465 kg of nitrogen oxide and the use of about 400 oil drums. The headquarters of the Perofil division has been moved to another building from 2020 and the photovoltaic plant in question will therefore no longer be used by CSP.

CSP has not yet defined time and methods for the data collection process to include indirect energy consumption, which is mainly tied to outsourcing/subcontractors processing cycles and to distribution and logistics network, currently not included in the accountability perimeter. The survey of the main Italian production suppliers should represent the preparatory phase for the start of data collection.

Intensity of energy consumption

Please find below the measurement indicators of energy intensity for the various industrial facilities. These indicators were calculated according to technical parameters used internally for monitoring the trend and for evaluating the energy efficiency programs.

For the purposes of this document:

- whereas the overall energy consumptions and data have been measured in mega joules;
- whereas a new indicator has been defined and calculated, which measures the efficiency of the energy consumptions in relation to the volume of production turnover (which expresses energy consumptions in relation to production volumes);
- in view of the introduction of the previous index, the specific index of the dyeing production unit it is no longer considered representative of the overall energy efficiency.

Energy intensity index		2017		2018		2019	
		Italy	France	Italy	France	Italy	France
Electricity consumption	MJ	100,410,901	48,162,515	91,834,254	41,946,763	84,244,574	42,732,288
Man- hours worked	h	600,274	849,208	555,236	687,815	511,089	581,647
Intensity index - hours	MJ/h	167.3	56.7	165.4	61.0	164.8	73.5
quantity invoiced	pcs	25,239,887	27,575,000	21,230,637	23,710,000	21,021,464	24,735,000
Intensity index - volumes	MJ/pcs	4.0	1.7	4.3	1.8	4.0	1.7

The absolute values of the indices reflect the respective production model. In this regard, it should be noted that the quantities invoiced by CSP Paris (France) include the quantities purchased by the Parent Company.

Objectives and projects aimed at reducing energy consumption

Developed products

For its Ceresara HQ, CSP has completed three initiatives aimed at reduced consumption: a) replacing neon lamps with LED fixtures, b) adjusting the temperature in the various rooms, c) revamping a steam generator. During the previous periods, and specifically at the CSP Ceresara (2000-2010) and CSP Paris Fashion Group (2014) plants, two systems were installed for heat recovery using waste water from the production system. The investment allows a savings in natural gas consumption that has been estimated to be about 30%.

Projects being evaluated

In 2018 a technical and economic feasibility study was carried out for the installation of a trigeneration plant for the Ceresara (MN) plant. The possible realisation of the plant would involve a significant investment, up to a maximum of Euro 2 million and is still being evaluated.

The research and development activities for new products and processes are also aimed at reducing the consumption of electricity and raw materials in general.

Emissions

Direct emissions: GHG Scope 1 - Scope 2: The emissions value is stated in tons of carbon dioxide equivalent (t CO₂e). The tables show the data on direct emissions (Scope 1 GHG – GreenHouse Gas), along with the indirect emissions associated with consumption of electricity purchased from the network (GHG Scope 2).

The presented quantitative data, calculated on the basis of estimates, mainly derive from the conversion of the consumed quantities of natural gas and of purchased electricity.

The trend of direct and indirect emissions, taking into account the calculation methods and the reference perimeter, reflects directly the consumption of electricity and natural gas.

Emissions / CO ₂ - Scope 1 t CO ₂ e	2017	2018	2019
From fuels – Natural gas	4,576	4,101	3,840
From transport fuels			
Transport diesel	931	917	909
Transport petrol	4	6	12
	935	923	921
Total	5,511	5,024	4,761

Source: IPCC Guidelines 2006 Refined 2019

Emissions / CO ₂ - Scope 2 t CO ₂ e	2017	2018	2019
Electricity purchased from the network	3,593	3,260	3,030
Total emissions Scope 1 + Scope 2 - t CO₂e	9,104	8,284	7,791

Source: Terna / Enerdata 2017 – Historical statistic data on electricity and the latest electricity balance.

