

CONSOLIDATED NON-FINANCIAL STATEMENT 2020

pursuant to Italian Leg. Decree 254/2016

Sustainability Report



CSP INTERNATIONAL FASHION GROUP S.p.A. VIA PIUBEGA, 5C - 46040 CERESARA (MN) - ITALY
TVA No./TAX CODE/COMMERCIAL REGISTER no. 00226290203 SHARE CAPITAL Euro 17,294,850.56 F.P. Phone
(0376) 8101 – Fax (0376) 87573
www.cspinternational.it

INDEX

LETTER TO THE STAKEHOLDERS	3
SUSTAINABILITY PERFORMANCE AT A GLANCE	4
METHODOLOGICAL NOTE	5
01 CSP – SUSTAINABILITY AND STRATEGY	8
CSP INTERNATIONAL	8
THE SECTOR: STRATEGIC SCENARIO AND TARGETS	9
REPUTATION & CREDIBILITY	10
CSP IMPACTS – MATERIALITY ANALYSIS	14
02 MADE IN CSP	21
THE CHOICE OF CSP	21
TRANSPARENCY	22
TRACEABILITY : PRODUCTION CYCLE AND SUPPLIERS	22
CIRCULAR ECONOMY AND SUSTAINABLE COMMITMENT	27
THE RELATIONSHIP WITH THE CUSTOMER - SHARED CONSENT AND RESPONSIBLE MARKETING	31
CSP AND THE TERRITORY	32
03 GOVERNANCE	35
CORPORATE GOVERNANCE	35
RESPONSIBLE BUSINESS MANAGEMENT	37
RISK MANAGEMENT	41
COMPLIANCE	44
04 ECONOMIC RESULTS AND DISTRIBUTED VALUE	49
THE ECONOMIC VALUE GENERATED AND DISTRIBUTED	49
THE INVESTMENTS	50
05 THE HUMAN RESOURCES	52
PERSONNEL MANAGEMENT, VALUE ENHANCEMENT AND DEVELOPMENT POLICIES	52
MARKET DIFFICULTIES, PRODUCTION RESTRUCTURING MEASURES AND COVID-19 IMPACTS	53
THE EMPLOYEES	56
TRAINING	60
OCCUPATIONAL HEALTH AND SAFETY	61
06 THE ENVIRONMENT	68
ENVIRONMENTAL PROTECTION AND USE OF NATURAL RESOURCES	68
RESPONSIBLE USE OF RESOURCES	68
ENERGY, EMISSIONS AND CLIMATE CHANGE	72
GRI CONTENT INDEX	77
REPORT BY THE AUDITING COMPANY	85

LETTER TO THE STAKEHOLDERS

| GRI 102-14

Since 1973 we have been working closely with the territory in which we live, believing that what we do every day says a lot about us, explains who we are as a company and as people.

2020 was a complex year, during which we demonstrated to the market our ability to react to the pandemic with tangible actions: we did not stop when faced with the uncertainties, but we chose to invest in the future by focusing on our **new vision of eco-sustainability**.

As far as we are concerned, **safeguarding resources** means paying particular attention to the use of raw materials. Currently, most pantyhose on the market are made of fossil-based, non-renewable materials, "virgin polyamide". Our goal is to help change this normality and become increasingly independent of non-renewable raw materials. How? Preferring, where possible, the use of pre- or post-consumer recycled yarns or bio-based yarns. A preference we also apply to the research on environmentally friendly materials that we use in the development of all our product categories such as hosiery, underwear, corsetry, nightwear and house wear; products that we develop in a manner that ensures that they **are durable over time** because of their excellent quality.

We have always loved the territory where the company has its headquarters and we are committed to developing production processes with reduced **environmental impact**. This is why we have introduced a partial dyeing water recovery stage, which allows us to reduce the consumption of water and electricity. In addition, as of 2020 we have chosen to use energy from renewable sources only.

We view **transparency and traceability** two pillar values of our vision of eco-sustainability. We have undertaken an important commitment towards our customers: we want to make our value chain transparent and traceable, with our "Made in CSP" project, a venture with which we intend to disclose where and how the pantyhose and hosiery we produce are made. Over the years we have accomplished a wealth of experience, which we cherish with affection at our production facilities in the province of Mantua (Ceresara), preferring where possible Italian manufacturing and outsourcing only when absolutely necessary. We firmly believe that showing the level of extreme attention and care we put into the designing and manufacturing of our products is of vital importance.

Today we present to you the fourth edition of the Non-Financial Statement, with which we are delighted to tell you as much as possible about ourselves and our products.

Maria Grazia Bertoni

Chairman of the Board of
Directors
CEO

Francesco Bertoni

CEO

Carlo Bertoni

CEO

SUSTAINABILITY PERFORMANCE AT A GLANCE

	Unit of measure	2018	2019	2020
Economic results and Distributed value				
Sales revenue	Euro mil	111.5	108.6	82.9
Economic value distributed	Euro mil	113.6	108.4	85.3
Territorial supply value -incidence	%	20.8	22.0	24.4
Governance				
Management systems	Integrated Environment, Health and Safety Management System ISO 14001 – ISO 45001			
Legality Rating	Three stars (maximum rating)			
Circular economy and sustainable commitment				
Product Certifications	Oeko-Tex® Confidence in Textiles - Standard 100 Partners on projects: GSR (Global Recycle Standard) FSC certified paper - Forest Stewardship Council (catalogues)			
Innovative and sustainable materials used	Organic Cotton Organic Fibres: EVO® by Fulgar Regenerated Fibres: Q-NOVA® Regenerated Cotton Repetable - Yarn from recycled PET bottles Metal free dyes / Chemical management			
Customer health and safety				
Cases of non-compliance with product health and safety regulations	No.	none	none	none
The human resources				
Employees	No.	807	750	703
Gender equality: % of female employees	%	65	64	64
Employees per geographical area-- Italy	No.	393	362	339
Employees per geographical area- France	No.	414	388	364
Serious accidents	No.	None	None	None
The environment				
Energy – Direct consumption	GJoule	133.8	126.9	109.5
% energy consumption from renewable sources	%	0.4	0.3	21.5
GHG Emissions (Scope 1 + Scope 2 MARKET-based method)	t CO ₂ e	10,226	8,426	4,266
Emissions reduction vs. previous year	%	-	18%	49%
Water – Withdrawals	Mega litres	249	270	234
Water drawn from wells	%	88.2	87.9	88.1

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 Consolidated Non-Financial Statement (hereinafter also referred to as the "Non-Financial Statement" or "DNF") of CSP International Fashion Group S.p.A. and its subsidiaries (hereinafter also referred to as "CSP" or the "Group" or the "CSP Group") was drawn up according to articles 3 and 4 of Leg. Decree no. 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 2020 financial year 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")*. As indicated in the specific paragraphs, GRI 207 (Taxes - published in 2019) and GRI 403 (Occupational health and safety - published in 2018) have been adopted from this DNF. GRI 306 (Waste - published in 2020) will be adopted from the next financial year 2021, the mandatory application date.

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. Decree no. 254/2016. In the different sections of the DNF, quantitative information for which estimates have been used is reported.

For the purpose of drawing up the Non-Financial Statement, consideration was also given to the Communication from the European Commission, published in June 2019, "Guidelines on the Communication of Non-Financial Information: Supplement on reporting climate-related information (2019/C 209/01)".

The reporting scope of the qualitative and quantitative data contained in the Consolidated Non-Financial 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 2020, with the only exclusion being the Companies Oroblù USA and Oroblù Germany 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, the comparative data pertaining to the two previous periods were included.

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 19 March 2021 and, according to the provisions of Leg. Decree 254/2016, it was audited by the designated auditing company 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 company 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.

01

CSP – SUSTAINABILITY AND STRATEGY



01 CSP – SUSTAINABILITY AND STRATEGY

CSP International

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

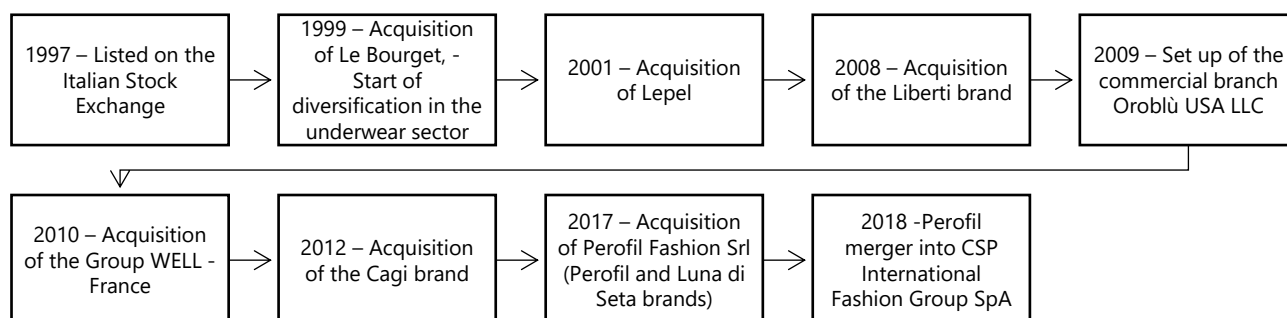
Identity - history and presence on the market



The Group's subsidiaries, headquartered in the U.S.A. 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.



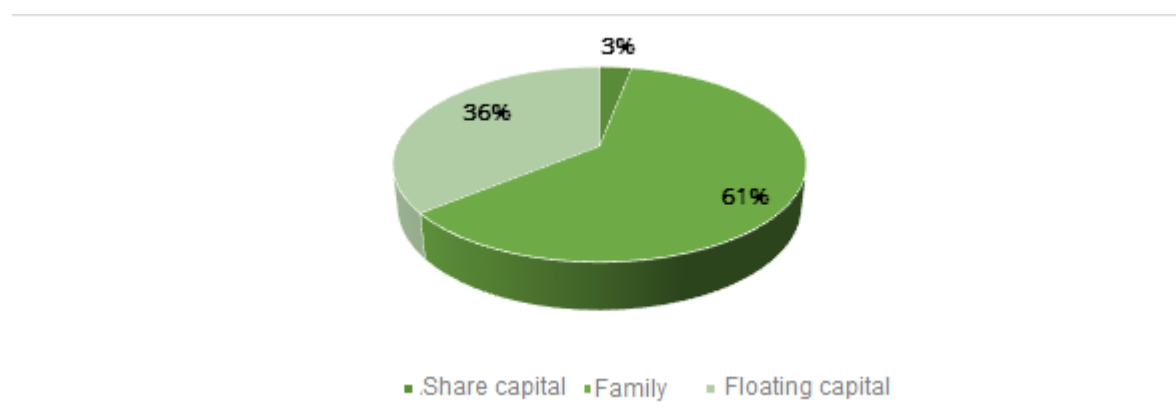
Company size

The Group generated revenues of Euro 82.9 million in 2020 and has 703 employees at its Italian and French sites.

Revenue by segment (Euro million)	2018		2019		2020	
	Revenue	%	Revenue	%	Revenue	%
Hosiery	65.8	59.0%	65.05	59.9%	47.26	57.0%
Underwear - knitwear	21.1	18.9%	19.59	18.0%	15.76	19.0%
Corsetry - beachwear	24.6	22.1%	23.99	22.1%	19.91	24.0%

Total	111.5	100%	108.6	100.0%	82.9	100.0%
Revenue by geographical area	2018		2019		2020	
(Euro million)						
	Revenue	%	Revenue	%	Revenue	%
Italy	35.4	31.7%	32.4	29.8%	24.03	29.0%
France	60.2	54.0%	61.5	56.6%	49.70	59.9%
Germany	2.4	2.2%	2.2	2.0%	1.75	2.1%
West Europe	9.3	8.3%	8.9	8.2%	5.16	6.2%
East Europe	1.9	1.7%	1.6	1.5%	1.10	1.3%
Rest of the world	1.8	1.6%	1.6	1.5%	0.90	1.1%
United States	0.4	0.5%	0.5	0.5%	0.29	0.4%
Total	111.5	100.0%	108.6	100.0%	82.93	100.0%

As at 31 December 2020, the share capital of the Parent Company CSP International S.p.A. amounted to 17,294,850.56 million Euro, corresponding to 33,259,328 shares with voting right, of which 61% belonging to the Bertoni families (54% relating to shareholders of the same families with voting rights above 5%).



The sector: strategic scenario and targets

Scenario and outlook

For some time now, the Group has been operating in a mature, highly competitive industry that has suffered significant negative impacts from the pandemic emergency. Within this framework, CSP's Board of Directors confirmed the guidelines of its Industrial Plan, focused on the following targets:

- rapid completion of the process of rationalising structural costs, aimed at a significant reduction in operating costs;
- acceleration of the digitalisation process (so-called "digital transformation"), by developing web and social communication channels, which make it possible to maintain direct and continuous contact between consumers and corporate brands;
- concentration on own brands, **investments in research and development with a focus on eco-sustainability** and rationalisation of collections.

The effectiveness of these actions has been severely slowed by the economic crisis generated by the COVID-19 pandemic, which is still being faced. The continuation of the emergency during 2021, at least for the first part of the year, suggests a macroeconomic scenario characterised by a high degree of uncertainty regarding the timing and intensity of the start of the recovery; moreover, the depth and pervasiveness of the crisis produced by the pandemic emergency also determines the probable

structural change of economic models and lifestyles that may have a significant impact on the prospects and methods of consumption left behind.

The textile and fashion supply chain and sustainability

Sustainability is a strategic priority for the sector, according to cross-cutting drivers that impact on the entire business value chain.



Fashion & Sustainability - the key words

- Supply chain and traceability
- Climate change impact and energy
- Energy efficiency. Chemical management and water withdrawals
- Working conditions and pay (whole chain)
- Sustainable fabrics
- Circular fashion
- Innovation and new technologies

The diffusion of sustainable practices along the fashion and textile supply chain, together with the capacity for technological innovation in the materials used, can generate not only environmental and social benefits, but also economic ones, allowing the value and reputation of brands to be protected (brand reputation).

Sustainability means material innovation and traceability, responsible and efficient use of natural resources for production processes. Sustainability, for a sector like fashion and textiles, requires the assessment and management of social aspects, from the objectives of protecting employment levels to the working conditions adopted along the supply chain.

In detail, the objectives and lines of action concern both the management of chemical components (chemical management) and packaging solutions.

Reputation & Credibility

GRI 102-15 GRI 103-2 GRI 103-3

CSP strategy and commitment to sustainability

CSP believes that the circular economy and, more generally, sustainability are very important and fundamental issues for the organisation. CSP has been practising "circular" activities for a long time: prevention in the production of waste, reduction of waste, reduction in the use of resources, use of renewable raw materials or those produced from processing waste.

The approach to sustainability has been developed by CSP by integrating it into the working method, through the selection of recycled and recyclable raw materials, guaranteeing the entire traceability process, also thanks to the fact that the production cycle is based mainly in Italy in the Mantua area.