<https://www.terna.it/it/sistema-elettrico/statistiche/publicazioni-statistiche> - Based on the parameters contained in the document (made available during 2019), the 2017 (NFS 2018 3,396) and 2018 (NFS 2018 3,093) emissions were also recalculated.

GHG emissions intensity

The table below shows the measurement indicators of the emissions intensity (Scope 1 – Scope 2). The parameters applied are consistent with those used to calculate the energy intensity indexes. The trend of the indexes of emissions intensity reflects the trend of the energy intensity indexes.

GHG emissions intensity	Units of measure	2017		2018		2019	
		Italy	France	Italy	France	Italy	France
GHG Emissions / tCO ₂ (Scope 1+ Scope 2)	tCO ₂ e	7,033	2,071	6,440	1,843	5,925	1,866
Man-hours worked	h	600,274	849,208	555,236	687,815	511,089	581,647
Intensity index	KgCO₂e/h	11.72	2.44	11.60	2.68	11.59	3.21
Quantity invoices	pcs	25,239,887	27,575,000	21,230,637	23,710,000	21,021,464	24,735,000
Intensity index	KgCO₂e/pz	0.28	0.08	0.30	0.08	0.28	0.08

Emissions and climate changes

Biodiversity is the variety of living being that populate the Earth, and it is measured at the level of genes, species, populations and ecosystems. A variety of organisms, beings, plants, animals and ecosystems all linked one to the other, all indispensable. Thanks to biodiversity, Nature is able to provide food, water, energy and resources for our daily life. Biodiversity guarantees survival of life on Earth, and all organisations have the duty to preserve the environment and the Earth's resources for future generations (Source: WWF Italy).

Biodiversity and climate changes

Although the full scope of the current phase of climate change is difficult to estimate accurately, the majority of the possible scenarios predict an overall average scale-up of at least 2°C compared to pre-industrial levels. Despite international efforts aimed at mitigating the phenomenon of global warming, the role of biodiversity in ramping up the level of adaptation of ecosystems to change in progress is often severely neglected. Therefore, focusing on the preservation of the species is a key and vital step to ensure the quality of human life in a world that is destined to change. The relationship between the number of native species and the resilience of ecosystems has been and continues to be the subject of numerous ecology studies. In most cases there is a positive correlation.

An ecosystem with a high number of species is able to address the impacts of change, including that of the climate, in a more proficient manner. Even in the face of the extinction of certain species, it can reconfigure itself, giving life to new combinations capable of maintaining its productivity. Yet in some cases, the destruction of a sufficient number of life forms can inhibit this recovery potential, as it lacks the variation to be recruited to fill the voids.

The possibility of limiting the effects of climate change by means of the protection of biodiversity has been clearly demonstrated. For instance, the creation of protected marine areas increases the likelihood of the recolonisation of corals following the temperature related mass destruction due to disease. The same principle applies to rainforests, essential carbon deposits, following episodes of deforestation. Given the uncertainty associated with climate change, the principle of precaution imposes the preservation of the maximum number of species and the maximum extension of habitats possible. Because, which of these in the coming decades will actually be able to ensure the resilience required, is currently by no means certain.

CSP Group activities – Impact of plants

It should be noted that the French production unit of Le Vigan (Gard), located in the South of France, is near the 'Parc National des Cévennes'. This Park, inaugurated in 1970, covers a mountainous area of average altitude that comprises the following habitats: grass land, deciduous forest and peat bog. Human activities played a significant role in shaping the mosaic of environments in the Park, through agriculture-pasture. Approximately 600 people still reside in the central area of the Park, whilst approximately 41,000 reside in the external protection perimeter. Despite man's presence, the Park is home to a large number of rare species at the regional level, and even some globally-threatened species. The production activities and processes of the CSP plant are not such as to have any negative consequences on the Park's biodiversity and eco-balance.

Waste production and management

GRI 306-2

Waste management

Waste management, collection and disposal is an important issue for CSP. The policies implemented by the Company, fully compliant with the regulations in force, require that the waste be systematically reclaimed.