For several years now, these activities have been placed in a broader context, with a strategy based primarily on ethics and corporate responsibility. This strategy naturally takes the form of, among other

things, caring for the environment, applying the principles of the circular economy to business processes, and thinking and acting with a view to sustainability.

CSP carried out an analysis of its performance in the area of circularity, both at corporate and at production site level. The resulting report showed that there is margin for improvement in a number of business processes, but also clearly recorded the strength of the company's strategic approach to a sustainable business model.

The principles of CSP's approach to sustainability can be summarised by 4 key words:



Commitment to the SDGs - Sustainable Development Goals







The Sustainable Development Goals (SDGs)




The United Nations 2030 Agenda and the Sustainable Development Goals (SDGs), which are an integral part of it, are recognised as the sustainability roadmap for businesses as well, one of the main tools to drive the transformation of global needs into business opportunities, creating Shared Value and thus positive impacts not only economic, but also environmental and social.







CSP International is aware of its responsibility and role in achieving the goals of the United Nations 2030 Agenda. For this reason, CSP International decided to start a process of gradual integration of the SDGs into its strategy, the first phase of which involved analysing the consistency and convergence profiles of the business model, the projects implemented and/or being implemented by CSP with regard to the SDGs - Sustainable Development Goals and the underlying 169 SDGs Targets.

The analysis allowed us to identify some SDGs and related targets consistent with CSP's current business model, which are considered priorities and with respect to which CSP believes it can make a concrete contribution to their achievement, through business actions and project activities defined as having an economic, environmental and social impact.

		
SDG	SDG Target (Abstract)	CSP Actions and impact area - Projects
 3 GOOD HEALTH AND WELL-BEING Ensure health and well-being for all and all ages	3.9 (...) Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination and pollution.	<p>le Vigan (France) / Dyeing process (Chemical management): implementation of an intervention plan for the adaptation of water discharges. Use of chrome-free dyes to bring parameters in line with EU and OEKO-TEX standards.</p> <p>Treatment of wastewater with own purification plant (Ceresara - Italy); decantation and cooling plant (Le Vigan - France).</p>
 6 CLEAN WATER AND SANITATION Ensure the availability and sustainable management of water and sanitation for all people.	6.3 (...) Improve water quality (...) by reducing pollution and chemicals release (...), reducing the amount of untreated waste water by half and substantially increasing safe recycling and reuse at a global level.	<p>Environmental policy of responsible resource consumption.</p> <p>The withdrawal of water sources is planned by CSP according to a logic of reducing impact: use of wells for industrial uses and surface water sources vs. aqueduct.</p>
 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy systems for all people.	7.2 Increase substantially by 2030 the share of renewables in total energy consumption. 7.3 Double the overall rate of energy efficiency improvement by 2030. 13.2 Integrate climate change measures into national policies, strategies and planning.	<p>Contract for the purchase of electricity from production facilities and shops in Italy produced from renewable sources.</p> <p>Initiatives already implemented for energy efficiency projects.</p> <p>Replacement of neon light fixtures with LEDs, room temperature regulation, revamping of a steam generator.</p> <p>At the production facilities in Ceresara - Italy and Le Vigan - France, heat recovery systems have been installed, using waste water from the production system (estimated methane consumption savings of 30%).</p> <p>Research and development of new products and processes also aim to reduce energy consumption and raw materials in general.</p>
 13 CLIMATE ACTION Promote action, at all levels, to combat climate change		

		
SDG	SDG Target (Abstract)	CSP Actions and impact area - Projects
 <p>Promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>8.1 Support economic growth per capita in accordance with national conditions. (...).</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and that encourage the formalisation and growth of small and medium-sized enterprises, (...).</p> <p>8.5 Guarantee (...) full and productive employment and decent work for women and men, including young people and people with disabilities, and fair remuneration for work of fair value.</p>	<p>The 'Made in CSP' model involves maintaining its production bases at the production facilities in Ceresara - Italy and Le Vigan - France, helping to sustain local economies (in terms of added value and employment).</p>
	<p>8.8 Protect the right to work and promote a healthy and safe working environment for all workers, including immigrants, particularly women, and precarious workers.</p>	
 <p>Reducing inequality within and between nations.</p>	<p>10.2 (...) enhance and promote the social, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic status or otherwise.</p>	<p>CSP has adopted a personnel management policy that provides for the protection and promotes the supreme value of the human person, who must not be discriminated against on the basis of age, gender, sexual orientation, race, language, nationality, political and trade union opinions, religious beliefs.</p>
 <p>Guarantee sustainable patterns of production and consumption.</p>	<p>12.2 (...) achieve sustainable management and efficient use of natural resources.</p> <p>12.5 (...) substantially reduce the production of waste through prevention, reduction, recycling and reuse.</p>	<p>The principles of the circular economy are part of the "made in CSP" strategy and part of the Group's commitment: textile waste and packaging are the key aspects in this area: reuse/recycle logic of textile waste, regenerated products and sustainable packaging, use of materials.</p> <p>Collaborations with suppliers are an enabling condition for the realisation of innovative and sustainable projects.</p>
	<p>12.4 (...) achieve environmentally sound management of chemicals and all waste throughout their life cycle, (...), and significantly reduce their release into the air, water and soil to minimise their negative impact on human health and the environment.</p>	

		
SDG	SDG Target (Abstract)	CSP Actions and impact area - Projects
 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	14.1 (...) prevent and significantly reduce all forms of marine pollution, especially from land-based activities, (...).	Sustainable packaging projects and implementation / reduction of plastic consumption and waste).
 <p>Protect, restore and promote sustainable use of the earth's ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation and halt the loss of biological diversity.</p>	15.2 (...) promote sustainable management of all types of forests, halt deforestation, (...).	Projects and collections according to the principles of the circular economy and reducing the use of natural plant resources and packaging.

CSP impacts - Materiality analysis

GRI 102-15 GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44 GRI 102-47 GRI 103-1

The role of Stakeholders

Stakeholders are individuals or groups who have a vested interest in a company and with whom there is constant discussion. CSP aims to develop and maintain an effective and lasting framework of relationships over time. According to this perspective, involvement and discussion with stakeholders (stakeholder engagement) makes it possible not only to understand their needs, expectations and evaluations, but also promotes the conditions for a response that can be translated into business objectives and actions that take into account the changes taking place, the risks and the opportunities. CSP's system of relations with its stakeholders is based on differentiated tools for the different categories of takeholders, which take into account the different nature of the relations and interconnections.

CSP Stakeholder	Engagement activities Projects - Initiatives – Relationships
Shareholders	Shareholders' Meeting - Board of Directors
Banks, Lenders and Investors	Shareholders' Meeting - Investor relations activities – Website / dedicated section - Periodical meetings
Employees	Dialogue with the Human Resources Department - Informal meetings and institutional events - Company intranet - Periodic survey on analysis of material issues - Training plans and events - Company welfare tools and initiatives - Internal newsletter - Communication plan
Trade Unions - Workers Representatives	Periodical meetings for an exchange of views with trade union representatives - Consultation meetings with the Workers Safety Representatives

Suppliers (Suppliers of products and services - subcontractors, partners and commercial agents)	Meetings to define and share standards - Commercial meetings and visits to the company (including retailers and sales network staff) - Partnership on projects (products and innovation) - Sending for sharing and signing the Code of Ethics Questionnaire for self-assessment of suppliers of goods and services (suppliers' social/environmental policies)
Customers (Direct Customers and End Customers)	Commercial meetings and visits at the company Interaction with sales personnel at regular shops and digital stores - Customer service office - Corporate website, social media, mails, regular post and dedicated toll-free number - Newsletters -
Public Administration (National and local public bodies - Institutions - Control bodies)	Meetings / sending and exchange of communications for fulfillment or specific requests meetings with representatives of local institutions. National and local public authorities / National authorities / local authorities - Control bodies and regulators
Community and territory	Meetings with local community representatives - Visits at the company
Media	Interviews – Press conferences - Events - Corporate website - Social media - Publications

Material topics

The relevant aspects (topics), to be reported in the DNF, in accordance with the GRI Standards, are those that reflect the significant (positive and negative) impacts of an enterprise on the economy and environment, taking into account the expectations, interests and assessments of its stakeholders.

According to the European Union's approach, recently defined in the Guidelines published in June 2019 on climate change reporting (NFRD / Non-Financial Reporting Directive 95/2014), material topics are those aspects that can have a significant impact on the development, performance and financial value of a company. At the same time, a material topic is defined as such in relation to the social and environmental fields and topics on which the company, through its activity, has a significant impact. This approach is also referred to as "double materiality".

The process of materiality analysis is by its nature dynamic and based on the context of reference. The two "directions" of materiality present constant and widespread interconnections. Not all material aspects are of equal importance, and the emphasis within a report reflects their relative priority.

Materiality analysis – The CSP process

For the purpose of drawing up the DNF 2020 CSP has updated its materiality analysis in accordance with the GRI Standards.

Process and steps

- 1 Stakeholder mapping – Updating.
- 2 Analysis and evaluation of the industrial plan drivers and their objectives.
- 3 Reference scenario documental analysis / sector (studies – sector research).
- 4 Analysis of national and international comparable benchmarking.

- 5 Stakeholder:
 - Analysis of the expectations resulting from the documentation of the integrated management System;
 - Feedback from recurring engagement activities;
 - Assessment and review of specific activities carried out for the DNF of previous years (employee survey and supplier self-assessment questionnaire).
- 6 Assessment of the management / function managers of relevant topics and their degree of priority in terms of potential impacts.
- 7 Validation of the topics by the top management (Chairman / CEO).

The analysis carried out did not lead to the identification of "new material topics", but has allowed, in line with the evolution of CSP strategy, to re-define and delimit in such a way that the content of certain topics and their potential impacts is considered more effective. In particular:

- a) Ethics, integrity and regulatory compliance: The publication of the specific standard GRI 207 on taxes has led to the integration of the principles and objectives of tax transparency into the DNF disclosure.
- b) Customer / product issues (business model): evidence of the aspects linked to the traceability of materials / products and to circular economy models, as a component able to generate value for the CSP model.
- c) Human resources: the circumstances that characterised the 2020 financial year have further highlighted the importance not only of adequate tools to protect occupational health and safety, but also that of work organisation tools (remote - smart-working - flexibility) that make it possible to strengthen the capacity for adaptation and operational continuity of organisations, together with the effectiveness of the response to the emergence of risks such as those related to the Covid-19 pandemic.

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

Material topic		Reference areas Leg. Decree no. 254/2016	Impacts (material topic reasons)	GRI Standards (Specific Topics)
Governance				
1	Ethics, integrity and regulatory compliance	Respect for human rights Fight against active and passive corruption	Business ethics & integrity / The responsible government of an enterprise requires respect for principles and the application of a Code of Ethics. Regulatory compliance, tax transparency, and integrity are pre-conditions for reliable business management.	GRI 205-1 GRI 205-3 GRI 206-1 GRI 207-1 GRI 207-2 GRI 207-3 GRI 307-1 GRI 406-1 GRI 419-1
2	Data security- Cybersecurity and privacy protection	Social Respect for human rights	Information protection is an important topic for potential compliance and business impacts. CSP's activity requires attention to the potential consequences of privacy and security topics related to information systems and their sensitive information content.	GRI 418-1
3	Brand image and reputation	Social	The reputation of the brand (and therefore of CSP) is a strategic element in terms of potential associated impacts and consequent economic-	GRI 416-2 GRI 417-2 GRI 417-3

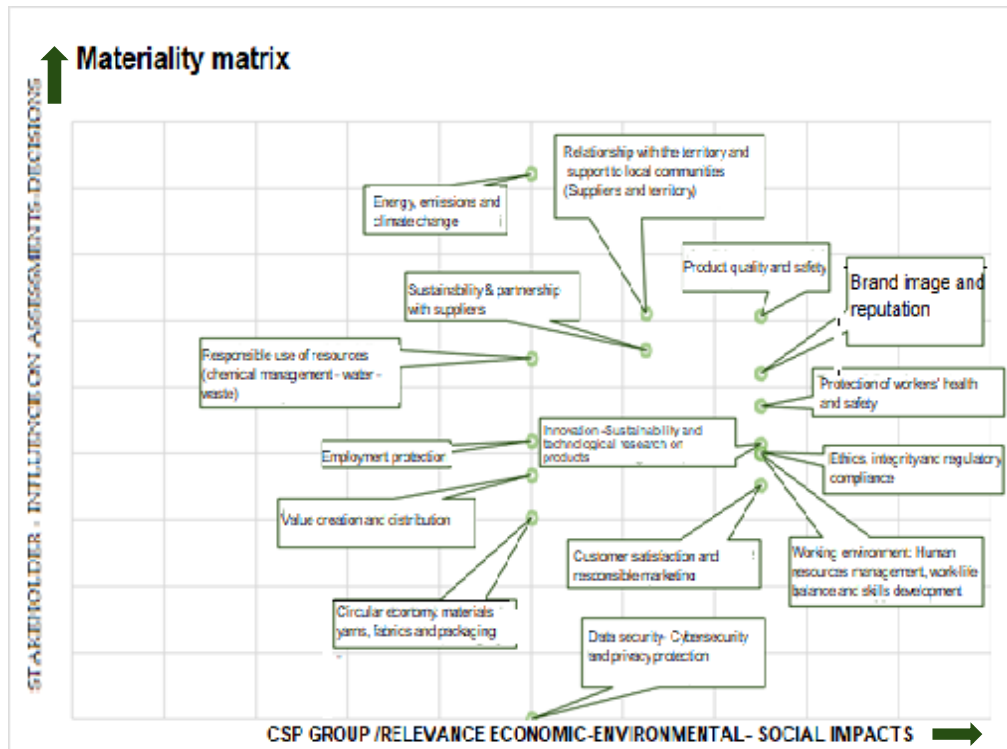
			financial performance and competitive positioning in the reference market.	
Economic				
4	Value creation and distribution	Social	<p>Economic sustainability and financial balance are essential conditions for the duration and development of enterprises and for ensuring an adequate distribution of the economic value generated for stakeholders (employees and suppliers in the first place).</p> <p>The creation of value for the enterprise is therefore to be understood as the ability to respect in time the economic balances that characterize the business management.</p>	GRI 201-1 GRI 201-4
Customers/Products				
5	Innovation - Sustainability and technological research on products	Environment Social	Research and development, product innovation and production technology, the materials used can not only improve competitive position and economic and financial performance, but can generate positive environmental and social impacts (consumption of natural resources / quality of life and welfare of the community).	GRI 203-1
6	Product quality, safety and traceability	Social	The topic is related to the characteristics and traceability of materials and products purchased and distributed. The marketing of products of high quality, reliability and that do not have negative consequences on the health of customers has a significant impact on customer relationships and on the degree of customer satisfaction.	GRI 416-2
7	Customers: shared consent and responsible marketing	Social	<p>Customer relations (direct and final) require, in the fashion sector, tools that can identify customer expectations and needs and communication processes on different channels.</p> <p>An important aspect is responsible marketing policies that communicate transparent content about product characteristics (especially for innovative and sustainable product lines).</p>	GRI 417-1 GRI 417-2 GRI 417-3
8	Circular economy: materials (yarns - fabrics) - packaging - textile waste	Environment	<p>A sustainable approach requires responsible use of raw materials, which reduces environmental impacts and promotes circular economy practices.</p> <p>The potentially critical aspects for CSP are represented by: a) characteristics of the raw materials and materials used (fabrics - yarns developed according to upcycle or recycling logic); b) packaging with reduced uses of plastic and paper.</p>	GRI 301-1
Supply chain				
9	Sustainability & partnership with suppliers	Environment Social Fight against active and passive corruption	<p>The supply chain is one of the most relevant areas of the sector and, in particular, its management according to criteria that assess governance, environmental and social parameters.</p> <p>The performance of a company is significantly linked to the management of the supply chain according to principles consistent with its business model and to the presence of mechanisms and</p>	GRI 308-2 GRI 414-2