The purification of waste coming from the dyeing department produces sludge, which is subjected to a purification process directly at CSP's purification system at the production unit of Ceresara (Dyeing). The French plant uses a settling tank prior to the taking the waste to the municipal purification plant.

A significant portion of CSP's waste comes from production and warehousing activities, which consist, in the first place, in packaging material (paper, cardboard and plastic) managed through a differentiated collections system.

Quantities of generated waste and its destination

Waste category	Quantity		
	2017	2018	2019
Hazardous waste	1,498	2,877	35,186
Non-hazardous waste	852,126	764,784	753,621
Total	853,624	767,661	788,807

Waste Italy

Waste category	Destination	Quantity		
		2017	2018	2019
Mineral oil waste, emulsions, filtering and absorbing materials	R13 - Storage of waste in order to subject it to reclamation operations	1,498	2,877	1,190
Hazardous waste		1,498	2,877	1,190
Sludge from biological treatment of industrial waste water	D15 - Preliminary storage prior to disposal	100,540	134,380	76,980
Waste from textile fibres - packing - iron and steel	R3 - Recycle/reclamation of organic substances not used, such as solvents (including composting operations and other biological conversions)	59,204	23,500	16,140
Waste from textile fibres - packing - iron and steel - spent printer toner - Discarded equipment - Components removed from discarded equipment	R13 - Storage of waste in order to subject it to reclamation operations	355,282	323,924	365,141
Non-hazardous waste		515,026	481,804	458,261
Total		516,524	484,681	459,451

The trend of the quantity of hazardous waste is affected by the occasional production of waste which is not typical of the process. Due to the effect of the changed Italian regulatory framework, it is no longer possible to subject to reclamation operation non-hazardous waste classified as "sludge produced from the treatment of industrial waste water".

Waste – France

In 2019, CSP's French facilities and offices produced a total quantity of waste of 363.4 t in 2019, of which 34.0 t hazardous waste and 329.4 t non-hazardous waste. Hazardous waste refers to hydrocarbons (oils) and dyeing material containers, which are disposed of in accordance with current regulations. Other waste consists mainly of cardboard boxes, plastic packaging and yarn. This waste is reclaimed.

Hazardous waste is waste that requires specific treatment. They are mainly hydrocarbons (oils) and containers of dyeing materials.

Waste category	Destination	Quantity (Kg)		
		2017	2018	2019
Hazardous waste		-	-	33,996
Plastic, metals and other materials			113,520	119,560
Paper - cardboard			169,460	175,800
Non- hazardous waste	Reclaimed	337,100	282,980	295,360
Total		337,100	282,980	329,356

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GRI 102-55

GRI Sustainability Reporting Standard		References and comments on possible omissions
GRI 100 GENERAL DISCLOSURES		
Organizational profile		
102-1	Name of the organization	CSP - STRATEGY AND SUSTAINABILITY /CSP International
102-2	Activities, brands, products and services	1 CSP – STRATEGY AND SUSTAINABILITY / CSP International – The strategic scenario and the sustainability 2 THE CSP MODEL/ The value of the brands - The production- CSP's commitment - The distribution - The Customer - Product quality, safety and sustainability
102-3	Location of headquarters	CSP - STRATEGY AND SUSTAINABILITY /CSP International
102-4	Location of operations	CSP - STRATEGY AND SUSTAINABILITY /CSP International 2 THE CSP MODEL/ The production- CSP's commitment
102-5	Ownership and legal form	CSP - STRATEGY AND SUSTAINABILITY /CSP International
102-6	Markets served	1 CSP – STRATEGY AND SUSTAINABILITY / CSP International - The strategic scenario and the sustainability - The Customer - Product quality, safety and sustainability
102-7	Scale of the organisation	CSP - STRATEGY AND SUSTAINABILITY /CSP International
102-8	Information on employees and other workers	5 THE HUMAN RESOURCES /Th employees
102-9	Supply chain	2 THE CSP MODEL / Suppliers - Supply Chain Management
102-10	Significant changes to the organization and its supply chain	CSP - STRATEGY AND SUSTAINABILITY /CSP International 2 THE CSP MODEL / Suppliers - Supply Chain Management
102-11	Precautionary Principle or Approach	Governance and risk management
102-12	External initiatives	3 GOVERNANCE / Corporate governance
102-13	Membership of Associations	3 GOVERNANCE Corporate governance
STRATEGY		
102-14	Statement from senior decision-maker	LETTER TO THE STAKEHOLDERS
102-15	Main impacts, risks and opportunities	SIGNIFICANT EVENTS THAT OCCURRED AFTER THE END OF THE COVID-19 EMERGENCY 1 CSP – STRATEGY AND SUSTAINABILITY / The strategic scenario and the sustainability Governance and risk management
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	The control model and anti-corruption measures
102-17	Mechanisms for advice and concerns about ethics	3 GOVERNANCE / The control model and anti-corruption measures
GOVERNANCE		
102-18	Governance structure	3 GOVERNANCE / Corporate governance
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	1 CSP – STRATEGY AND SUSTAINABILITY / Stakeholders and the materiality analysis