		Respect for human rights	tools that can ensure, over time, not only the control of the supply chain, but also a partnership for sustainability.	
Territory and local communities				
10	Support for territory development (Local suppliers and communities)	Social	CSP's operating model is characterised by a strong link with the territory of origin, also in terms of impact on the local economy.	GRI 204-1
Human resources				
11	Employment protection	Employees Human rights Social	The maintenance of employment levels tied to the reference territory represents (for reasons linked to the business and social model) a priority objective and a particular feature of CSP's policies and strategy.	GRI 401-1
12	Working environment: Human resources management, work-life balance and skills development	Employees Human rights	The working environment is an enabling and transversal element, with economic, environmental and social impacts, which also measures the degree of resilience of a company. Areas covered include training, maintaining/enhancing skills, organisational aspects of work, welfare and work-life balance tools, equal opportunities and ways of using social safety nets.	GRI 401-1 GRI 401-2 GRI 401-3 GRI 404-1 GRI 405-1 GRI 405-2
13	Protection of workers' health and safety	Employees Human rights	The management of production sites makes it necessary to constantly monitor sensitive processes, with particular regard to accident prevention and health protection for all employees and others involved, including suppliers working in areas under the control of the Company.	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10
Environment				
14	Responsible use of resources (chemical management - water - waste)	Environment	The relevance and impacts of the topic are linked to the characteristics of the CSP production cycle processes, which require significant water withdrawals, use of chemical components for the dyeing phase of the garments and generation of waste, including industrial effluents and sludge from the internal water purification process of the dyeing department.	GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-2 (2016)
15	Energy, emissions and climate change	Environment	The topic relates to the energy profile of operations and policies aimed at reducing energy consumption/energy efficiency, thereby reducing CO2 emissions and contributing to mitigating the effects of climate change.	GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-4

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 relative importance of the material topics at the conclusion of the analysis process described above, has been validated by the Directors of CSP International.

Compared to the matrix published in the previous DNF, the analysis carried out for the 2020 DNF assigned further relevance to topics such as product quality and safety and, in line with the CSP strategy, to the aspect related to support for the territory (local suppliers and traceability).



02 MADE IN CSP



The material topics of the chapter

Brand image and reputation
 Innovation -Sustainability and technological research on products
 Product quality, safety and traceability
 Customers: shared consent and responsible marketing
 Circular economy: materials (yarns - fabrics) - packaging - textile waste
 Sustainability & partnership with suppliers

Related SDGs



02 MADE IN CSP

The choice of CSP

GRI 102-2 GRI 102-6

CSP has defined its journey by investing in research, projects that have enabled the creation of products and collections designed according to a sustainable business model that is traceable in its various phases: innovation, certified, regenerated or recycled yarns and fabrics. The choice is to continue creating long-lasting products that maintain their characteristics, according to a marketing approach that is not fast-buy but based on an ongoing relationship with the end customer.

The principles of CSP's approach, already mentioned in the foreword of this DNF, are represented by a few key words that guide the business model.

Transparency	Traceability	Circular economy	Sustainable commitment
--------------	--------------	------------------	------------------------




The brands

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. CSP Group brands address 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 unmistakeably Italian and French style.

CSP Italy - High-End Brand	
	<p>Oroblù: international Italian brand on the high-end market.</p> <p>International Italian brand of reference in the scenario of hosiery and women's lingerie, collections synonymous with modern elegance, innovation and quality, designed to dress femininity and spread the Italian style throughout the world. The Oroblù brand can be found in the best boutiques and luxury department stores.</p>
	<p>Luna di Seta: high-end brand of pure silk lingerie.</p> <p>High-end brand of pure silk lingerie whose collections are conceived under the banner of sober and refined sensuality and Italian elegance.</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>Over 100 years of Italian history, quality and innovation in the world of men's underwear, hosiery and loungewear. Brand par excellence, specialist in men's underwear.</p>

The main brands dedicated to CSP mass market channels are: **Lepel** specialized in corsetry, **Sanpellegrino** specialized in women hosiery and **Cagi**, offering quality men's underwear and nightwear. The three brands pass through the wholesale channels, GdDo, detail and large textile stores, with dedicated sales organizations and mainly continuous collections.

CSP Italy - Mass Market

	Sanpellegrino: Historic Italian brand, known for its quality, always next to women.
	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>Le Bourget brand develops its French identity, both feminine and fashionable, by relying on perfect quality, using the most advanced production technologies. Le Bourget works on the image through communication campaigns that highlight the brand's fashion spirit. 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>
	<p>Well: the most innovative and high-performance hosiery and lingerie brand on the French modern channel.</p> <p>Well is the second brand in the French pantyhose market. Founded 50 years ago in the heart of the Cevenne region in the south of France, it is based on traditional know-how whose origins date back to the 18th century. The Well brand continues this tradition and modernises it with a strategy of developing new innovative products.</p>

Transparency

Transparency for CSP means traceability and sustainability of the production and sales model:

Traceability	Mapping of the suppliers of the production chain
	Identify the production chain and communicate it in a transparent way
Sustainability	CSP commitment to continuous innovation and sustainability
	Communicating the environmental and social impact of its production process
	Product Certifications

Traceability: production cycle and suppliers

GRI 102-2 GRI 102-4 GRI 102-9 GRI 102-10 GRI 103-2 GRI 103-3 GRI 301-1 GRI 308-2 GRI 414-2

CSP has made an important commitment to its customers: to make the value chain transparent and traceable. For this reason, it has created the "Made in CSP" project, an itinerary that aims to tell the story of where and how the pantyhose and stockings in the Oroblù collection are made.

CSP believes that showing the extreme attention and care taken in designing and manufacturing products is of vital importance. Over the years, it has built an important treasure of experience, which it preserves at its own production facilities in the province of Mantua. For this reason, CSP has worked

hard to keep production in Italy and to limit the outsourcing processes that have characterised the reference market.

CSP's production units

As at 31 December 2020, the CSP Group owned 5 production and/or logistics facilities located in Europe (Italy and France).

Italy	France
CSP Fashion Group SpA	CSP Paris Fashion Group
Ceresara (MN)	Fresnoy Le-Grand (Aisne)
Carpi (MO)	Le Vigan (Gard)
Bergamo	

Direct commitment in manufacturing is a historic commitment for CSP and responds to the Made in CSP model.

Made in CSP	<p>Limit transport, maximize product availability and protect jobs.</p> <p>Maintain the know-how and control of the development and production process.</p> <p>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.</p> <p>Claim belonging to a profession, to a land of unique know-how, competence and production. Support a high-tech and innovative industry</p>
--------------------	--

The production cycles

Hosiery

Italy	<p>The production of hosiery relies on the value of the <i>Made in CSP</i> and it is mainly carried out at the Parent Company's plant in Ceresara (Mantua).</p> <p>The pantyhose production cycle is highly automated and is certified for environmental ISO 14001:2015 and safety ISO 45001:2018. Moreover, in 2020 CSP obtained, for the hosiery Italian and French division products, the annual renewal of the certification Oeko-Tex® Confidence in Textiles - Standard 100.</p>
France	<p>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. All products in the "socks" segment benefit from the Oeko-tex® Confidence in Textiles certification.</p>

Phases	Elements and characteristics
1 Raw materials	Origin of the raw material
2 Weaving	CSP International / CSP Paris
3 Sewing	Automatic sewing - CSP International / CSP Paris Manual sewing - Laboratories Italy / Albania / Poland and Tunisia

4	Dyeing	Use of certified dyes allows Oeko-Tex certification Metal free dyes Water recovery Heat recovery to heat the water entering the process
5	Ironing-Fixing	Laboratories Italy / Albania / Poland/ Tunisia Steamer- Foot shaped fixing
6	Packaging	Automatic Packaging - CSP International / CSP Paris Manual Packaging - Laboratories Italy / Poland / Tunisia Use FSC and recycled paper - Recyclable/recycled plastic - Hooks made of recyclable plastic
7	Storage and shipping	CSP International / CSP Paris
8	Quality control	CSP International / CSP Paris Each product undergoes at least one quality control along the manufacturing 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.

Underwear and other productions

The corsetry, lingerie, bodywear and swimwear are designed in an exclusive way from cutting to modelling and sampling.

Phases	Elements and characteristics
1 Atelier	The research and development of the product (Atelier), the control of the fabrics, the cutting and the quality control of the product are mainly managed directly within the production facilities of the CSP Group
2 Fabric and product quality control	
3 Cutting	
4 Sewing	Depending on the characteristics of the product and the market, the sewing and packaging phases are to a large extent entrusted to selected and specialised suppliers. Pantyhose packaging in CSP International/ Italian laboratories or for France CSP Paris/Polish or Tunisian laboratories
5 Packaging	

The selection and management of suppliers

The selection of suppliers and the determination of the conditions of purchase of goods and services are based on assessments based on quality, price and guarantees provided. CSP, in its relationships with its suppliers, observes the principles of its Code of Ethics:

- CSP does not practice or approve any form of reciprocity with suppliers: goods/services are selected and purchased exclusively on the basis of their value in terms of price and quality;

- any negotiation with a supplier, current or potential, must relate exclusively to the goods and services being negotiated with the supplier;
- the staff responsible for purchasing goods and services shall not be subject to any form of pressure from suppliers to donate materials, products and/or sums of money to charity/solidarity associations or similar.
- the undertaking of commitments and the management of relations with suppliers, current and potential, must be carried out in compliance with the Company's directives regarding 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 that people in the CSP *world* should live in a positive and satisfactory working condition, including in terms of well-being, without discrimination and in full respect of their rights. This policy is particularly important for a sector where there is significant exposure to risk factors, especially of a social nature, linked to the geographical location of many production districts in the sector.

The selection of suppliers is based on quality, flexibility, price and organization parameters. The main CSP guidelines for the planning and purchasing of raw material and/or the entrusting of processing to third parties (subcontractors) are as follows:

- **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.
- **Organization** - Ability to manage and use the technology needed to transfer information which is useful for production.

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").

The supplier monitoring - Italian sites

With the aim of strengthening the control of risks related to the supply chain, CSP designed and used a monitoring and control system that required the completion of a self-assessment questionnaire by the most representative suppliers for the process and significant for the business of the Italian sites. The results of the questionnaire allowed:

- Classification of identified suppliers by activity, business volume (qty/value), location of production units.
- Sharing Environment and Safety Policy.
- Classification of suppliers which has provided evidence of strategies, policies and levels of control in relation to ethical, social, health and safety, environment and, more generally, sustainability.

On the basis of the results of this survey, which was completed at the beginning of 2020, CSP is still evaluating the timing of the next step, which involves: a) inspections at their production sites and b) targeted communication to promote and raise awareness of sustainability issues and policies. THE investigation revealed the following main characteristics of the suppliers under investigation:

- Margins of improvement in the adoption of certified management systems.
- Organizational structure with a medium-high ability to keep ethical, social, HSE (Health and safety/ Environment) and sustainability issues under control.
- High attention to issues more closely related to occupational health and safety.

The social and environmental aspects

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 (2020) 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. Similarly, no situations were found where it was necessary to take specific action against suppliers in relation to social nature.

CSP supply chain

There were no significant changes in the structure of CSP's supply chain during the reporting period. 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 characteristic processes, weaving and dyeing, are almost entirely carried out in the 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 production facilities) 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

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.

CSP International - Italy / Sourcing areas for hosiery raw materials	
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

Materials used

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. The table does not include data on the quantities outsourced for sewing and packaging services (subcontractors). The relative materials are mainly included in the other categories indicated in the table.

Materials	Units of measure	Quantities purchased		
		2018	2019	2020
Raw materials - Packaging				
Yarns	Kg	825,774	749,228	629,290
Fabrics	m	358,652	442,839	231,818
Flounces	m	614,145	434,904	374,956
Packing / Packaging - paper / cardboard	Kg	1,132,113	1,129,209	989,421
Packing / Packaging - Plastic	Kg	111,795	103,473	67,586
Powder dyes	Kg	26,386	24,496	20,871
Auxiliary agents / Liquid dyes	Kg	111,380	118,391	141,023
Auxiliary agents / Liquid dyes	Litres	40,545	43,215	38,458
Subcontractors				
Ready-to-wear products / Finished products	Pcs	5,319,759	6,176,085	4,078,437

Circular economy and sustainable commitment

GRI 102-2 GRI 103-2 GRI 103-3

Natural resources

Responsible use of natural resources - development of products consistent with circular economy principles - Processes with reduced environmental impact.

Innovation, research and partnership

Design research and product innovation driven by sustainability, in cooperation with suppliers

Product certifications

Guarantee and safety for the customer / Oeko-Tex®

Sustainable products

CSP's collections reflecting the principles of a sustainable product offering

Safeguarding resources

CSP's strategy for the responsible use of natural resources is based on research for the development of products consistent with the principles of the circular economy and on production processes and logic that reduce environmental impact.

Reducing environmental impact, reusing production waste, packaging

Most of the pantyhose currently on the market are made of fossil-based, non-renewable material, virgin polyamide. CSP's target is to change this norm and become more independent of non-renewable raw materials, preferring where possible to use recycled or bio-based yarns. According to this approach, CSP therefore places great emphasis on the circular economy and on innovation in the raw materials used for production processes.

The application of circular economy principles in the textile sector is based on reuse, recycling of textile waste and sustainable packaging. The target is to increase the use of recycled raw materials while safeguarding product performance and quality.

CSP is committed to collecting, reusing and recycling its textile waste. For this reason, it is developing research projects with national and international partners, with the aim of minimizing impact, reusing materials as much as possible in subsequent production processes and minimizing waste.

All products are checked at least once along the different stages of the production process. Each production department implements a quality control system complying with standards that keep processes under control, reduce the number of defects and waste and limit the consumption of resources. "Safeguarding resources" also means paying attention to the use of raw materials.

Environmentally-friendly processing

CSP's products are mainly manufactured in the Mantua factories, using processes with reduced environmental impact and with the support of laboratories in the Mantua Hosiery District. Over time, CSP has introduced a partial dyeing water recovery stage into its processes, which reduces water and electricity consumption. Moreover, it has chosen to use only electrical energy from renewable sources for processing in its Italian production facilities.

CSP Paris' production is mainly carried out in the Vigan factory, with short chains and optimised processes. An energy audit carried out every four years identifies ways to improve energy consumption and, for example, a water heat recovery process has been implemented at the end of the dyeing process which reduces gas consumption to heat the incoming water by 30%. In addition, the gradual replacement of shop lamps with LED-type lighting has significantly reduced electricity consumption.

Innovation, research and partnership for sustainability

The stylistic research and innovation of CSP products are guided by the necessary attention to sustainability. The R&D team collaborates with other internal teams and with its suppliers, proposing new challenges and objectives: more ecological processes, state-of-the-art machinery and equipment, and a push for alternative packaging are just some of the areas in which CSP is moving. Product innovation is primarily material-oriented, but the focus is also on the digitisation of processes along the value chain.

Raw materials and packaging

CSP has developed innovative solutions for different types of raw materials and packaging (regenerated yarns, castor oil seeds, as well as the switch to FSC - Forest Stewardship Council - certified paper for catalogues and product packaging).

In this context, collaborations with suppliers represent a strict condition for the realisation of innovative and sustainable projects: the chosen 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 Cotton: 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.

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.

Regenerated fibres: Q-NOVA® is an eco-sustainable nylon 6.6 fibre made exclusively with regenerated raw materials that meets 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, 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 materials. Q-NOVA® consists mostly of waste, which could not be reused in any other way and should be disposed of externally as waste.

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.

Repetable - Yarn from recycled PET bottles: The new polyester yarn was produced by RadiciGroup, an Italian company founded in Bergamo and leader in the production of polyamides, synthetic fibres and technopolymers for applications in various fields, including the textile/fashion sector. The yarn has been obtained through a post-consumer recycling process of plastic bottles, which allows to cut CO2 emissions and reduce water and energy consumption. Repetable was chosen by Oroblù for its unique characteristics and high technical performance, which fully meet the requirements of the *Save the Oceans* project. Repetable, in addition to not consuming any new virgin raw material, is also dyed in the mass, a further saving of water and electricity used in processing.

Dyes / Chemical management - The R&D divisions of CSP conducted studies on natural dyes and on other types of innovative dyes, which have led to 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.

Regarding CSP Paris, thanks to research carried out on the dyeing process, 100% of the products dyed at the Vigan plant have been treated with "free metal" dyes, as early as the second half of 2019. This applies to most Well products, as well as to the Modacolor Green and Voilance ranges of the Le Bourget brand.

CSP Paris is knitting its future

The French subsidiary CSP Paris has developed a sustainability project called "knitting its future" (*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.

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 adopts 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 is working on the **business** segment according to a User Experience oriented approach. 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.

Product Certifications

Oeko-Tex® Certification

The Oeko-Tex® Confidence certification in Textiles-Standard 100 concerns the products of the Italian and French hosiery division. 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.

Sustainable product collections

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.

Oroblù - 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.

Oroblù - All Pure Colors collection

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

Oroblù - "Oroblù Save the Oceans"

Black, 50-denier pantyhose made of Repetale, the new polyester yarn produced by RadiciGroup, obtained through a post-consumer recycling process of PET plastic bottles, which cuts CO2 emissions and reduces water and energy consumption.

Perofil – REVIVE

The latest Perofil collection (Jersey, Microfibr, 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.

Sanpellegrino – Nature lovers

The new Happy Planet 20 and 50 denier pantyhose are eco-sustainable because they are made from certified raw materials obtained from pre-consumer regenerated yarn. The use of recycled raw materials reduces CO2 emissions, water consumption and waste production. These pantyhose are not ironed, but once worn, they are flawless on the legs. By eliminating ironing, energy consumption is significantly reduced. Dyeing is done with dyes without heavy metals, to respect the skin and the environment. A new packaging format allows for a 50% reduction in paper (100% recycled and recyclable special paper with FSC cellulose) and ecological water-based inks are used for printing. No plastic packaging components are used. The line is manufactured in Ceresara, from weaving to packaging, also reducing transport (lower CO2 emissions).

Le Bourget - MODACOLORS Pantyhose

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 dying 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 dying 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 contain 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.

Mes Gambettes Aiment La Planète

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.

The relationship with the customer - Shared consent and responsible marketing

| GRI 102-2 GRI 103-2 GRI 103-3 GRI 417-3

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 has foreseen 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 brands.

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

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.

CSP and the territory

GRI 103-2 GRI 103-3 GRI 204-1

The impact on the territory

The percentage of suppliers who are entrusted with external processing activities (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 is considerable. The policy followed by CSP 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 effects on the territory

In 2020, CSP has entrusted to **local suppliers** a total of supplies equal to a total of **Euro 17.1 million** (the same amount of Euro 17.1 million in 2019). The figure of € 14.9 million purchases in 2020 represents **for CSP Italy 40.4% of the total supplies**

(Euro million)	CSP Italy			CSP France			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020

Total supplies on territory	15.4	15.3	14.9	1.7	1.8	2.2	17.1	17.1	17.1
% supplies on territory over the total (to value)	33.1%	42.7%	40.4%	4.1%	4.3%	6.6%	20.8%	22.0%	24.4%

With regard to CSP Italy, more than 400 suppliers located in the provinces of Mantua, Modena and Bergamo (sites of CSP production units) have been identified as local suppliers. As regards CSP France, the local suppliers (around 100) are located in the departments of Le Vigan and Fresnoy (CSP headquarters).

The relationship with the territory

Art and culture - Sponsorships and initiatives

Antica Fiera della Possenta / Ceresara. As a consequence of the Covid-19 pandemic, the Fair, which CSP has always supported, has been suspended for the years 2020 and 2021. CSP hopes that this important event, which is a meeting point for local agriculture and craftsmanship, respecting traditions, will soon be resumed.

03 GOVERNANCE AND RISK MANAGEMENT



The material topics of the chapter

Ethics, integrity and regulatory compliance
Data security (Cybersecurity) and privacy protection
Product quality, safety and traceability

Related SDGs



03 GOVERNANCE

Corporate governance

GRI 102-12 GRI 102-13 GRI 102-18 GRI 102-22 GRI 405-1

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 company 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 Appointment 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 the 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 occupational safety areas of the Company (as per art. 16 of Leg. Decree 81/08)

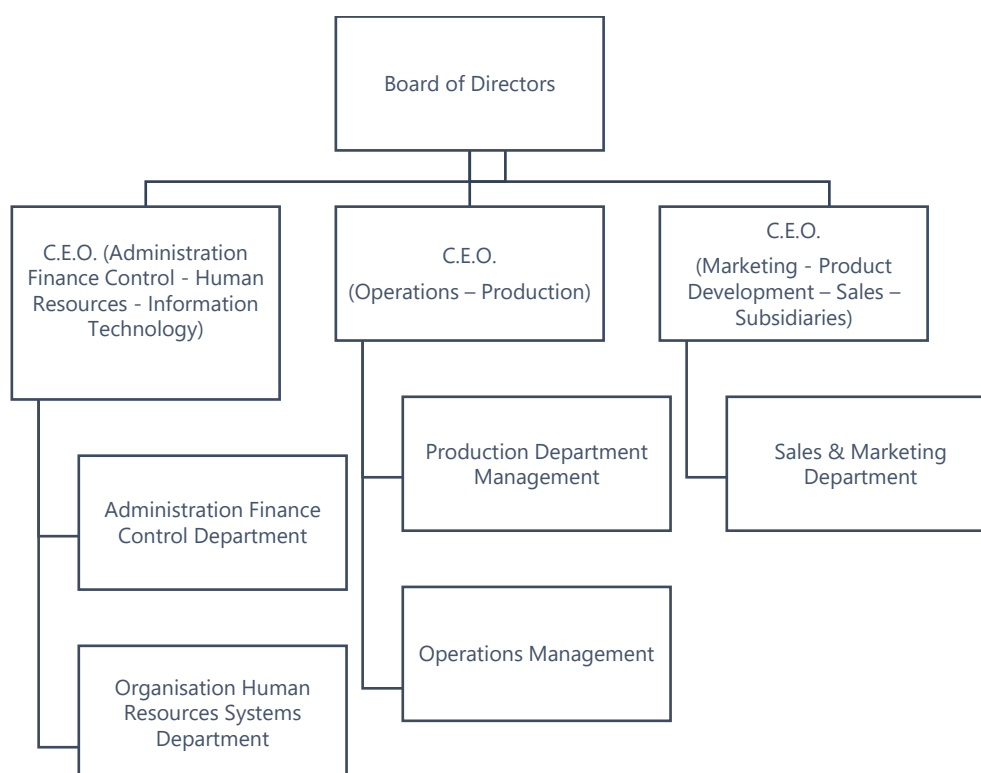
CEO – Francesco Bertoni: proxy in the areas of production, logistics and quality system of the Company.

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	
	No.	%	No.	%	No.	%
	-	-	2	33%	4	67%

Organisational structure

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



Participation in external initiatives and Membership

Participation in external initiatives



CSP Paris Fashion Group obtained PME+ certification in December 2020, an initiative that brings together French medium-sized companies committed to sustainability and, in particular, practising appropriate policies in the areas of human resources management, employment protection and solidarity in their region, environmental protection, quality, health and safety of products for consumers. Certification (with a score of 85%) is awarded on the basis of the ISO26000 guide on corporate social responsibility.

Associations – Membership

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.

Responsible Business Management

GRI 102-16 GRI102-17 103-2 GRI 103-3 GRI 205-1 GRI 205-3

Ethical principles and control model

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 appoint an internal audit manager since it deemed the current internal control and risk management system to be functioning and adequate.

CSP has adopted an "Organisation, Management and Control Model" pursuant to Leg. Decree no. 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 no. 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. Decree no. 231/01;

- mapping of sensitive activities, subject to periodic analysis and monitoring;
- 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 adjustment and / or introduction of further specific protocols relating to instrumental processes considered to be at greater potential risk of commission of crime;
- 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 www.cspinternational.it in the Corporate Governance section.

During the course of 2020, no reports were submitted to the Supervisory Body and/or cases of corruption.

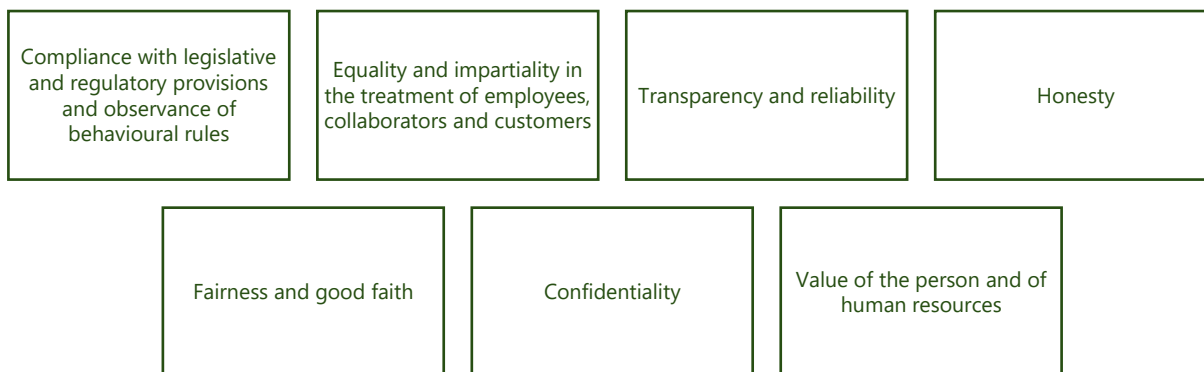
Code of Ethics

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:



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". CSP, with reference to the Group's Italian company only, has obtained the rating renewal with a rating of 3 stars, the maximum score.

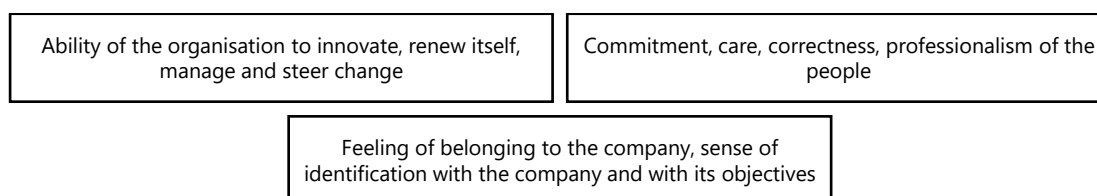
The integrated management system

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 keep its processes under control 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.

Key points of the integrated system



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.

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.

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 integrated into a single system. The management system and its performance are constantly monitored by means of internal and external audits conducted by third parties.

In the three-year period 2021-2023, maintenance, improvement and third-party auditing activities are planned for the supervision and renewal of the certification.

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 towards the Stakeholders the actions which the organisation undertakes and the results it achieves in the area of environmental sustainability and occupational 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.

Risk Management

GRI 102-11 GRI 102-15

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	Creation and distribution of value Innovation and technological research on products	CSP's Industrial Plan, in view of a reference scenario characterised by stagnating consumption and a 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		
Risks related to general macroeconomic trends on the markets where CSP is present. (Ability to maintain and/or increase the market shares and to expand into new markets, through innovative products featuring high qualitative standards and capable of guaranteeing suitable profitability levels).	Creation and distribution of value Product quality and safety Brand image and reputation Customer satisfaction and responsible Marketing	CSP's 2019-2023 Industrial Plan, in view of a reference scenario characterised by stagnating consumption and a contraction of the reference markets was drawn up starting from strategic guidelines that consider research, innovation and sustainability to be important drivers Specifically: a) Development and marketing of new products with innovative and sustainable features. b) Relevance of product quality and safety
Climate change Ongoing climate change can have a significant impact on consumer habits, needs and choices, affecting CSP's business model and offering	Energy, emissions and climate change	CSP's responses to the risks arising from climate change are an integral part of the strategic plan and in the choice of guidelines and development of the offer according to the guidelines outlined in Chapter 2 Made in CSP
External risks		
Impacts arising from the manifestation of the COVID-19 pandemic risk	Ethical business conduct and compliance with standards Creation and distribution of value Safeguarding the workers' health and safety	The specific procedures adopted (protocols and establishment of the specific Committee) are indicated in the chapter on Human Resources.
Financial risks		
The CSP Group is exposed to financial risks associated with its operations and, in particular, to: 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.	Creation and distribution of value	CSP constantly assesses risks in order to estimate, in advance, the potential negative effects and to undertake suitable actions aimed at mitigating said risks. For the specific management methods of risks of a financial nature, please refer to the <i>Consolidated Financial Statements as at 31 December 2020</i> .
Operating risks		
Compliance Risks associated with failure to comply with rules and regulations	Ethical business conduct and compliance with standards	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 occupational health and safety. Periodical conformity checks, including with respect to authorising practices and dialogue with the Stakeholders. Planning and conducting internal audits.

Risk of potential *data breach* in relation to customer privacy and loss of customer data

Data security (Cybersecurity) and privacy protection

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).

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.

Environmental risks

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.

Ethical business conduct and compliance with standards

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.

Responsible consumption, sustainable packaging and packing (raw materials, energy, water)

The protection against the risk in question is represented, in the first place, by the Environmental Management System.

Emissions and climate change

Waste production and management

Human Resources / Organisational risks

Training, professional development and skills

The human resources management policy entails an annual review of the integrated company policy and monitoring of the attainment of objectives and targets.

Employment protection

The protection against the risk in question is based on a few specific elements: a) Dialogue at all organisation levels in order to promote leadership and a feeling of belonging; 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; c) Periodically, personnel who cover key positions or positions of responsibility are subject to specific training that allows an updating of their skills and enhances the value of the people.

Guaranteeing the workers' health and safety

Safeguarding the workers' health and safety

The protection against the risk in question is represented, in the first place, by the adoption of the ISO 45001:2018 Health and Safety Management System

Key points of this system are: a) 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

Reputation and business continuity 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	In 2019 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)	Product traceability is one of the guidelines of CSP's sustainability strategy. 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 approach

Introduced in 1992 during the United Nations Conference on Environment and Development (United Nations Principle 15 of The Rio Declaration on Environment and Development) as part of the protection of the environment and biodiversity and transposed and used at various levels of government and in practice in the areas of consumer protection and health, the principle states that *"In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation"*

The application of this principle entails, as an integral part of the risk management strategy, 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

GRI 103-2 GRI 103-3 GRI 206-1 GRI 207-1 GRI 207-2 GRI 207-3 GRI 307-1 GRI 416-2 GRI 417-1 GRI 417-2

CSP's governance model, which includes the Organisation Model as per Leg. Decree no. 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 relationships with customers are analysed for the aspects of regulatory compliance more closely related to products and to commercial and marketing policies.

Compliance with standards

During 2020, 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 2020 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).

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.

Tax transparency

The tax approach of CSP International and its Group companies

As a multinational group, CSP contributes to the economies of the different Countries in which it operates by paying various taxes, which can be grouped into the following categories:

- income taxes, tax on company profits;
- property tax;
- taxes on labour, including taxes collected and paid to tax authorities on behalf of employees;
- Indirect taxes on turnover and production and consumption of goods and services, such as VAT, customs duties, etc.

In the spirit of its Code of Ethics and Conduct, CSP and the group subsidiaries are committed to acting with honesty and integrity in all tax matters and with a transparent and sustainable long-term tax approach. CSP is committed to complying with legislation in all jurisdictions in which it operates, working closely with tax authorities to ensure that taxes due are paid.

Tax planning

The Group's tax affairs are managed in accordance with the tax regulations applicable in the different Countries, through tax behaviour consistent with the principles set out in the Code of Ethics and Conduct. No tax planning strategies are pursued and no artificial schemes are used to implement behaviour and transactions, whether domestic or cross-border, that lack real economic substance for the sole purpose of achieving tax savings. Intra-group relations, for tax purposes, are regulated with the aim of aligning, as correctly as possible, transfer conditions and prices with the places where value is created within the Group.

Fiscal risk management

CSP is risk-averse with respect to taxation. When determining the tax treatment of a particular transaction or activity, choices are made based on reasonable and conservative tax interpretations.

Considering the size and complexity of the Group's business, it cannot be excluded that risks may arise in relation to the interpretation of particularly complex or evolving tax regulations. These risks are identified and analysed internally and with the support of qualified tax advisors before each transaction takes place. This ensures that policies are adopted that do not expose the Group to extraordinary fiscal risks.

The CSP Group is supervised by the Board of Statutory Auditors and audited by independent auditors.

Relationship with tax authorities

CSP guarantees transparency and fairness in its relationships with the tax authorities of the individual countries in which it operates, with whom it maintains open and constructive relations in order to resolve any disputes in a spirit of cooperation. In the case of particular uncertainty about the tax treatment applicable to relevant issues, the tools made available to the taxpayer in individual countries are used to know in advance the position of the competent tax authority, so as to make informed choices.

Procedures on respect for competition

During the reporting period, there was no incident and/or initiation of proceedings or legal action against the CSP Group relating to violation of free competition, monopolistic practices or antitrust.

Quality and safety - Product conformity

CSP International Group produces and distributes hosiery, underwear, beachwear and innovative and top-quality material clothing throughout the world. Essential conditions are research, technological and stylistic innovation. These strategic objectives can only be achieved if the production chain, production and distribution processes are consistently managed and monitored. In this respect, it is well known that one of the potential critical issues in the textile-clothing sector is the compliance of products with environmental rules and regulations. Using raw materials, and in particular chemical substances in internal production processes and/or processes entrusted to subcontractors, exposes the Company to potential risks, which require constant attention.

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 labeling

CSP products require labeling (even only on the pack) that indicates the fibre composition and the manufacturer or retailer. As in 2018 and 2019, there were no cases of non-conformity to this regulation by CSP or by the other Group subsidiaries in 2020.

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 processing 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 2020, the Company completed the project to adapt to the new legal framework on the protection of personal data (EU Regulation 2016/679 and Italian implementing legislation), during which it defined a set of internal provisions and self-regulatory rules, including a Model for the protection of personal data, operating procedures for managing the various obligations, legal documentation, the processing register, and the IT risk analysis approach. In addition, it continued its ongoing data protection management activities, including but not limited to:

- management of relationships with service providers and regularisation of privacy relations (e.g. designation of suppliers as data controllers);
- adoption of additional document templates, in response to specific needs such as for instance the information on data processing for situations related to the Covid-19 emergency;
- management of personal data breaches, so-called "data breach", as occurred in two cases that entailed, respectively, a detailed analysis of the case from a technical-legal point of view, following which, in neither of the two cases, was it found necessary to proceed with notification of the event to the Data Protection Authority and/or communication to the data subjects, considering the low relevance of the events from the point of view of the risks for the rights and freedoms of the data subjects.

CSP has completed the staff training activities on *data protection* included in the company's training plan.

No complaints have been received by the Company as of today's date with regards to violations of the regulations in force, of the rights of the persons concerned or of the personal data for which the Company is the Data Controller.

04 ECONOMIC RESULTS AND DISTRIBUTED VALUE



The material topics of the chapter

Creation and distribution of value

Related SDGs



04 ECONOMIC RESULTS AND DISTRIBUTED VALUE

The economic value generated and distributed

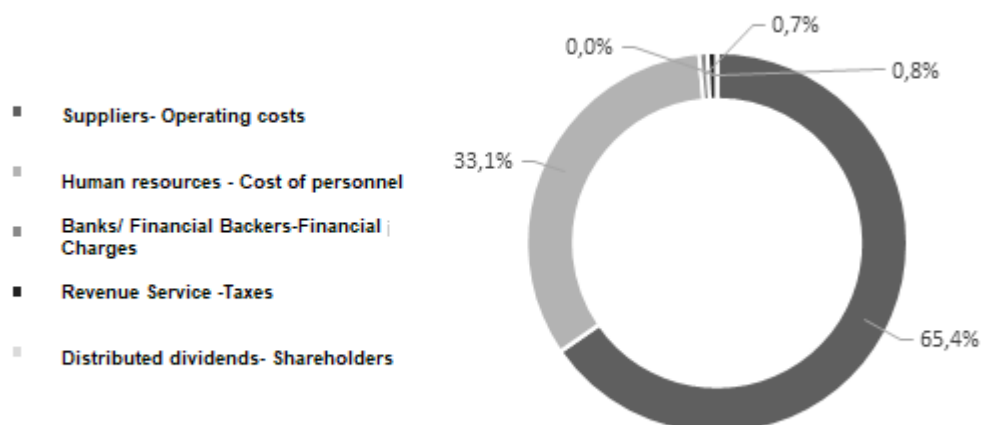
GRI 103-2 GRI 103-3 GRI 201-1 GRI 201-4

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 2020.

The retained economic value relates to 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)	2018	2019	2020
Generated economic value	113,551	110,025	83,628
Suppliers - Operating costs	(75,647)	(71,751)	(55,788)
Human Resources - Cost of personnel	(34,888)	(34,298)	(28,257)
Banks and other financial backers – Financial charges	(458)	(499)	(606)
Treasury - taxes	(1,364)	(1,878)	(689)
	(112,357)	(108,426)	(85,340)
Distributed dividends – Shareholders	(1,290)	-	-
Distributed economic value	(113,647)	(108,426)	(85,340)
Retained economic value	(97)	1,599	(1,712)

The distributed economic value



Financial assistance received from the Public Administration

The Group receives no financial assistance of significant entity from the Public Administration. In 2020, the Parent Company CSP International Fashion Group S.p.A., accrued a tax credit for research and development, technological innovation, design and esthetic design activities amounting to Euro 91,923. In the previous year, the same Parent Company had benefited from a tax credit deriving from advertising investments amounting to Euro 54,299.

The investments

| GRI 203-1

Investment policies and plans

In 2020, gross investments were made for a total of Euro 0.1 million (Euro 2.2 million in 2019), mainly related to the purchase of other assets. During the year 2020, CSP carried out research and development activities focused on technological innovation, for a total commitment (costs incurred) of Euro 1.4 million (Euro 1.6 million in 2019 and Euro 2.9 million in 2018). The activity involved projects considered particularly innovative, carried out in the various production facilities, both in Italy and France. See the information in Chapter 1 of this document.

Investments in innovation are believed to generate positive returns in terms of value creation and distribution, i.e. favourable effects on the company's economy and on the reference territory.

05 THE HUMAN RESOURCES



The material topics of the chapter

Employment protection
Working environment: human resources management, work-life balance and skills development
Safeguarding the workers' health and safety

Related SDGs



05 THE HUMAN RESOURCES

Personnel management, value enhancement and development policies

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

Remuneration policies

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

Protection of gender diversity and equal opportunities

CSP protects and promotes the supreme value of the human person, who must not be discriminated against on the basis of age, gender, sexual orientation, race, language, nationality, political and trade union opinions, religious beliefs. 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.

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.

The 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, production restructuring measures and Covid-19 impacts

GRI 102-15

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 the Wage Guarantee Fund. These measures, in respect for the different positions, were managed through a constant dialogue with the trade unions.

Use of social safety nets falls within the scope of rationalization and cost containment plans for the structure of the production units, which aims to minimise the effects arising from the contraction of the reference domestic markets and the consequent choice to rationalise the development of CSP product lines.

The state of epidemiological emergency caused by Covid-19, which to date is still permanent and evolving, and the effects it has had on the global economy and on the business of the whole Group, following the prescribed shutdown of activities between March and April 2020 and the severe contraction in consumption, have forced the Group to make prolonged use of the Ordinary Wage Guarantee Fund (Cigo) for the national Covid-19 emergency, to the extent provided for from time to time by the emergency decrees, starting from 23 March 2020 and still in progress to date. The use of the Ordinary Wage Guarantee Fund Covid-19 concerned all the units of the Parent Company and related points of sale, was requested for all employees benefiting from wage subsidies and suspended the social safety nets activated at the beginning of 2020 at the production units of Ceresara and Carpi. The Ordinary Wage Guarantee Fund Covid-19 has proved to be the most appropriate tool to respond to the need to suspend workers at zero hours, particularly during the period of production and commercial activities shutdown.

CSP, in all the actions of recourse to the Ordinary Wage Guarantee Fund Covid-19 since 23 March 2020, has always carried out the procedures of information and consultation with trade unions and, despite the contingent unfavourable situation, has always brought forward the amounts corresponding to the integrations borne by the Social Security Service (INPS) to the normal salary deadlines.

CSP Paris

Over the last two years, CSP Paris has carried out structural actions to make its organisation more efficient and to reduce its cost structure. In particular, it has reorganised the logistics of the Fresnoy le Grand site (Le Bourget brand) and implemented the information system and organisation already in place at the Le Vigan site (Well brand). In addition, to cope with the consequences of the Covid-19 epidemic on its markets, during the lockdown months (i.e. April, May and November), CSP Paris made use of the Wage Guarantee Fund, specially set up by the French government.

Current initiatives and plans

Production unit of Carpi (MO) and related point of sale: following the trade union consultation procedure started on 6 November 2019 and concluded with the achievement of an agreement recorded on 11 December 2019 at the Regional Employment Agency - Employment Centre of Modena, an Extraordinary Temporary Wage Guarantee Fund was set up as of 2 January 2020, for a duration of 9 months, affecting 45 employees out of 48 in the production unit of Carpi.

As a result of the pandemic emergency and the contingent shutdown of production and commercial activities, after having carried out the required trade union information and consultation procedures, CSP made use of the Ordinary Wage Guarantee Fund Covid-19 as from 23 March 2020, without interruption until 24 July 2020 and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided for by the emergency decree, forwarding to the Ministry of Labour and Social Policies, the request for suspension of the Extraordinary Wage Guarantee Fund in progress since 2 January 2020, in correspondence with each period of Ordinary Wage Guarantee Fund Covid-19 requested. The Extraordinary Wage Guarantee Fund was reinstated from 27 July to 28 August 2020 and in December 2020 (from 28 December to 1 January 2021), in conjunction with the periods not covered by the Ordinary Wage Guarantee Fund Covid-19. Considering all the suspensions requested as a result of the repeated use of the Ordinary Wage Guarantee Fund Covid-19 (the expected end of the last cycle of Cigo Covid-19, pursuant to the 2021 Budget Law, is set at 27 March 2021), except for any subsequent developments in the current emergency context and in compliance with the maximum extent provided for therein, the Extraordinary Wage Guarantee Fund is expected to be reinstated from 28 March 2021 to 19 August 2021, as per the directorial decree of the Ministry of Labour and Social Policies of 25 January 2021.

In 2020, use was made of social safety nets (Extraordinary Wage Guarantee Fund and Ordinary Wage Guarantee Fund Covid-19) for a total of 41,258.5 hours (of which 31,042 hours of Ordinary Wage Guarantee Fund Covid-19), involving 47 employees; from January 2021 to March 2021, use of Ordinary Wage Guarantee Fund Covid-19 was envisaged for a maximum of 44 workers (all employees benefiting from wage subsidies).

Production unit of Ceresara (MN) and related points of sale: following the trade union consultation phase which ended on 20 December 2019 with the reaching of an agreement with the trade union representatives, a Solidarity Contract was activated as of 2 January 2020, for a duration of six months. This procedure provided for an average reduction in working time of 50% and concerned 81 out of 266 workers at the Ceresara site.

The pandemic emergency occurred and the contingent suspension of production and commercial activities, led CSP to carry out the procedures of information and consultation with trade unions preparatory to the request for the intervention of the Cigo Covid-19 running from 23 March 2020 and continued thereafter, even after the reopening of business activities, until 31 July 2020, and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided by the emergency decree, and to forward to the Ministry of Labour and Social Policies, in correspondence with each period of Cigo Covid-19 required, the application for suspension of the Solidarity Contract in force since 2 January 2020, according to the terms allowed by the remaining duration of the latter.

Following the use, completed on 31 July 2020, of the 18 weeks of Cigo Covid-19 provided for by the emergency law decrees prior to Leg. Decree no. 104 of 14 August 2020 and pending the publication and provisions of the latter on social safety nets, a new Solidarity Contract was entered into with the trade union representatives on 31 July 2020, with a planned duration of 6 months (from 3 August 2020 to 31 January 2021) which replaced the previous Solidarity Contract of 20 December 2019, interrupting its effects on 2 August 2020, therefore ahead of the expected deadline of 9 September, following the suspensions caused by the Cigo Covid-19 intervention. Compared to the previous one, the new Solidarity Contract proved to be more suitable for facing up to the emergency situation caused by the pandemic, providing for an increase in the average reduction percentage in working hours from 50% to 60% and involving 238 employees out of the 244 benefiting from wage subsidies at the Ceresara unit and related points of sale.

The expected evolution of the regulatory framework was finally resolved with the publication of the Leg. Decree No. 104 of 14 August 2020, which made available to companies additional periods of Cigo Covid-19, for a maximum duration of 18 weeks, to be placed in the period between 13 July and 31 December 2020. On the basis of the provisions of the Leg. Decree of August 2020, CSP has agreed with the Trade Union Representatives to revoke the solidarity contract entered into on 31 July 2020, interrupting its effects on 30 August 2020, , and to request the intervention of the Cigo Covid-19 from 31 August 2020 to the extent and within the terms allowed by the Leg. Decree No. 104 of 14 August 2020. All this because the Company and the Trade Union Representatives considered that the Cigo Covid-19 was more suitable than the Solidarity Contract to deal with the continuing economic crisis and emergency situation that began in March 2020.

The Cigo Covid-19 procedure, which lasted until 25 December 2020, was reactivated, after an interruption of one week due to a collective holiday, on 4 January 2021 for 12 weeks (expected end 27 March 2021), following the provisions of the 2021 budget law.

In 2020, use was made of social safety nets (Solidarity Contract and Cigo Covid-19) for a total of 68,410 hours (of which 62,902.5 hours of Cigo Covid-19), involving 213 employees; from January 2021 to March 2021, use of Cigo Covid-19 was envisaged for a maximum of 237 workers (all employees benefiting from wage subsidies).

Production unit of Bergamo and related points of sale: following the pandemic emergency and the contingent suspension of production and commercial activities, after having carried out the required trade union information and consultation procedures, CSP requested the intervention of Cigo Covid-19, starting from 23 March 2020, which continued even after the reopening of company activities until the end of July 2020 and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided for by the emergency decree.

The Cigo Covid-19 procedure was subsequently reactivated, after a one-week interruption for collective holidays, on 4 January 2021 for 12 weeks (expected end 27 March 2021), following the provisions of the 2021 budget law. In 2020, use was made of the Cigo Covid-19 for a total of 10,134 hours, concerning 49 employees; from January 2021 to March 2021, use of the Cigo Covid-19 was envisaged for a maximum of 47 workers (all employees benefiting from wage subsidies).

CSP Paris Fashion Group: In November 2020, for the Fresnoy Le Grand logistics site, a "rupture conventionnelle collective" (Collective Mutual Agreed Termination) was signed with the Trade unions, which concerned the reduction of 9 working positions, with a prior agreement to relocate the employees concerned to a logistics operator in the same municipality, so there was no loss of jobs. It should also be noted that the employees left in December 2020 on a voluntary basis and that the number of volunteers exceeded the number of positions covered by the measure.

Smart working

Administrative activities have continued to operate during the periods when the company was closed due to the planned suspension of production and commercial activities by means of smart working, in compliance with the regulations in force to protect the health of workers. The use of smart working, which began in March 2020 for all workers with tasks that can be carried out in this way, continued during 2020 and is still in operation, in compliance with the provisions of the emergency decrees that have been issued from time to time, with the main aim of ensuring maximum distance between employees and protecting the workers most exposed to the risk of contagion. Smart working has also been a means of reconciling the work commitments of some working parents with the contingent need to care for their children during the periods when school activities are closed. During 2020, taking into account the period of maximum use of smart working, which coincided with the closure of production and commercial activities, and the subsequent periods in which it was used mainly to ensure maximum distance in the offices and to protect employees most at risk of contagion, smart working involved up to 120 workers, practically all workers with tasks that can be carried out in this way.

During the 2020 financial year, the following actions were implemented and the following agreements reached: as regards the French subsidiary **CSP Paris Fashion Group**, a new agreement on working hours was signed with the workers' representatives for the Fresnoy le Grand logistics site. The agreement will improve the pre-existing agreement on working time, ensuring the availability of manpower during periods of high activity.

During 2020, a total of 86 employees worked remotely for a total of 748 days.

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 safety nets. For Italy, the terminations in 2020 are mainly due to voluntary departures, while for France they refer to seasonal employees.

Total Employees	2018	2019	2020
Total	807	750	703

Employees per geographical area

As at 31 December 2020, of the 703 employees of CSP, 364 (52%) were employed by the French subsidiary of the CSP Group (same figure as the previous year).

Area	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	259	134	393	240	122	362	221	118	339
France	269	145	414	242	146	388	231	133	364
Total	528	279	807	482	268	750	452	251	703

Employees by type of contract and form of employment

CSP staff employed on 31 December 2020 are mainly engaged on open-ended contracts. In detail the data relating to the last three periods.

The sector in which CSP operates has historically employed a predominance of female staff, which stood at 64% at the end of 2020, a substantially stable indicator over the three-year period. Employees of CSP come mainly from the local area. Women account for 23% of management.

Employees by type of contract

The percentage of employees on fixed-term contracts was not significant at the end of the period (7%), slightly down on the previous year and there were no significant differences at the geographical area level.

Contract / gender	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Open-ended	468	274	742	437	253	690	409	243	652
Fixed-term	60	5	65	45	15	60	43	8	51
Total	528	279	807	482	268	750	452	251	703

Contract/geographical area	2018			2019			2020		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Open-ended	376	366	742	355	335	690	336	316	652
Fixed-term	17	48	65	7	53	60	3	48	51
Total	393	414	807	362	388	750	339	364	703

Employees by form of employment

The application of the agreements reached within the scope of the workforce reduction plan 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 21%, in line with Italy and France.

Type of employment /gender	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time job	351	274	625	324	263	587	319	224	563
Part-time job	177	5	182	158	5	163	133	7	140
Total	528	279	807	482	268	750	452	251	703

Type of employment /geographical area	2018			2019			2020		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Full-time job	291	334	625	279	308	587	255	308	563
Part-time job	102	80	182	83	80	163	84	56	140
Total	393	414	807	362	388	750	339	364	703

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.

Diversity and equal opportunities

Employees by qualification / gender

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives – Managers	4	12	16	4	11	15	3	10	13
Managers White-collars	341	174	515	302	163	465	286	158	444
Blue-collars	183	93	276	176	94	270	163	83	246
Total	528	279	807	482	268	750	452	251	703

Employees by age groups/gender

Age groups (years)	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	36	5	41	27	8	35	23	8	31
From 30 to 50	236	85	321	203	66	269	166	57	223
Over 50	256	189	445	252	194	446	263	186	449
Total	528	279	807	482	268	750	452	251	703

Data for 2020 confirm the trend of a progressive *ageing* of the company's workforce, with a percentage of employees over 50 approaching 64%, while the percentage of employees under 30 falls below 4.4%, highlighting the difficulty of a generational turnover, made difficult by market trends. Over the last few years, the 'age pyramid' and the reduced turnover of employees hired on permanent contracts have, however, made it possible, as in previous years, to contain the measures to reduce the workforce ('collective redundancies').

% Diversity by age / gender									
	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30 years old	4.5%	0.6%	5.1%	3.6%	1.1%	4.7%	3.3%	1.1%	4.4%
30 -50 years old	29.2%	10.5%	39.8%	27.1%	8.8%	35.9%	23.6%	8.1%	31.7%
Over 50 years old	31.7%	23.4%	55.1%	33.6%	25.9%	59.5%	37.4%	26.5%	63.9%
Total	65.4%	34.6%	100.0%	64.3%	35.7%	100.0%	64.3%	35.7%	100.0%

The relationship between salaries and gender

Indicators shown in the following table show the ratio between women's and men's salary for the different categories of employees.

Salary ratio	2018		2019		2020	
	Italy	France	Italy	France	Italy	France
Executives	84%	-	78%	-	77%	-
Managers - White-collars	68%	59%	71%	64%	71%	59%
Blue-collars	87%	101%	87%	111%	87%	97%

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. The remunerations are then obviously adjusted based on seniority at the company and on the type of activities carried out.

Advance notice 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 Labour 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 48 employees of the CSP Group during the 2020. At the end of the period, most employees regularly returned to their job.

Parental leaves	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	20	7	27	23	9	32	32	14	46
France	3	-	3	3	-	3	1	1	2
Total	23	7	30	26	9	35	33	15	48
Returned to work at the end of the period	17	6	23	28	-	28	25	10	35
Returned and remained after 12 months from return	Not available			18	7	25	24	10	34

The indicators show a phenomenon that still concerns the female gender and that has mainly affected Italy.

The turnover

Employee hires Age groups	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	117	5	122	89	4	93	57	4	61
From 30 to 50	34	10	44	40	9	49	28	19	47
Over 50	47	4	51	30	13	43	38	8	46
Total	198	19	217	159	26	185	123	31	154

The **employee hire** figure for 2020 is largely attributable to the subsidiary CSP Paris (151 hires compared to 3 in Italy).

This figure also relates, as in previous periods, and to a large extent, to the employee hires of **collaborators according to short-term contractual forms**. These employees hold sales functions, such as 'demonstrators', during sales campaigns and seasonal sales at the large-scale retail trade. At the end of the contract, the collaboration relationship is formally terminated and is included in the termination figure in the following table. This circumstance is also evident from the dynamics of outgoing personnel:

Terminations - Age groups	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	115	4	119	94	2	96	62	11	73
From 30 to 50	45	14	59	50	12	62	35	13	48
Over 50	66	12	78	60	24	84	54	26	80
Total	226	30	256	204	38	242	123	50	201

Terminations - By gender	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary resignations	14	9	23	23	5	28	21	5	26
Retirement	14	10	24	14	8	22	14	4	18
Resignations	4	8	12	6	4	10	1	3	4
Other (fixed-term contr.)	194	3	197	161	21	182	115	38	153
Total	226	30	256	204	38	242	151	50	201

The turnover rate is calculated by comparing the "net" balance between employee hires and resignations of Group employees with the number of employees at the end of the previous period. This approach makes it possible to normalise the dynamics and effects of the French subsidiary's seasonal hires.

In 2020, the net turnover index was **negative by 6.3%** (net reduction of the overall workforce).

% Turnover rate	2018			2019			2020		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Employee hires	15	202	217	7	178	185	3	151	154
Resignation	(30)	(226)	(256)	(38)	(204)	(242)	(26)	(175)	(201)
Net increase (decrease)	(15)	(24)	(39)	(31)	(26)	(57)	(23)	(24)	(47)
Employees end of previous period	408	438	846	393	414	807	362	388	750
Turnover rate	(3.7%)	(5.5%)	(4.6%)	(7.9%)	(6.3%)	(7.1%)	(6.4%)	(6.2%)	(6.3%)

Training

GRI 404-1

Training policies

Aware that professionalism is a value that is acquired through practice and experience and specific training, CSP recognises the decisive contribution that this process receives from more senior professionals and promotes the transfer of their knowledge and professional attitude to younger staff.

CSP pursues the enhancement of professionalism, promotes the aspirations of individuals, their expectations of learning, professional and personal growth.

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, for all employees, formalised programs for performance appraisal 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 2020, 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.

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	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	6.1	5.4	5.6	5.4	4.6	4.8	8.1	8.4	8.3
Managers - White-collars	4.5	6.3	5.1	4.5	8.6	6.0	2.5	6.8	4.0
Blue-collars	3.1	3.2	3.1	8.2	10.3	8.8	1.5	5.0	2.6
Total	3.8	4.9	4.2	6.3	9.0	7.2	2.2	6.2	3.5

1 For the calculation of the average personnel training rate, the average number of employees in force for the period of 2020 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.

The significant decrease in average training hours in 2020 is due on the one hand to the impediments created by the Covid-19 pandemic and on the other hand to the different periodicity associated with the various training actions (for example, in 2019 almost all staff received the five-yearly update of the specific training for safety under the State and Regions Agreement no. 221/2011).

France

Average training hours	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	-	-	-	-	-	-	-	-	-
Managers - White-collars	2.1	5.7	3.3	3.7	7.8	5.2	2.0	6.8	3.7
Blue-collars	0.5	5.6	3.3	2.4	2.7	2.5	0.1	2.1	0.9
Total	1.8	5.6	3.1	3.4	6.0	4.4	1.6	5.4	2.9

Occupational health and safety

GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10

Occupational health and safety

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 occupational health and hygiene 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 production facilities is required to personally contribute to maintaining the safety and quality of the work 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 operate, 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.

With regard to reporting in this DNF, the standard GRI 403 **Occupational Health and Safety** ("Occupational Injuries and Diseases") 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 2018 version of GRI 403, which is the last updated version available.

The commitment towards occupational health and safety represents an important aspect for CSP. For this reason, and to go beyond mere legal compliance, an occupational health and safety management system has been implemented, maintained and improved since 2014. The management system was first certified in 2014 to the OHSAS 18001:2007 standard and in 2019 the transition to the ISO 45001:2018 standard was completed and the relevant certification acquired.

A Management System Manager has been appointed who is responsible for maintaining the implemented management system active and effective, including operational control and updating it, and for reporting to the Top Management Representative on performance achieved and areas for improvement.

A Top Management Representative has been appointed within the Board of Directors who has the authority to ensure that each and every requirement of the CSP management system is applied and enforced to all personnel or functions within the organisation.

The management system covers all processes, all employees and all Italian sites of the organisation. Although the management system is concretely applied to the points of sale, including their processes and employees, the employees of the points of sale are not covered by the scope of certification.

The management system does not extend to non-employees working at CSP sites, due to the fact that their employer is legally responsible for their health and safety.

However, for their protection and that of CSP's employees, all the provisions arising from the interference risk assessment, drawn up jointly by CSP and their employer, are implemented. They also regularly participate in emergency management drills.

Risk identification and assessment

With regard to hazard identification, risk assessment and accident investigation, Leg. Decree 81/08 and related standards regulate in detail responsibilities, activities and deadlines. In addition to the legal requirements, the procedures of the occupational health and safety management system also apply. In this context:

- the mandatory legal requirements applicable in the organization are identified;
- information is collected in the field (operational control);
- non-conformities (whether accidents, injuries or near misses) are recorded and dealt with;
- preventive actions are taken as suggested by the analysis of the results of operational control and of non-conformities found.

Occupational health services

In compliance with the provisions of Leg. Decree no. 81/08, a health surveillance service is set up to monitor the health status of employees and to express a judgement of suitability for the specific task to which the employee is assigned. Health surveillance is carried out by the Occupational Physician, appointed by the employer. The appointment of the Occupational Physician is limited to CSP employees, while the health surveillance of workers who are not employees of CSP but who work in places under the responsibility of CSP, is entrusted, by law, to the Occupational Physician appointed by their Employer. The confidentiality of information relating to employees' health is guaranteed in accordance with the requirements of the GDPR and Italian implementing regulations. Moreover, in application of the national contract for the textile sector, CSP has made a supplementary health care plan available to its employees, with costs paid by the Company.

Health and safety training and communication

All CSP employees are trained in occupational health and safety, according to their tasks, in accordance with the requirements and deadlines laid down by the regulation. The RSPP is responsible for planning the training. The training is provided by the company during working hours using the services of specialised consultancy firms. Learning tests are normally carried out at the end of each training session. Emergency management drills are also regularly conducted.

Workers' consultation and participation in occupational health and safety is carried out through the Workers' Safety Representatives (RLS). They are identified by the workers themselves from among the members of Trade Union Representatives, are consulted on risk assessment, and participate in the annual safety meeting and other meetings called by the RSPP. Direct worker participation is also encouraged. Reports and suggestions are recorded and dealt with by the RSPP. Every year, the RSPP calls a Meeting on Safety, attended by the Employer, the Occupational Physician and the Workers' Representatives.

Prevention and mitigation of health and safety impacts

CSP requires suppliers of goods and services to formally accept the Company's Code of Ethics as an integral and substantial part of the relationship and to avoid any behaviour contrary to it. The Code of Ethics expressly refers to clauses concerning occupational health and safety. In order to prevent and mitigate negative impacts on the health and safety of workers who are not under its direct control and who do not work in places under its control, CSP gives priority to qualified suppliers with consolidated experience in carrying out the goods and services requested.

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 for the production facilities of Ceresara and Carpi and an external consultant for the production facility in Bergamo. These figures deal with safety management in the workplaces and handles the relationships with the various control and certification agencies and bodies. They also coordinate 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 Paris 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 occupational safety. French regulations require a specific internal Safety Environment Committee, of which the employees' representatives form integral part (Plant Director, in addition to personnel representatives).

The response to the COVID-19 pandemic

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 Risk Assessment Document: 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 health authorities, the risk of COVID-19 for CSP employees overlaps that of the general population. It is a generic risk and should therefore be applied and respected:

- all prevention and protection provisions established by national and regional authorities, valid for the entire population in order to contain the spread of the virus;
- the specific provisions for work activities issued by the authority.

To deal with the pandemic, CSP has adopted a policy of maximum caution and health protection and taken the following actions:

1. risk assessment, concerning: workers' health and safety; regulatory compliance; business continuity;
2. updating of the risk assessment document for workers' health and safety;
3. continuous monitoring and punctual application of national and regional legislation issued to combat the epidemic;

4. engagement of internal and external resources having the necessary skills (Occupational Physician, RSPP, Human Resources Department) and establishment of a working group, which is still active, which collects the necessary information, shares it, interprets it and translates it into operational guidelines for management;
5. establishment of a Committee for the application and verification of the rules of the protocol, pursuant to Article 13 of the protocol shared between the social partners on 24/04/2020 and Article 1 of the fashion sector protocol of 15/04/2020; the Committee includes the Head of Human Resources, the Head of the Prevention and Protection Service, the Occupational Physician, the Plant Managers, the workers' safety representatives and the Trade Union Representatives;
6. sharing operational solutions and organisational decisions with trade union representatives;
7. timely communication to all staff of measures taken by the authorities and the company;
8. immediate implementation of smart working for all staff whose duties/activities are compatible with this working method;
9. finding personal protection equipment, sanitizers, thermometers, gloves and anything else needed to protect against contagion and building up an adequate stock;
10. adopting an anti-contagion protocol to be applied for the protection of workers, which is constantly updated on the basis of new knowledge and new regulatory provisions; it contains the procedures and all the operational indications needed to carry out the various company activities in safety;
11. widespread dissemination to employees of the anti-contagion protocol and application of dedicated signals in all workplaces;
12. verifying the correct application of the anti-contagion protocol in the departments and offices of the various sites;
13. tracking of close (internal) contacts of employees who have tested positive for the coronavirus;
14. periodic and additional sanitisation of workplaces in the event of suspected contamination;
15. strengthening health surveillance, in particular to identify and manage 'fragile subjects' to be protected.

In addition to the previous actions, CSP decided, in agreement with the Occupational Physician, to make the flu vaccine available to all employees free of charge, with the aim of reducing comorbidity and facilitating differential diagnosis with respect to covid-19 syndrome. Almost ninety employees from all the Italian offices took part in the programme on a voluntary basis. The administration was carried out in the second week of November 2020.

Accidents

Employee accidents

Italy	2018	2019	2020
Number of accidents at work (Others)	1	3	4
Total hours worked	620,133	558,890	405,331
Accident Frequency Index	3.23	5.37	9.87
<i>(no accidents / hours worked) x 1,000,000</i>			

Accidents 2018: 1 ongoing- 2019: 1 accident ongoing – 2020: 2 accidents ongoing

Accident data do not include data on accidents occurring ongoing since they are not organized by the company

The number of accidents at work in 2020 includes one (1) event that is currently being assessed by the Social Security Service (INPS) after not being recognised by the National Institute for Insurance against Accidents at Work (INAIL). This accident was counted as a precautionary measure.

For the sake of completeness of information, we specify that there is a second case of "doubtful" accident, for the same reasons as the first, relating to an accident ongoing. This event was not counted as a 2020 occupational accident, in accordance with the notes at the end of the table above.

The trend of the 2020 frequency index is strongly influenced by the reduction of hours worked, due to lockdown because of the Covid-19 pandemic.

France	2018	2019	2020
Number of accidents at work (Others)	9	19	9
Total hours worked	663,346	581,647	560,059
Accident Frequency Index	13.57	32.67	16.07
<i>(no accidents / hours worked) x 1,000,000</i>			

The accidents occurred in 2020 mainly concerned situations that could be classified as accidents without serious consequences. Therefore, the above indices relate to these cases.

Accidents - Non-Employees

A truly sustainable company must also monitor its health and safety impacts on those who are not directly employed. Below is the data relating to accidents occurring to all those individuals who, although not employees of CSP, work in the latter's premises and/or under its control, within the limits imposed by current legislation on hetero management.

Specifically, only accidents occurring to employees of suppliers identified as the most significant and representative are reported. For Italy, a logistics service company in the finished product warehouse at the Ceresara site was taken into consideration.

As regards the French subsidiary, two suppliers were taken into consideration: a company in charge of cleaning various buildings belonging to CSP Paris and a so-called work integration company for disabled persons, mainly assigned to the assembly of promotional displays or maintenance of green areas. For the French companies, no accidents occurred in 2020.

Italy	2020
Number of accidents at work (Others) ³	2
Total hours worked	13,677
Accident Frequency Index	146.23
<i>(no accidents / hours worked) x 1,000,000</i>	

3 accidents 2020: 1 accident ongoing – the above data refer only to the Italian company concerned.

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. During the course of the year 2020 no cases of diseases classified as being of an occupational nature were recorded.

06 THE ENVIRONMENT



The material topics of the chapter

Responsible use of resources (chemical management - water - waste)
Energy, emissions and climate change

Related SDGs



06 THE ENVIRONMENT

Environmental protection and use of natural resources

GRI 103-2 GRI 103-3

CSP has adopted a specific environmental and safety policy, that is intended to provide evidence of CSP's awareness of the need to limit the impact of each company's activities on the environment to ensure the sustainability of the organisation.

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 impacts** 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.

The investments in research and development on new products meet the market and strategy needs with the aim of enhancing CSP's competitive positioning and economic and financial performance. The same investments also meet environmental sustainability objectives, such as the principles of the circular economy and reduction of the environmental impact (reuse of production waste, regeneration of products, reduction in the consumption of water resources and energy).

Responsible use of resources

GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-2

Water resource

The reporting standard relative to water resources (GRI 303) was updated in 2018 by the Global Reporting Initiative for the purpose of introducing the *best practice* in water management in the reporting practice. The standard is consistent with the SDGs /Sustainable Development Goals of the United Nations 2030 Agenda, in particular Goal 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 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.

Water withdrawal policies – shared resource

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

- 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	2018		2019		2020	
	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas
Surface water						
fresh water	21	-	22	-	19	-
other types of water		-	-	-	-	-
	21	-	22	-	19	-
Underground water /Wells						
fresh water	220	-	237	-	203	-
other types of water	-	-	-	-	3	-
	220	-	237	-	206	-
Sea water						
fresh water	-	-	-	-	-	-
other types of water	-	-	-	-	-	-
	-	-	-	-	-	-
Water produced						
fresh water	-	-	-	-	-	-
other types of water	-	-	-	-	-	-
	-	-	-	-	-	-

Third-party water resources / Municipal waterworks						
fresh water	8	-	11	-	9	-
other types of water	-	-	-	-	-	-
	8	-	11	-	9	-
Total	249	-	270	-	234	-
% water drawn from wells	88%		88%		88%	-

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.

Water discharges

Most of CSP's water drains 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 from Italian sites 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 – Lepel	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.

Chemical management

CSP Paris - Le Vigan's dyeing

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.

Waste Management

Waste management, collection and disposal is an important issue for CSP. The policies implemented by CSP, 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). Dehydrated sludge is taken to an authorised landfill. 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 (kg)		
	2018	2019	2020
Hazardous waste	2,877	35,186	5,733
Non-hazardous waste	764,784	753,621	690,748
Total	767,661	788,807	696,481

Waste -Italy

Waste category	Destination	Quantity (kg)		
		2018	2019	2020
Mineral oil waste, emulsions, filtering and absorbing materials	R13 - Storage of waste in order to subject it to reclamation operations	2,877	1,190	2,498
Hazardous waste		2,877	1,190	2,498
Sludge from biological treatment of industrial waste water	D15 - Preliminary storage prior to disposal	134,380	76,980	123,500
Waste from textile fibres - packing paper/cardboard	R3 - Recycle/reclamation of organic substances not used, such as solvents (including composting operations and other biological conversions)	23,500	16,140	8,520
Waste from processed textile fibres - packing - iron and steel	R13 - Storage of waste in order to subject it to reclamation operations	323,924	365,141	285,008
Non-hazardous waste		481,804	458,261	417,028
Total		484,681	459,451	419,526

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 2020, CSP's French production facilities and sites produced a total quantity of waste of 276.9 tons of which 3,2 tons hazardous waste and 273,7 tons 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)		
		2018	2019	2020
Hazardous waste		-	33,996	3,235

Plastic, metals and other materials		113,520	119,560	108,340
Paper - cardboard		169,460	175,800	165,380
Non-hazardous waste	Reclaimed	282,980	295,360	273,720
Total		282,980	329,356	276,955

Energy, emissions and climate change

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 reporting: 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 reporting foreseen by EU Directive 95/2014, contains the (non-binding) guidelines 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.

The CSP reporting system

The table below summarises the current CSP's reporting system for climate change information which is unchanged with respect to the previous period:

Areas	CSP's Disclosure
Scenarios, Risks and opportunities (business model)	The effects of climate change may have a significant impact on consumer habits, needs and choices. 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. CSP has not developed specific medium-long term scenarios that quantify the resilience and the economic-financial effects of an increase in temperatures below or equal to 2°C and a scenario with an increase of over 2°C (20). [TCFD Recommendation, strategy c)]
Governance – Policies	Environmental and Safety Policy (Chapter 6)
Target	CSP has already realised projects concerning the energy efficiency of its production facilities, 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. 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.) In 2020, CSP also took the significant decision to purchase electricity for its Italian production facilities produced from renewable sources (with Guarantee of Origin). The effects are shown in the emission calculation tables.
Performance – Indicators and Measurement	CSP's current reporting 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. 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

	<p>logistic activities. 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> <p>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

Energy consumption

Energy consumption during 2020 was influenced by production trends and, in particular, by the period of shutdown of production units caused by the Covid-19 pandemic. 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)	2018	2019	2020
Natural gas - Heating	73,097,188	68,443,278	61,815,472
Transport fuel			
Transport diesel	12,374,295	12,262,520	8,069,932
Transport petrol	83,949	174,866	136,836
	12,458,243	12,437,387	8,206,768
Electricity			
Purchased from the network	47,667,669	45,666,752	39,542,791
Purchased from photovoltaic plant	557,917	429,444	-
	48,225,586	46,096,196	39,542,791
<i>Of which: from renewable sources</i>	557,917	429,444	23,659,942
Total	133,781,017	126,976,861	109,565,031
<i>Of which: from renewable sources</i>	557,917	429,444	23,659,942
% energy consumption from renewable sources	0.4%	0.3%	21.5%

The Parent Company CSP International signed a new contract with its electricity supplier which provides for the supply of electricity with a Guarantee of Origin (GO) for the Group's Italian production facilities (Ceresara and Carpi), an electronic certification that certifies the renewable origin of the sources used to produce electricity.

As a result of this decision, the percentage of CSP's energy consumption coming from renewable sources has risen to a significant 21.5% of the Group total.

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 reporting perimeter.

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 consumption trend and for evaluating the energy efficiency programs.

For the purposes of this document, total energy consumption has been considered and the data has been parameterized in Mega Joules.

Energy intensity index		2018		2019		2020	
		Italy	France	Italy	France	Italy	France
Energy consumption	MJ	91,834,254	41,946,763	84,244,574	42,732,288	74,273,500	35,291,532
Man- hours worked	H	555,236	687,815	511,089	581,647	378,777 ¹	560,059
Intensity index- hours	MJ/h	165.4	61.0	164.8	73.5	196.1	63.0
Quantity invoiced	Pcs	21,230,637	23,710,000	21,021,464	24,735,000	16,642,859	18,746,802
Intensity index- volumes	MJ/pcs	4.3	1.8	4.0	1.7	4.5	1.9

¹ Hours worked referring to production plants and other sites except shops, consistent with the consumption figure expressed in MJ in the table

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, at the CSP Ceresara (2000-2010) and CSP Paris Fashion Group (2014) production facilities, 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 - 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.

As highlighted in the comment on energy consumption, starting from 2020, the electricity used for the Group's Italian production facilities (Ceresara and Carpi), comes from renewable sources, thanks to the specific supply contract with Guarantee of Origin (GO), an electronic certification that certifies the renewable origin of the sources used to produce electricity. Consequently, and as required by the GRI Reference Standards (GRI 305-2), CSP calculates indirect emissions from electricity consumption (GHG - Scope 2) using two distinct approaches:

- The **market-based method**, which requires determining GHG - Scope 2 emissions from electricity purchases by considering specific emission factors reported by suppliers. For purchases of electricity from renewable sources, an emission factor of tCO₂e zero is attributed. If no specific contractual agreements have been defined for all Group companies, this approach requires the use of the national "residual mix" emission factors, where technically applicable.

- The **location-based** method involves accounting for emissions from electricity consumption by applying average national emission factors for the various Countries in which electricity is purchased.

Emissions / CO ₂ - Scope 1 t CO ₂ e	2018	2019	2020
From heating fuels – Natural gas	4,101	3,840	3,467
From transport fuel			
Transport diesel	917	909	598
Transport petrol	6	12	9
	923	921	608
Total	5,024	4,760	4,075

Source: IPCC Guidelines 2006 Refined 2019

Emissions / CO ₂ - Scope 2/ t CO ₂ e	2018	2019	2020
Market-based - From Electricity purchased from the network	5,202	3,666	191
Location-based - From Electricity purchased from the network	2,991	2,775	2,455

Market-Based – Source: [European Residual Mix | AIB \(aib-net.org\)](https://www.aib-net.org/)

Location-based - Source: Terna / Enerdata - Historical statistic data on electricity and the latest electricity balance. <https://www.terna.it/it/sistema-elettrico/statistiche/pubblicazioni-statistiche> - Based on the parameters contained in the document (made available during 2020), the 2018 (DNF 2019 3,260) and 2019 (DNF 2019 3,030) emissions were also recalculated.

Total emissions / t CO ₂ e	2018	2019	2020
Total emissions Scope 1 + Scope 2 (Market-based)	10,226	8,426	4,266
Total emissions Scope 1 + Scope 2 (Location--based)	8,015	7,535	6,530

Particularly relevant is the choice of using renewable sources to supply electricity for the Italian production facilities, which has led to very significant reductions in emissions (-49% compared to 2019).

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 directly reflects the trend of the energy intensity indexes.

Emissions intensity	Units of measure	2018		2019		2020	
		CSP Italy	CSP France	CSP Italy	CSP France	CSP Italy	CSP France
GHG Emissions / tCO ₂ (Scope 1+ Scope 2)	tCO ₂ e	8,345	1,881	6,714	1,713	2,883	1,383
Man- hours worked	H	555,236	687,815	511,089	581,647	378,777 ¹	560,059
Intensity index₂	KgCO₂e/h	15.03	2.73	13.14	2.94	7.61	2.47
Quantity invoiced	Pieces	21,230,637	23,710,000	21,021,464	24,735,000	16,642,859	18,746,802
Intensity index	KgCO₂e/pcs	0.39	0.08	0.32	0.07	0.17	0.07

¹ Hours worked referring to production plants and other sites except shops, consistent with the consumption figure expressed in MJ in the table

² It should be noted that the intensity indices are calculated on the basis of emission values as resulting from the application of the Market-based methodology, adopted for reporting (for GHG Scope 2 emissions) as of this 2020 DNF.

Biodiversity – emissions and climate change

Biodiversity is the variety of living beings 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 change

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 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 mass die-offs due to temperature peaks. 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 production facilities

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 production facility are not such as to have any negative consequences on the Park's biodiversity and eco-balance.

GRI CONTENT INDEX

GRI 102-55

Unless otherwise specified, the GRI Standards published in 2016 have been used.

GRI 303 Water and Discharges and GRI 403 Occupational Health and Safety, respectively, published in 2018 and to be applied as mandatory as of the reporting for the 2020 financial year, were used for the disclosure on the topics "Water" and "Occupational Health and Safety". For the purpose of this DNF, GRI 207 (published in 2019) on "Taxes" was also applied.

It should be noted that the updated version of GRI 206 Waste was published in 2020 and will be adopted as mandatory for the 2021 DNF.

GRI Sustainability Reporting Standard		References	Page	Notes
GRI 102 GENERAL DISCLOSURE				
102- 1	Name of the organization	CSP Sustainability and Strategy /CSP International	8	
102- 2	Activities, brands, products and services	CSP Sustainability and Strategy /CSP International	8	
		2 Made in CSP/ The choice of CSP/ Traceability: production cycle and suppliers/ Circular economy and sustainable commitment/ The relationship with the customer – Shared consent and responsible marketing	21- 22 27- 32	
102- 3	Location of headquarters	CSP Sustainability and Strategy /CSP International	8	
102- 4	Location of operations	CSP Sustainability and Strategy /CSP International	8	
		2 Made in CSP /Traceability: production cycle and suppliers	22	
102- 5	Ownership and legal form	CSP Sustainability and Strategy /CSP International	8	
102- 6	Markets served			
102- 7	Scale of the organization	CSP Sustainability and Strategy /CSP International	8	
102- 8	Information on employees and other workers	5 The human resources /The employees	57	
102- 9	Supply chain	2 Made in CSP /Traceability: production cycle and suppliers	22	
102- 10	Significant changes to the organization and its supply chain	CSP Sustainability and Strategy /CSP International	8	
		2 Made in CSP /Traceability: production cycle and suppliers	22	
102- 11	Precautionary Principle	3 Governance/ Risk management	41	
102- 12	External initiatives	3 Governance/Corporate governance	35	
102- 13	Membership of Associations			
	STRATEGY			
102- 14	Statement from senior decision-maker	Letter to the Stakeholders	3	
102- 15	Main impacts, risks and opportunities	1 CSP Sustainability and Strategy/ Reputation & Credibility/ CSP impacts - Materiality analysis	10- 14	
		3 Governance/ Risk management	41	
		5 The Human Resources/ Market difficulties, production restructuring measures and Covid-19 impacts	54	
	ETHICS AND INTEGRITY			
102- 16	Values, principles, standards and norms of behaviour	3 Governance/ Responsible Business Management	37	
102- 17	Mechanisms for advice and concerns about ethics			
	GOVERNANCE			
102- 18	Governance structure	3 Governance/Corporate governance	35	

	STAKEHOLDER ENGAGEMENT			
102- 40	List of Stakeholder groups	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
102- 41	Collective bargaining agreements	5 The Human Resources/ Personnel management, value enhancement and development policies	53	
102- 42	Identifying and selecting stakeholders	1 CSP Sustainability and Strategy Credibility/ CSP impacts - Materiality analysis	14	
102- 43	Approach to Stakeholder engagement			
102- 44	Key topics and concerns raised			
	REPORTING PRACTICE			
102- 45	Entities included in the consolidated financial statements	Methodological note	5	
102- 46	Defining report content and topic boundaries			
102- 47	List of material topics	1 CSP Sustainability and Strategy Credibility/ CSP impacts - Materiality analysis	14	
102- 48	Restatements of information	Methodological note	5	
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	80	
102- 56	External Assurance	Report by the auditing company	88	

Material topic				
Ethics, integrity and regulatory compliance				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	3 Governance/ Responsible Business Management	37	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
205	ANTI-CORRUPTION			
205- 1	Operations assessed for risks related to corruption	3 Governance/ Responsible Business Management	37	
205- 3	Confirmed incidents of corruption and actions taken			
206	ANTI-COMPETITIVE BEHAVIOUR			
206- 1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	3 Governance/ Compliance	44	
207	TAXES – 2019			
207- 1	Approach to tax	3 Governance/ Compliance	44	
207- 2	Tax governance, control and risk management			
207- 3	Stakeholder engagement and management of concerns related to tax.			
207- 4	Country-by-Country Reporting		-	For quantitative tax data, please refer to CSP's 2020 Consolidated Financial Statements.
307	ENVIRONMENTAL COMPLIANCE			

307- 1	Non-compliance with environmental laws and regulations	3 Governance/ Compliance	44	
406	NON-DISCRIMINATION			
406- 1	Incidents of discrimination and corrective measures taken	5 The Human Resources/ Personnel management, value enhancement and development policies	53	
419	SOCIOECONOMIC COMPLIANCE			
419- 1	Non-compliance with laws and regulations in the social and economic area	3 Governance/ Compliance	44	

Material topic Data security – Cybersecurity and privacy protection				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	3 Governance/ Compliance	44	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
418	CUSTOMER PRIVACY			
418- 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3 Governance/ Compliance	44	

Material topic Brand image and reputation				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP / Th choice of CSP - Traceability: production cycle and suppliers	22	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
416	CUSTOMER HEALTH AND SAFETY			
416- 2	Incidents of non-compliance concerning the health and safety impacts of products and services	3 Governance/ Compliance	44	
417	MARKETING AND LABELING			
417- 2	Incidents of non-compliance concerning product and service information and labeling	3 Governance/ Compliance	44	
417- 3	Incidents of non-compliance concerning marketing communications			

Material topic Creation and distribution of value				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	4 Economic results and distributed value/ The economic value generated and distributed	50	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			

201	ECONOMIC PERFORMANCE			
201- 1	Direct economic value generated and distributed	4 Economic results and distributed value/ The economic value generated and distributed	50	
201- 4	Financial assistance received from the Government			

Material topic Innovation– Sustainability and technological research on products				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP/ Circular economy and sustainable commitment	27	
103- 3	Evaluation of the management approach	4 Economic results and Distributed value/ Investments	51	
	GRI Specific Topics			
203	INDIRECT ECONOMIC IMPACTS			
203- 1	Infrastructure investments and services supported	4 Economic results and Distributed value/Investments	51	

Material topic Product quality, safety and traceability				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP /Traceability: production cycle and suppliers	22	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
416	CUSTOMER HEALTH AND SAFETY			
416- 2	Incidents of non-compliance concerning the health and safety impacts of products and services	3 Governance/ Compliance	44	

Material topic Customers: shared consent and responsible marketing				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP/ The relationship with the customer: shared consent and responsible marketing	32	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
417	MARKETING AND LABELING			
417- 1	Requirements for product and service information and labeling	3 Governance/ Compliance	44	
417- 2	Incidents of non-compliance concerning product and service information and labeling			
417- 3	Incidents of non-compliance concerning marketing communications	2 Made in CSP/ The relationship with the customer: shared consent and responsible marketing	32	

Material topic Circular economy Materials (yarns– fabrics) – packaging – textile waste				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			

103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP/ Traceability: production cycle and suppliers - Circular economy and sustainable commitment	22- 27	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
301	MATERIALS			
301- 1	Materials used by weight or volume	2 Made in CSP /Traceability: production cycle and suppliers	22	

Material topic Sustainability and partnership with suppliers				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP/ Traceability: production cycle and suppliers - Circular economy and sustainable commitment	22- 27	
103- 3	Evaluation of the management approach			
308	SUPPLIER ENVIRONMENTAL ASSESSMENT			
308- 2	Negative environmental impacts in the supply chain and actions taken.	2 Made in CSP /Traceability: production cycle and suppliers	22	
414	SUPPLIER SOCIAL ASSESSMENT			
414- 2	Negative social impacts in the supply chain and actions taken	2 Made in CSP /Traceability: production cycle and suppliers	22	

Material topic Support for territory development (local suppliers and communities)				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	02 Made in CSP/ CSP and the territory	33	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
204	PROCUREMENT PRACTICES			
204- 1	Proportion of spending on local suppliers	2 Made in CSP/ CSP and the territory	33	

Material topic Employment protection				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	5 The Human Resources/ Personnel management, value enhancement and development policies	53	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
401	EMPLOYMENT			
401- 1	New employee hires and employee turnover	5 The human resources /The employees	57	

Material topic Working environment: Human resources management, work-life balance and skills development				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	5 The Human Resources/ Personnel management, value enhancement and development policies	53	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
401	EMPLOYMENT			
401- 1	New employee hires and employee turnover	5 The Human Resources /The employees	57	
401- 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
401- 3	Parental leave			Omissis - 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.
404	TRAINING AND EDUCATION			
404- 1	Average hours of training per year per employee	5 The Human Resources / Training	62	
405	DIVERSITY AND EQUAL OPPORTUNITIES			
405- 1	Diversity of governance bodies and employees	3 Governance/Corporate governance	35	
		5 The Human Resources /Th employees	57	
405- 2	Ratio of basic salary and remuneration of women to men	5 The Human Resources /The employees	57	

Material topic Safeguarding the workers' health and safety				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	5 Human Resources/ Occupational Health and Safety	63	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
403	OCCUPATIONAL HEALTH AND SAFETY -2018			
403- 1	Occupational health and safety management system	5 Human Resources/ Occupational Health and Safety	63	
403- 2	Hazard identification, risk assessment and accident investigations			
403- 3	Occupational health services			
403- 4	Worker participation, consultation, and communication on occupational health and safety			

403- 5	Average hours of training per year per employee			
403- 6	Promotion of workers' health			
403- 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
403- 8	Workers covered by an occupational health and safety management system			
403- 9	Work-related injuries			Omissis – injuries other (non-employees) workers CSP Paris: number of injuries indicated, but not total hours worked indicator
403- 10	Work-related ill health			

Material topic Responsible use of resources (chemical management - water - waste)				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	2 Made in CSP/ Circular economy sustainable commitment	27	
103- 3	Evaluation of the management approach	6 Environment/ Environmental protection and use of natural resources	70	
	GRI Specific Topics			
303	WATER AND WATER DRAINS - 2018			
303- 1	Interaction with water as a shared resource	6 Environment/ Responsible use of resources	70	
303- 2	Management of water discharge-related impacts			
303- 3	Water withdrawal			
306	WATER DISCHARGES AND WASTE			
306- 2	Waste by type and disposal method	6 Environment/ Responsible use of resources	70	

Material topic Energy, emissions and climate change				
GRI Sustainability Reporting Standard		References	Page	Notes
103	Management approach			
103- 1	Explanation of the material topic and its boundary	1 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	14	
103- 2	The management approach and its components	6 Environment/ Environmental protection and use of natural resources	70	
103- 3	Evaluation of the management approach			
	GRI Specific Topics			
302	ENERGY			
302- 1	Energy consumed within the organization	6 Environment/ Energy, emissions and climate change	74	
302- 3	Energy intensity			
305	EMISSIONS			
305- 1	Direct GHG emissions (Scope 1)	6 Environment/ Energy, emissions and climate change	74	

305- 2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)			
305- 4	GHG emissions intensity			

REPORT BY THE AUDITING COMPANY

| GRI 102-56



CSP INTERNATIONAL FASHION GROUP SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBER 2020



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 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 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of CSP International Fashion Group SpA and its subsidiaries (hereafter the "Group" or "CSP Group") for the year ended 31st December 2020 prepared in accordance with ex. article 4 of the Decree, and approved by the board of directors on 19th March 2021 (the "NFS").

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

The directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the dai "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2019, from GRI – Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard.

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

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 or faced by the Group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.



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 *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 responsibilities

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

We conducted our work in accordance with *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("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 that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of 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 detail, 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 standard 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 organisational 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 in article 3 of the Decree, actual results and related key performance indicators;
 - key 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 processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.



In detail, we held meetings and interviews with the management of CSP International Fashion Group SpA and we performed limited analyses 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 a group 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 its 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 and their location, we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of CSP International Fashion Group for the year ended as of 31st December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Milan, 09 April 2021

PricewaterhouseCoopers SpA

Signed by

Alessandro 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 2020 translation.