102-41	Collective bargaining agreements	5 THE HUMAN RESOURCES / Personnel management, value enhancement and development policies 1 CSP - STRATEGY AND SUSTAINABILITY / Stakeholders and materiality analysis
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note 1 CSP - STRATEGY AND SUSTAINABILITY / Stakeholders and materiality analysis Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note Presentation of Non-Financial Statement - Methodological Note
102-46	Defining report content and topic boundaries	
102-47	List of material topics	
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	
102-51	Date of the most recent period	
102-52	Reporting cycle	
102-53	Contacts for questions regarding the report	
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	GRI CONTENT INDEX - GRI CONTENT INDEX
102-56	External assurance	REPORT BY THE AUDITING COMPANY
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	1 CSP - STRATEGY AND SUSTAINABILITY / The strategic scenario and the sustainability 1 CSP - STRATEGY AND SUSTAINABILITY / Stakeholders and materiality analysis 2 THE CSP MODEL / The customer- Product quality, safety and sustainability - Suppliers - Supply chain management 3 GOVERNANCE / The policies and the Integrated Management System 5 THE HUMAN RESOURCES / Personnel management, value enhancement and development policies 6 THE ENVIRONMENT / Environmental protection and use of natural resources
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 200 ECONOMIC TOPICS		
ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE / The economic value generated and distributed 6 THE ENVIRONMENT / Climate changes: energy - emissions 4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE / The economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change	
201-4	Financial assistance received from government	
INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	1 CSP - STRATEGY AND SUSTAINABILITY / The strategic scenario and the sustainability 2 THE CSP MODEL / The production- CSP's commitment 4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE / The investments - The innovation 4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE / The impact on territory
203-2	Significant indirect economic impacts	

PROCUREMENT PRACTICES		
204-1	Proportion of spending on local suppliers	4 ECONOMIC-FINANCIAL RESULTS AND DISTRIBUTED VALUE / The impact on territory
ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	3 GOVERNANCE / The control model and anti-corruption measures
205-2	Communication and training about anti-corruption policies and procedures	3 GOVERNANCE / The control model and anti-corruption measures
205-3	Confirmed incidents of corruption and actions taken	3 GOVERNANCE / The control model and anti-corruption measures
ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	3 GOVERNANCE / Compliance with standards-Regulatory compliance
GRI 300 ENVIRONMENTAL TOPICS		
MATERIALS		
301-1	Materials used by weight or volume	6 THE ENVIRONMENT / Responsible consumption
ENERGY		
302-1	Energy consumption within the organization	6 THE ENVIRONMENT / Climate changes: energy - emissions
302-3	Energy intensity	
WATER AND EFFLUENTS		
303-1	Interactions with water as a shared resource	6 THE ENVIRONMENT / Responsible consumptions
302-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	6 THE ENVIRONMENT / Climate changes - emissions
305-2	Energy indirect (Scope 2) GHG emissions	
305-4	GHG emissions intensity	
WASTE		
306-2	Waste by type and disposal method	6 THE ENVIRONMENT / Production and waste management
ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	3 GOVERNANCE / Compliance with standards-Regulatory compliance
SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-2	Negative environmental impacts in the supply chain and actions taken	2 THE CSP MODEL / Suppliers - Supply chain management
GRI 400 SOCIAL TOPICS		
EMPLOYMENT		
401-1	New employee hiring and employee turnover	5 THE HUMAN RESOURCES /The employees <i>Omissions</i> - The indicators relating to parental leave, taking into account their relevance, are presented as absolute values and not as % indices. The phenomenon essentially concerns female personnel and is a right guaranteed to workers by current regulations.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	
401-3	Parental leave	
OCCUPATIONAL HEALTH AND SAFETY (2016)		
403-2	Accidents at work, occupational diseases, absenteeism, and number of work-related fatalities	5 THE HUMAN RESOURCES / Occupational health and safety
403-4	Health and safety topics covered in formal agreements with trade unions	<i>Omissions</i> -Considering the limited number of accidents, no indication by gender of the accident index has been reported.
TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	5 THE HUMAN RESOURCES / Training

404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity indicators of governance bodies and employees	3 GOVERNANCE / Corporate governance 5 THE HUMAN RESOURCES /The employees
405-2	Ratio of basic salary and remuneration of women to men	5 THE HUMAN RESOURCES /The employees
NON- DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	5 THE HUMAN RESOURCES / Personnel management, value enhancement and development policies
HUMAN RIGHTS		
412-1	Operations that have been subject to human rights reviews or impact assessments	2 THE CSP MODEL / Suppliers - Supply chain management
LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs.	2 THE CSP MODEL / The relationship with the territory
413-2	Operations with significant actual and potential negative impacts on local communities.	
SUPPLIER SOCIAL ASSESSMENT		
414-2	Operations that have been subject to human rights reviews or impact assessments	2 THE CSP MODEL / Suppliers - Supply chain management
CUSTOMER HEALTH AND SAFETY		
416-1	Assessment of the health and safety impacts of product and service categories	2 THE CSP MODEL / The Customer - Product quality, safety and sustainability
416-2	Incidents of non-compliance of products and services concerning health and safety	
MARKETING AND LABELLING		
417-1	Requirements for product and service information and labelling	2 THE CSP MODEL / The Customer - Product quality, safety and sustainability
417-2	Incidents of non-compliance concerning product and service information and labelling	
417-3	Incidents of non-compliance concerning marketing communications	
CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3 GOVERNANCE / Compliance with standards-Regulatory compliance
SOCIO-ECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	3 GOVERNANCE / Compliance with standards-Regulatory compliance



REPORT BY THE AUDITING FIRM

| GRI 102-56



**CSP GROUP
INDEPENDENT AUDITORS' REPORT ON THE NONFINANCIAL
STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGESLATIVE DECREE 254/2016
AND TO ARTICLE 5 OF CONSOB REGULATION 20267
OF JANUARY 2018
FOR THE YEAR ENDED ON 31 DECEMBER 2019**



Independent auditor's report on the consolidated nonfinancial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and art. 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of directors of CSP International Fashion Group SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereafter the “Decree”) and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of CSP International Fashion Group SpA and its subsidiaries (hereafter the “Group” and “CSP Group”), for the year ended 31 December 2019, prepared in accordance with ex. article 4 of the Decree and approved by the Board of Directors on 27 April 2020 (hereafter the “NFS”).

Responsibility of the Directors and of the Board of Statutory Auditors for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and the “GRI-Sustainability Reporting Standards”, defined in 2016, hereafter the “GRI Standard”, identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts the *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibility

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards.

We conducted our engagement in accordance with “*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereafter “*ISAE 3000 Revised*”), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements.

The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (“*reasonable assurance engagement*”) and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and significant circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organizational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;
 - main risks generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the process underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we have held meetings and interviews with the management of CSP International Fashion Group SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the Ceresara site, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of CSP Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Milan, 29 April 2020

PricewaterhouseCoopers SpA

Signed by

Sandro Mazzetti
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original, solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation