



VITALE BARBERIS CANONICO



1663

SUSTAINABILITY REPORT

2019



VITALE BARBERIS CANONICO



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REPORT**

2019

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LETTER TO STAKEHOLDERS

This is the second Vitale Barberis Canonico S.p.A. Sustainability Report. The positive reaction to the first edition and readers' appreciation have confirmed that it is a useful tool for the consolidation of a sharing culture of sustainability. It is in fact an important, objective document in order to trace the steps taken up until now and to define future ones with a view to continuous improvement in the three fundamental areas: people, environment and product.

Nowadays, it is not only the various stakeholders who place emphasis on such topics, but also the markets which increasingly demand products manufactured with respect for human rights and the environments.

Our attention is not only following a trend currently shared by the most important fashion brands, but it goes deeper, since its roots are well planted in the Company's DNA. Vitale Barberis Canonico has always worked, and will continue to work, investing in state-of-the-art technology, in new production processes and in the development of innovative products, paying special attention to our employees' well-being and the protection of our own and local know-how.

Vitale Barberis Canonico therefore wants to focus on these values, supplying concrete data for the areas of: valorisation of people and their professional competence, health and safety issues in the workplace, environmental protection, respect for the region we work in and the responsibility of the product.

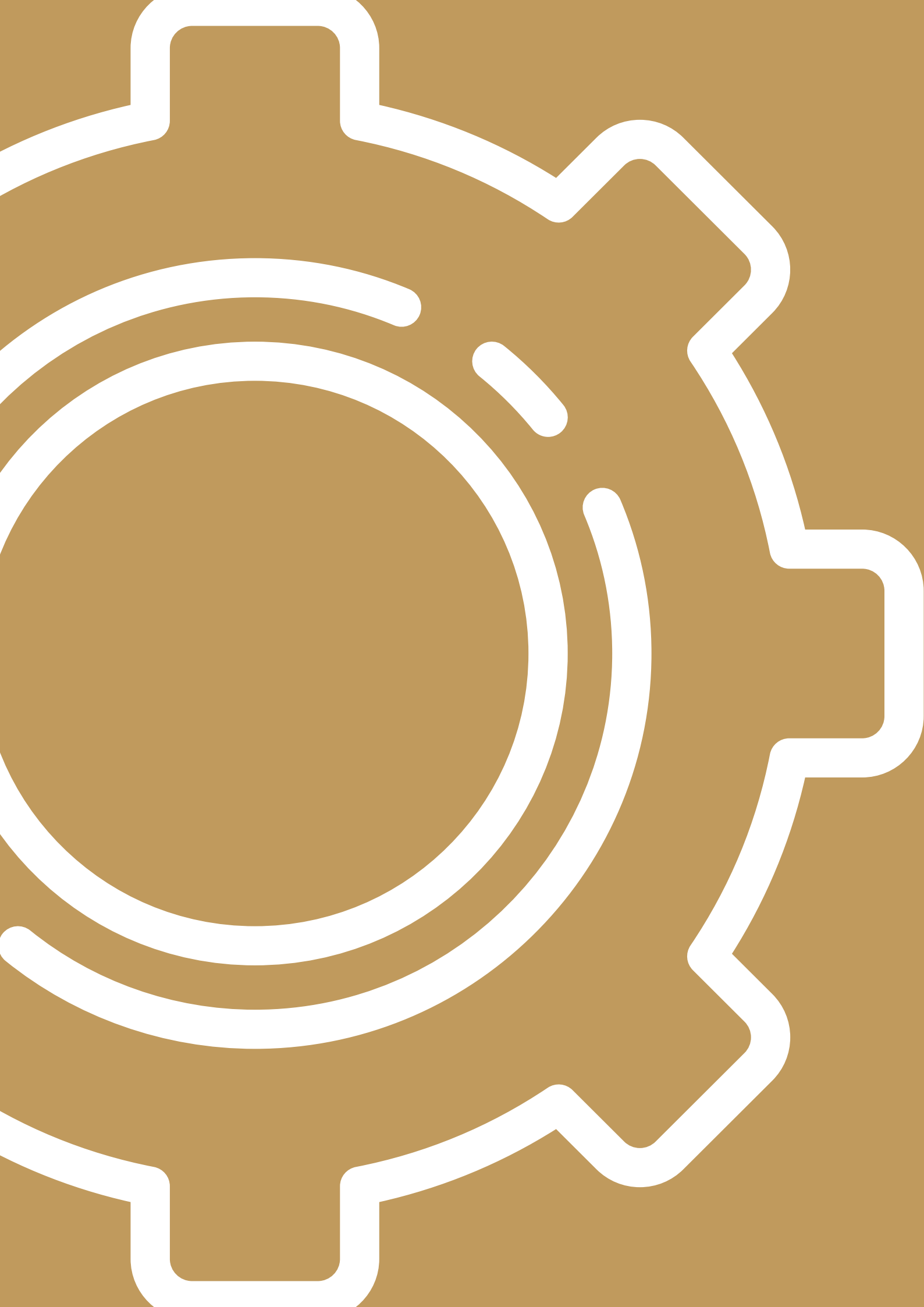
The latter part of 2019 saw a slowing-down in the textile market which led to a contraction of sales and consumption on a global level. In spite of this, all of the objectives we set ourselves for the year have been reached, including continuous commitment to training courses to reinforce a culture of safety, new investments made in water purification, and the obtaining of the ISO 45001 and ISO 14001 certificates which were added to the already held ISO 9001, giving Vitale Barberis Canonico an Integrated Quality, Safety and Environmental Management System. Reaching these important goals, also with the aid of the valued contribution of our collaborators, is another step along the path to responsibility on which we started out many years ago, and also a stimulus for continual improvement.

During the drafting of these pages, an exceptional situation has occurred: the worldwide spread of the Coronavirus, which led to the necessary closures for the Company and the consequent sharp drop in the markets. During the re-opening phase, in order to safeguard the health and safety of our employees and to limit an eventual spread of the virus, we immediately set up a Company Protocol to be able to separate the different departments and keep staff members isolated from each other, and we supplied the necessary personal protection equipment and prerequisite sanitisation products.

Despite the evident critical conditions this situation has caused and will continue to cause in the future, Vitale Barberis Canonico is committed to continuing its efforts to protect all our collaborators, and to invest in our Made in Italy product, constantly nurturing the culture of sustainability within the Company and sharing it with our customers and end consumers.

Alessandro Barberis Canonico
Managing Director Vitale Barberis Canonico S.p.A.

A handwritten signature in black ink, appearing to read 'Alessandro Barberis Canonico'.



VITALE
BARBERIS
CANONICO:
RESPONSIBLE
BUSINESS
MANAGEMENT

Vitale Barberis Canonico the Company

Who we are

Vitale Barberis Canonico, one of the oldest wool mills in the world with the 13th generation of the same family at the helm, commits itself to the creation of the best Made in Italy textiles for menswear.

For more than 350 years, all the phases of the creation of woollen fabric have been carried out in the historical facilities in Pratrivero and Pray in the heart of the Biellese region, where the best waters for textile production flow.

More than 200 steps are necessary for this, assisted by state-of-the-art technology, a high level of automation, and rigorous quality control to enable highly-specialised employees to create a product of excellence renowned throughout the world.

With more than 5,000 collection variations, every year the Vitale Barberis Canonico team brings out a new interpretation of Italian savoir-faire united with British style. Heritage and innovation come together in the name of elegance which looks to the future by recognising new tastes and trends.

<p>1663</p> <p>More than 350 years of history</p>	<p>€ 153 million turnover</p> <p>€ 58 million added value</p> <p>€ 89 million net assets</p>	<p>8.5 million metres of fabric</p> <p>2.5 million suits and jackets in the world</p>	<p>100% MADE IN ITALY production</p> <p>Full production cycle</p>
<p>Export: 86% in more than 90 countries</p>	<p>2 factories highly automated Pratrivero and Pray</p> <p>3.5 Km</p>	<p>COLLECTION</p> <p>2 seasonal collections</p> <p>5,000 items</p> <p>4 final uses: business, ceremony, casual suits, sport jackets</p>	<p>Integrated Management System</p> <p>Quality Safety Environment</p>

Vitale Barberis Canonico the Company

Our history

1663

The first document relating to the wool-producing activities of the Barberis Canonico family is the “quinternetto delle taglie” (community record of sizes).



1868

The first mechanical looms are introduced, and the weaving, dyeing, milling and spinning departments are added to the establishment at Pratrivero.



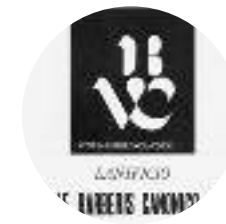
1936

The association between Oreste and Vitale is dissolved. The history of the company Vitale Barberis Canonico begins during the difficult period of fascism and the Second World War.



1970

Vitale is succeeded by his sons, Alberto and Luciano, who decide to go public.



2008

The new generation takes over with Alessandro, Francesco and Lucia at the helm of the Company.



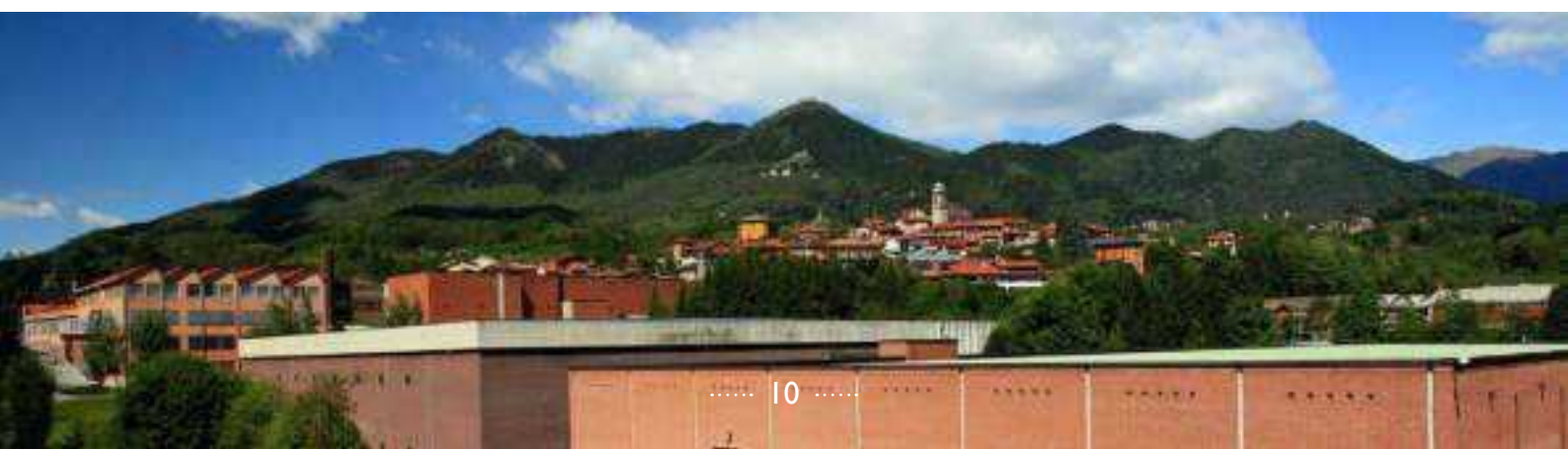
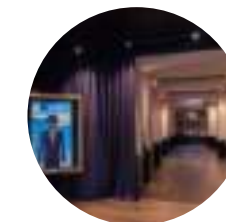
2013

The Company celebrates 350 years in the wool industry and becomes a member of Les Hénokiens.



2018

A new showroom is opened at 23 Via Solferino, Milan, becoming a point of reference for designers, tailors and professionals in the clothing industry.



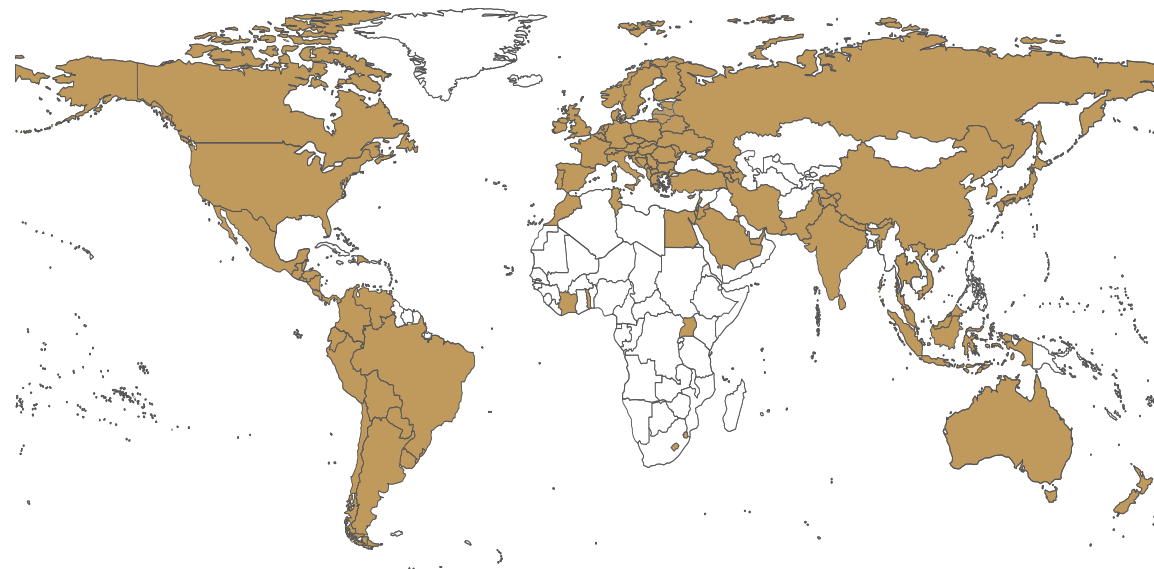
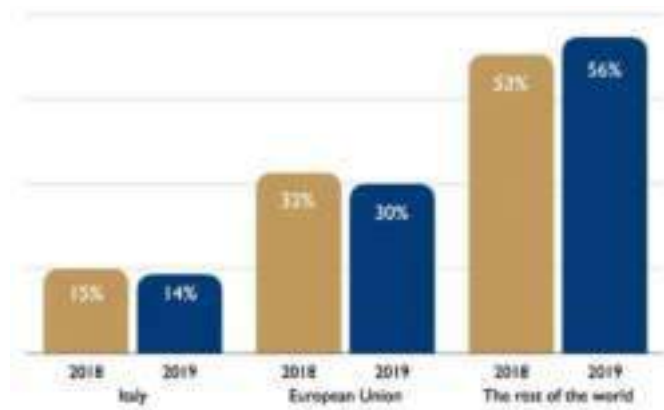
Vitale Barberis Canonico the Company

Market and products

As the main producer in terms of quantity and the biggest exporter, the Company is the leader in the field of superfine wools, worldwide synonymous with excellent quality of wool, fineness and regularity of yarns, sophistication and elegance of designs and colours and pleasurable and comfortable wearability.

Vitale Barberis Canonico sells its products in practically all countries as they are used by the most important clothing brands, retailers and wholesalers. Today, more than 80% of production is exported, primarily to China, followed by France, the UK, Germany, Japan and the USA.

Its customers are divided into tailors and retailers (80% of sales) and wholesalers (20% of sales).



With the aim of meeting the ever-changing needs of customers in the market of traditional woollens and natural blends for menswear, the Company taps into the dictates of classic elegance adding a new element of the contemporary.

For Vitale Barberis Canonico creativity, it therefore becomes essential to attentively interpret new generations and their different lifestyles and trends, questioning itself and looking both at the present and to the future in search of a perfect balance between classic style and innovation.

The products proposed are divided into six main ranges and in 2019 were enhanced by the new range of H.O.P.E. fabrics with low environmental impact:

- **CLASSIC**, inspired by the great textile traditions, but nonetheless still a step ahead of fashion. A reference point for fabrics for men.
- **VINTAGE**, takes its inspiration from the past and re-proposes fabrics in updated versions which are more youthful and informal than they were before, with particular attention paid to colours and the materials used.
- **ORIENT EXPRESS**, designs for more international tastes.
- **EARTH, WIND AND FIRE**, functional fabrics where the high-quality prime materials give comfort, performance and innovative technology by means of different treatments and added membranes. As of 2019, this range is entirely ecologically water repellent: in fact, the fluorocarbon treatment has been substituted with new fluoride-free products using silicone and wax, thus reducing the environmental impact.
- **SUPERSONIC**, for the impeccable gentleman at any latitude: resilient, high-twist yarns for unequalled crease-resistance, comfort and breathability. Ideal for travellers.
- **H.O.P.E.**, the fabric with reduced environmental impact conceived for the elegant gentleman who wants to make informed choices.



H.O.P.E.

How to Optimise People and Environment

For more than 350 years, Vitale Barberis Canonico has been committed to respecting the environment and people in its creation of ever-improved fabrics. This centuries-old awareness has led to H.O.P.E. – the acronym for How to Optimise People and Environment – a new range of low-environmental-impact fabrics which demonstrate the Company's efforts to care for people and nature.

H.O.P.E. is an expression of optimism, a voice in the choir of sustainability. Hope is associated with the colour green as Dante wrote in the Divine Comedy in 1320. A positive message which Vitale Barberis Canonico wants to send out: to be able to believe in a better, more liveable, more sustainable world.

The range is focused on three concepts:

- **Fabrics using natural, non-dyed fibres:** characterised by an extraordinary rusticity as a result of the use of camel, alpaca and Moretta sheep fibres in their natural colours, these products are not in any way dyed.
- **Fabrics using blends of recycled wool:** two different articles are obtained from a classic flannel using recycled fibres from waste materials, with 15% in the weft, and 30% in both warp and weft respectively.
- **Fabrics using recycled membrane:** worsted flannel is laminated with a membrane of 75% recycled polyester, guaranteeing the same performance and the same breathability as classic polyurethane products, though being slightly thicker.

Governance and business integrity

Our values and principles

Vitale Barberis Canonico sees its values as fundamental elements of its Company identity, very day influencing its strategic choices, while placing respect for the individual in the forefront.

The Company has always endeavoured to reach its objectives by means of activities carried out according to legal requirements and fundamental human rights, characterised by clear, transparent guidelines in harmony with the external environment and in line with local community objectives. Since 2008, these principles have been formalised in the Company Code of Ethics.

VITALE BARBERIS CANONICO 1663

VALUES BEHIND THE COMPANY



The Company has always considered financial strength one of the values to be pursued and protected in order to confront the cyclical nature of the textile industry.

Over the year, important investment strategies were devoted to the three fundamental pillars: people, environment and product. As always, the protection of its workers, respect for nature and the care of the product are the top priorities for Vitale Barberis Canonico.

Governance and business integrity

Corporate governance and risk management

Vitale Barberis Canonico is a limited company and makes up part of the Lanificio Vitale Barberis Canonico. The Company adopts a typical style of Corporate Governance system with a Board of Directors and a Board of Statutory Auditors.

With the articulation of its company governance system, Vitale Barberis Canonico takes its inspiration from the principles and applicable criteria of the CODIF - Codice di Autodisciplina delle Società Non Quotate a Controllo Familiare (Code of Conduct for non-listed family-owned companies) which specify:

- the ability of the owning family to express a clear vision for the future of the company;
- the opportunity for the Management (whether members of the owning family or not) to realise such vision by means of the best resources available on the market.

The Board of Directors is made up of nine administrators of whom three are independent, including the President. The Board includes 22% women and the same percentage of members between 30 and 50 years of age.



The Board guarantees the correct and well-balanced consideration of decisions as well as the pursuance of Company interests while complying with the decisions of the Shareholders Assembly where agreements reached by the Company owners are adopted. The Board is bound to act in the exclusive interests of the Company and to fully understand the duties and responsibilities inherent in such position. The Board, which is privy to all necessary information, acts and deliberates autonomously, following the paramount objectives of the Company – the creation of economic and social value in a medium- to long-term perspective – and paying particular attention to the areas which could represent conflicts of interest. It should be noted that no significant changes took place in the Company or its Governance during the year of 2019.

The Supervisory Body, and the Board of Statutory Auditors, comprise three members each and execute their functions according to the most up-to-date criteria for the organisation of company entities.

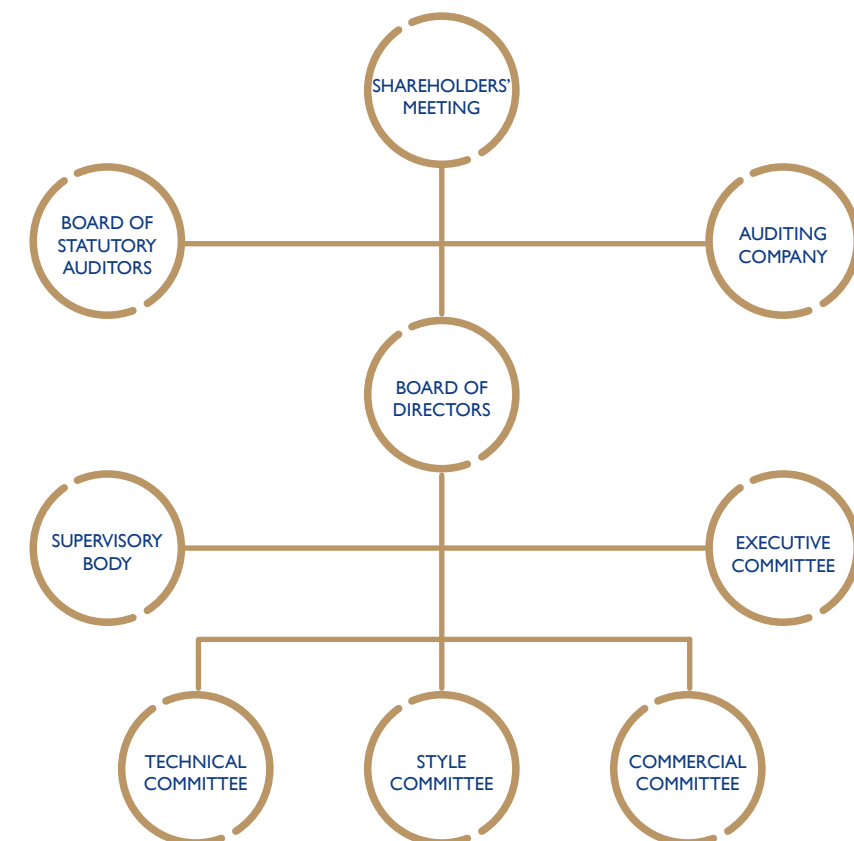
The organisational structure at Vitale Barberis Canonico identifies the different areas of Company management and defines the functions, roles and responsibilities with the Managing Director as head of the Company organogram.

The Company has deemed it necessary to provide the Governance System with the following instruments:

- **EXECUTIVE COMMITTEE:** consisting of the President, the Managing Director, two members of the Board of Directors with management roles, one non-family-member manager and a secretary. The committee has the duty of preparing the work and submitting it to the Board of Directors, and of taking some operative decisions in the framework of strategic indications received by the Board of Directors.
- **SPECIFIC COMMITTEES:** such as Technical Committee, Style Committee and Commercial Committee who meet frequently.

With the aim of attaining correct and transparent management of Company processes, the Company has a risk management system appropriate to its activities. The procedures describing the approach to risk management and the relative instructions are documented in the applicable forms and include indications with regard to operational modalities, responsibilities and resources.

On 7th May, 2020, the Shareholders' Meeting approved the Sustainability Report for 2019, which describes the initiatives and main economic, social and environmental results as reached by the Company in the year 2019.



Governance and business integrity

Compliance with laws and regulations

As a measure for the protection of its own position and the work of the employees and collaborators, Vitale Barberis Canonico ensures conditions of correctness and transparency in the conduct of its business and production. The Company has deemed it important to provide itself with an internal checking system suitable for the prevention of conduct which does not comply with legal requirements and the values the Company promotes.

In 2008 the Company adopted its Modello di Organizzazione, Gestione e Controllo (Organisational, Management and Control Model) pursuant to the Legislative Decree 231/01 (in the following: Form 231), a document which was edited in conformance to the Confindustria (Italian Manufacturer's Association) guidelines and approved by the Board of Directors. In the year 2019, the Supervisory Body did not receive any notification of any violation of the Organisation Model or of the Code of Ethics and no disputes were found or raised.

With the aim of achieving the correct application of the principles contained in the Code of Ethics, the Company promotes knowledge of said Code and its dissemination by means of its publication in the dedicated section of the Company website www.vitalebarberiscanonico.com and the provision of certain informational activities and training of employees as well as promotion of the Code by sharing it with customers and suppliers.

Form 231

Form 231 includes:

- the Code of Ethics which identifies the Company values and highlights the set of rights and duties which apply to all those who work in any capacity at Vitale Barberis Canonico, indicating the behavioural norms to be observed vis-à-vis the Company stakeholders.
- the Company organogram which reports all types of offences which may occur in relation to the Company and the internal procedures for dealing with such issues.
- the Disciplinary Sanction System, which prescribes the methods used by the Company to sanction the violation of any of the norms and principles therein.

The task of supervising and regularly verifying the efficacy of the Model 231 was entrusted to a Supervisory Board, the members of which are independent of the Company and which has autonomous powers of initiative and control.

Vitale Barberis Canonico and sustainability

Approach to sustainability

The Company interprets the idea of sustainability as the coexistence and interrelation of three principal aspects: economic, social and environmental. The connection between these three pillars enables the guarantee of sustainability in terms of the business, i.e., its ability to create value over time, a necessity for the survival of the Company.

During its long history, Vitale Barberis Canonico has always been committed to sustainability: starting with its close ties to the region, from which it takes its principal resources and to which it is devoted to returning economic growth and support to the community, while always keeping an eye on environmental issues.

As a result of the commitment of preceding generations, the sense of responsibility towards the region is an integral part of the Company values which Vitale Barberis Canonico has inherited and which it is proud to continue in its investment strategies. On the following pages, the principal steps are highlighted which make up the progress made.

In 2019, the virtuous initiatives were multiplied. Of particular importance is the objective - set at the end of 2018 - of the achievement of the Integrated QSE Management System certification. This step was made possible by the implementation of the principles, procedures and commitment of the Company's own Management System. The new ISO 45001 Occupational Health and Safety certification and the ISO 14001 for the Protection of the Environment have been added to the ISO 9001 certification for Quality Management already obtained in 2009.



1982

- Reuse of the contents of the dyeing tanks to recuperate dyes and auxiliary chemicals and the reduction of water consumption.
- Purchase of first Greenhills farm in Australia.



1987

Purification system for effluents with biological, active mud treatment and tertiary active carbon treatment.

1989

Noise level reduction in weaving shops as a result of the study and installation of first generation sound-isolation cabins covering every loom.



1996

New finishing department with a number of system improvements for reduction of water consumption and energy.



2000-2001

New highly-automated dyeing department with a number of system improvements for energy consumption reductions and reuse of contents of dyeing tanks.

2009

- Life Insurance for all employees pursuant to Company supplementary agreement.
- ISO 9001 Quality certification.
- New gas central heating system with low-emission steam generators and recuperation of energy from fumes and condensation.

2012

- New Company welfare system including supplementary health insurance, Long Term Care insurance, tax-free annual shopping voucher, pension hours time bank fostering ad hoc arrangements for serious or long-term sickness.
- Tessile e Salute (Textiles and Health) Certification.



2008

Model 231, including Company Code of Ethics.

2005

No Mulesed/Ceased Mulesed declaration system in collaboration with New England Wool.

2003

New regenerative thermal afterburner for the treatment of waste gas smells caused by singeing.

2014

Wool Excellence Club and Wool Excellence Award dedicated to breeders.

2015

SustainaWOOL Integrity Scheme to promote the supply of sustainable raw materials.

2016

Second line of purification treatment using MBR membrane bioreactor and ozone decolourisation to recycle part of the effluents from finishing department.

2018

- New Company supplementary agreement for maintenance of preceding agreements and improvement of provisions therein, amongst which safeguarding of salaries in events of serious or long-term sickness and implementation of an exclusive network of discounts with local businesses.
- Formalisation of CSR office.
- Publication of the first Sustainability Report.



2019

- ISO 45001 Occupation Health and Safety certification.
- ISO 14001 Environmental Protection certification.
- 100% electric energy bought from certified renewable sources.
- Transfer of SustainaWOOL to an independent third party.
- H.O.P.E. sustainable fabric range.
- Adoption of ZDHC protocol.

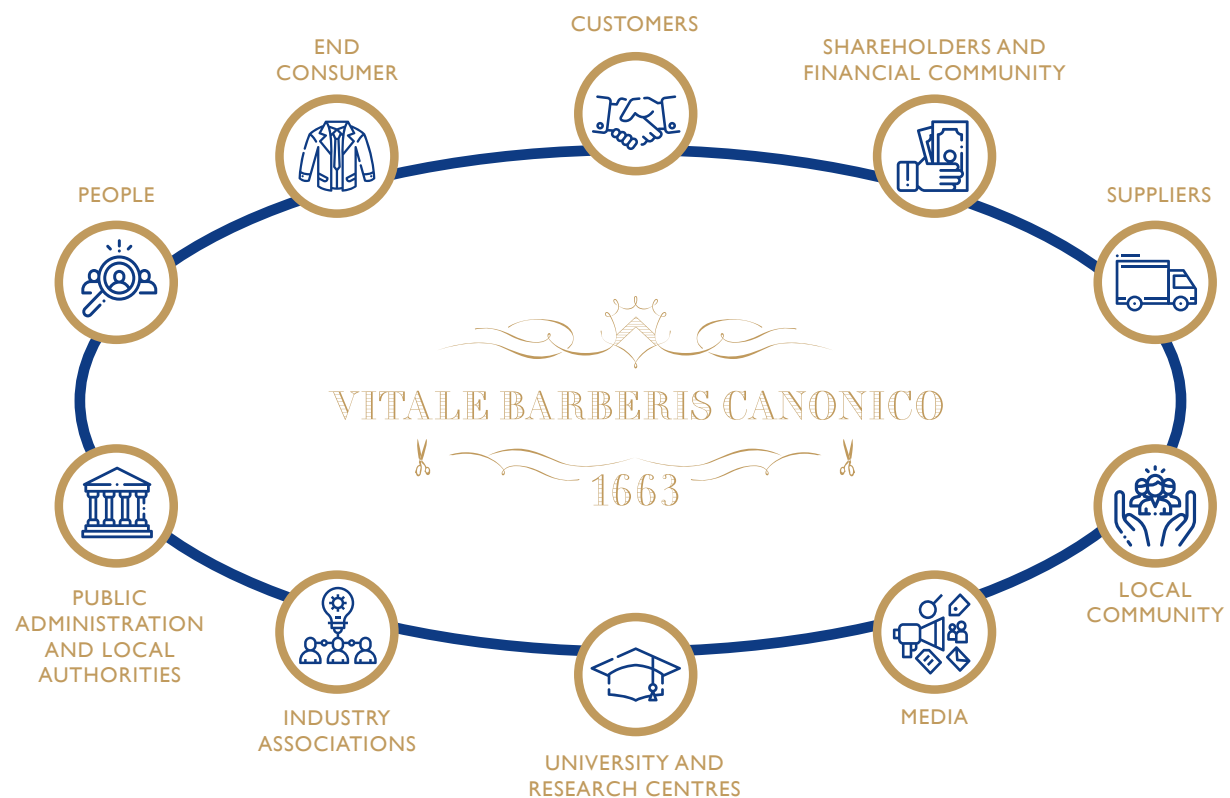
Vitale Barberis Canonico and sustainability

Stakeholders map

Vitale Barberis Canonico pursues the achievement of its objectives in the interests of its stakeholders, internal and external, i.e., those people on whom the Company has a social and economic impact and who at the same time have an influence on the Company. Therefore, in the business strategy, the need to satisfy the demands and expectations of its interlocutors arose, with a vision of reinforcing the continuation of the Company and creating medium and long-term value with a particular view to the local interests of the community in which the Company has its roots.

Starting with the characteristics, activities and awareness of its role in the context within which it operates, the Company has carried out an internal identification of its stakeholders by means of the definition of a structured process with the involvement of the main Company functions. The specificity of the wool sector is illustrated in the type of stakeholders identified, as shown in the following image.

The analysis for the identification and evaluation of the stakeholders is carried out every three years.



In order to pursue its objectives in a shared and efficient manner, valorising the roles and potentiality of the stakeholders, Vitale Barberis Canonico actively collaborates with the following organisations and associations from the sector:

SMI – Sistema Moda Italia: represents the entire supply chain in the textile and fashion sector in the Western world, both nationally and internationally, protecting and promoting its interests in relationships with the respective stakeholders.



Ideabiella: an association with the purpose of promoting, organising and managing the presentation, distribution and sale, both in Italy and abroad, of textiles for predominantly men’s clothing. Vitale Barberis Canonico S.p.A. is one of the founding members and Alessandro Barberis Canonico, Managing Director of the Company, has been president since 2015.



UIB – Unione Industriale Biellese: a regional association of businesspeople under the umbrella of the Confindustria System, which has the objective of representing, supporting and developing the industrial situation in the Biellese region.



Les Hénokiens: an international association for family-run businesses with at least 200 years’ history, whose members have deep roots in the current economic situation and who run their businesses with talent, navigating a route between innovation and tradition.



AIDAF – Associazione Italiana delle Aziende Familiari: point of reference in Italy for family-run companies with 200 businesses as members representing approximately 13% of the Italian GDP committed to the development of a business model for such companies which are healthy and solid, to the study of tangible, modern management topics and to ensure the personal and professional growth of new generations.



ASWGA – Australian Superfine Wool Growers Association: voice of the Australian superfine wool industry which brings together breeders at the departure point and users at the finishing point with the objective of promoting the production and the distribution of so-called Traditional Wool, i.e., wool from sheep of traditional Australian breeds of particularly high quality.



Associazione Tessile e Salute: with over 100 members, this association has the objective of safeguarding the health of end customers in the textile, shoe and accessories sectors, identifying the most efficient solutions to counteract and prevent the distribution of potentially damaging products, as well as protecting and promoting the Made in Italy concept.



Accademia Nazionale dei Sartori: the oldest Italian association in the tailoring industry is concerned with the protection of the traditions and culture of bespoke clothing, valorising the products, and the training and promotion of young tailors.



Asociación Española de Sastrería: an association founded on the idea of promoting and highlighting Spanish tailoring on a national and international level.



Vitale Barberis Canonico and sustainability

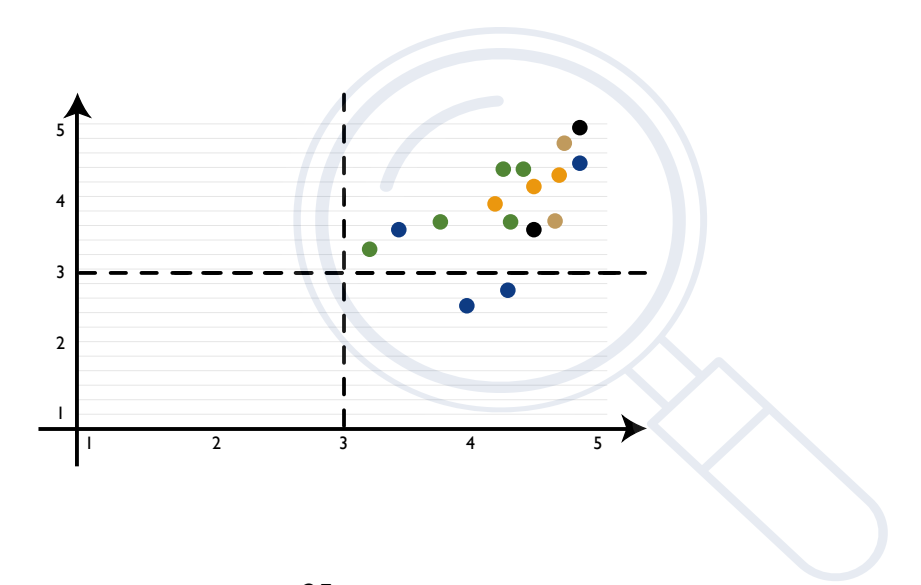
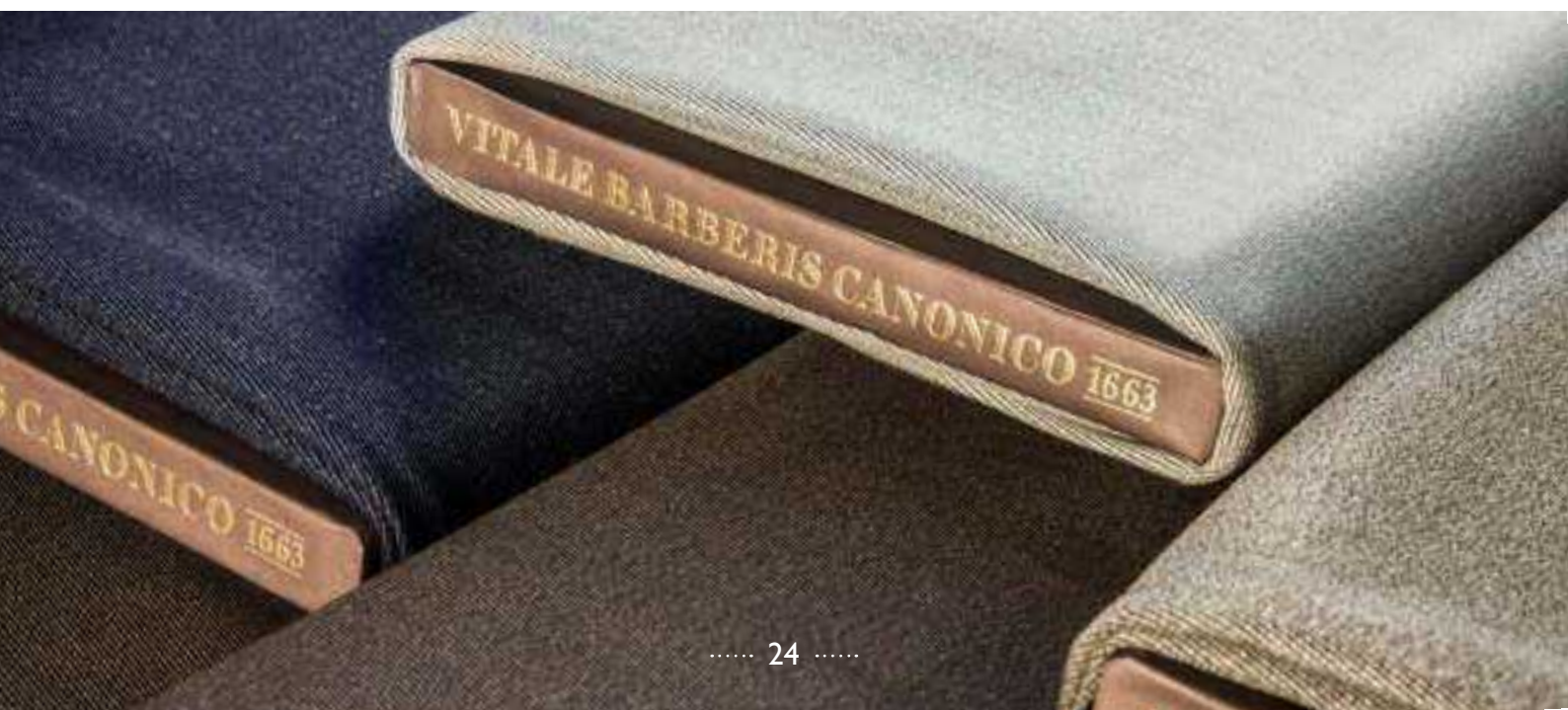
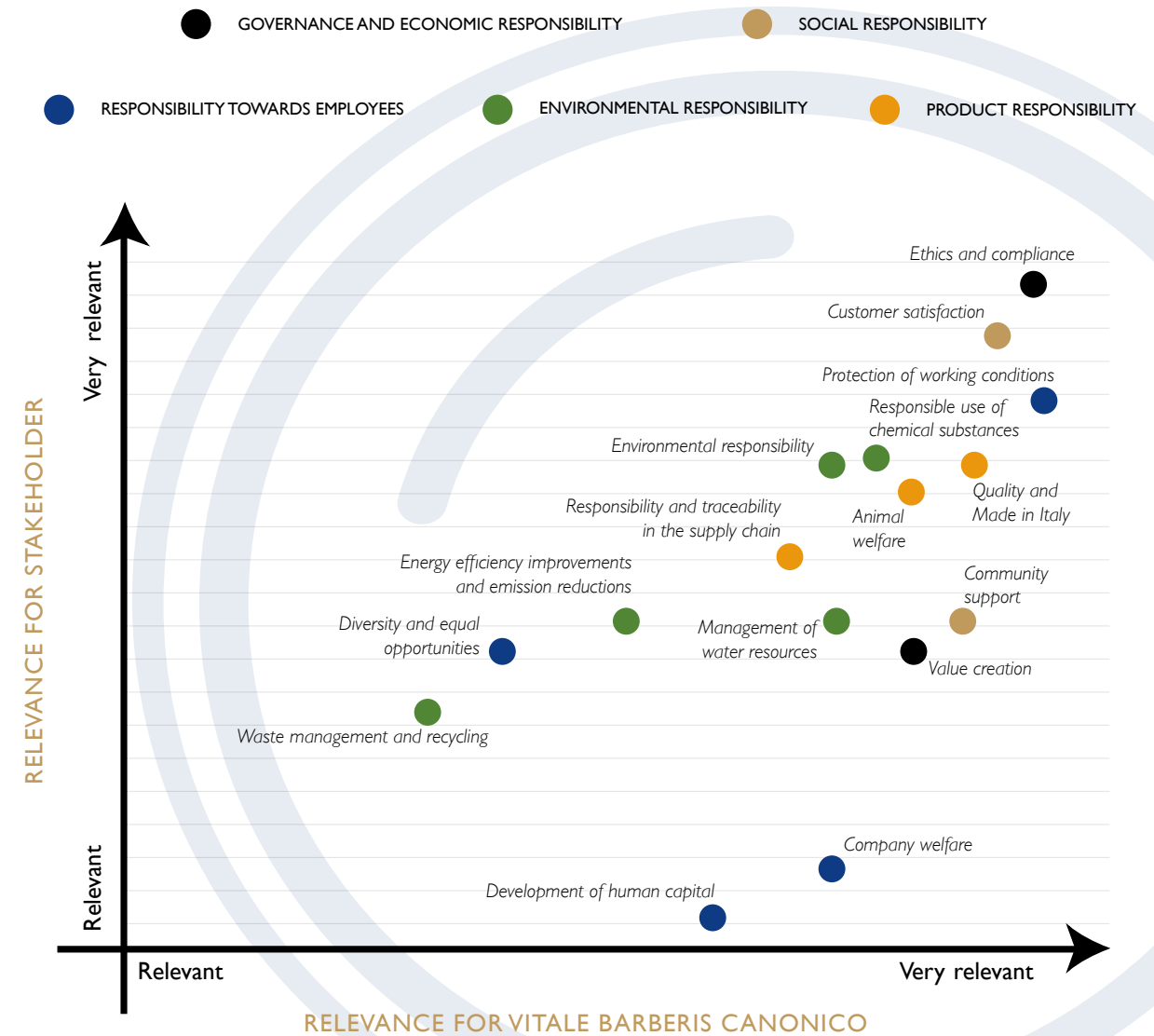
Materiality analysis

The materiality analysis is the instrument by means of which the most important topics surrounding economic, social and environmental sustainability for the Company and its stakeholders are identified. The definition of “material” is applied to those aspects which are able to influence both the performance and the decisions of the organisation as well as the opinions and evaluations of interested parties. Such analysis was carried out in compliance with the GRI Standards, guidelines which are universally recognised for non-financial reporting.

The mapping of the topics pertaining to sustainability as they are relevant to the Company was based on various sources, the most important of which was a wide-scope internal analysis of customer requests arising from specifications, followed by a survey of benchmarking of the principal topics taken into account in the sector and by a study of internal documentation. This process led to the identification of 16 topics of economic, social, environmental, governance-related and product-related character, which were organised in macro-areas.

In order to give priority to the topics identified, in late 2018, the Company organised a workshop involving the management of the main Company functions. The aim was to evaluate their current and prospective importance according to two points of view: on the one hand for the Company and on the other hand for the stakeholders, with the Company as a spokesperson for their opinions and expectations. Similarly to what is reported for the stakeholder mapping, the review of the materiality analysis is carried out every three years, and, this being the second edition of the Sustainability Report, no variations have occurred with regard to the previous reporting year.

The result of this process is reflected in the materiality matrix below, as approved by the Board of Directors, and which shows the Company’s priorities with regard to sustainability.



Value creation

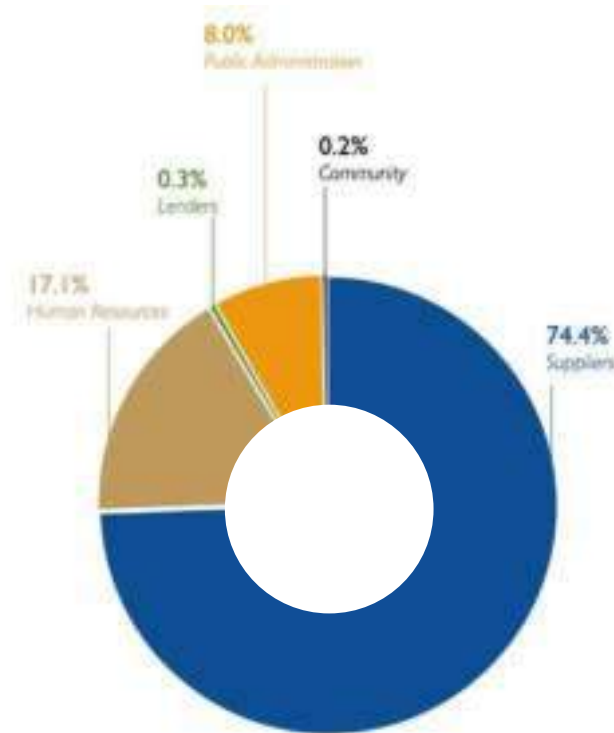
Value generated and distributed

Vitale Barberis Canonico creates prosperity while contributing to the economic growth in the social and environmental context in which it operates.

The Company carries out its activities with the efficient use of production factors in the awareness that the objective of the Company business is to generate added economic value with respect to the external resources used.

In the year 2019, Vitale Barberis Canonico generated an economic value of approximately €147m, of which approximately 15%, including depreciation and reserves, was retained while the remaining 85% was redistributed as in the following:

- 74.4% to Suppliers: the cost of supply of materials and services in order to develop its own business represents the largest portion.
- 17.1% to Human Resources: in the form of salaries, expenses, severance payments and other personnel costs.
- 8.0% to the Public Administration: in compliance with direct and indirect tax regulations.
- 0.3% to Lenders: in the form of financial expenses sustained vis-à-vis all creditors.
- 0.2% to the Community: this represents the sum donated to local communities in the form of participation in local projects and events of a social, cultural and sports nature.



In detail, it should be noted that the distribution of the added value was in favour of Human Resources in terms of salaries and wages for almost €17.6m, provision of severance payments for more than €1m and other personnel costs for €2.7m, reaching a total of approximately €21.3m.

The Company paid €10m to the Public Administration in the form of taxes and social security contributions. The profit for the year was entirely allocated to reserves, in pursuance of the consolidated policy of increasing and ensuring the development and the continuity of the Company.

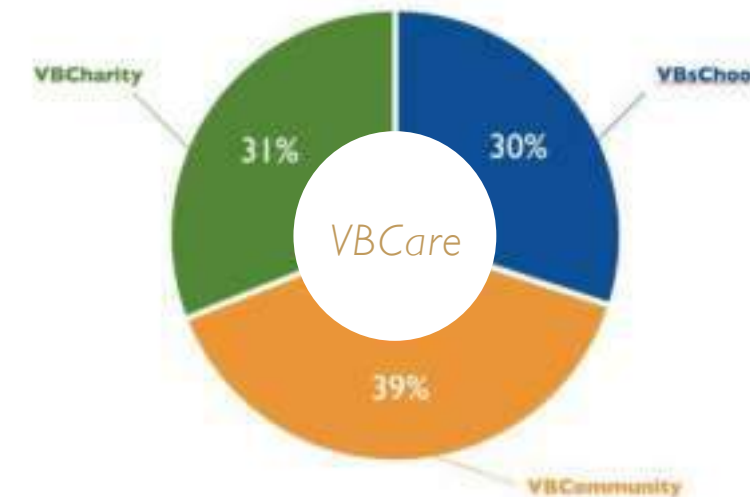
It may be seen that, as of 31st December 2019, Vitale Barberis Canonico had a net worth of €88,935,487 corresponding to a capitalisation index of 61.8% with an increase of 9.3% compared to the index posted in 2018.

Creazione di valore

Coinvolgimento nella comunità locale

Through the VBCare project, Vitale Barberis Canonico has always stayed close to its roots and is committed to supporting the local community to the best of its powers. The Company therefore has the objective of backing a significant number of activities by funding a vital social network for an area which, more recently, has undergone a drastic reduction of services. VBCare is composed of three fundamental divisions: VBCharity, VBsCool and VBCommunity.

In 2019, resources amounting to 2% of net profits were allocated to the three different divisions as shown below.



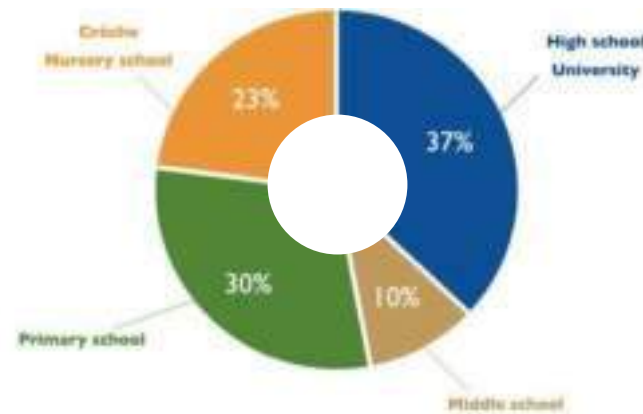
VBCharity

The Company stands alongside small and big associations and organisation which are concerned with guaranteeing goods and services of prime necessity to the local community with special attention for particularly difficult situations.



VBsChool

Vitale Barberis Canonico invests in the education and training of pupils and students in the area, accompanying their development with appropriately targeted actions to suit every age group, allocated as shown below.



The support given to educational institutes by means of donations and activities is aimed at the different aspects of education from crèche to university. In 2019, there was great appreciation for the contributions made towards the activation of English and coding courses in primary and middle schools in Trivero, and the interesting **OPS!** project run by **Onlus OLTREGIARDINO**. This project, which has the aim of sensitising adults and young people towards a more aware and healthy use of social networks and new technologies, involved in 2019 240 pupils and 68 families, of which almost 50% from the district of Valdilana.



Also during 2019, the Company gave important support to the **Biella Cresce** (Biella Grows) association, which concerns itself with facilitating the spread of the most advanced scientific knowledge about learning and education, working together with the research authority Polo Apprendimento and in collaboration with Città Studi Biella. The aim of the association is “to grow a better generation together”. In order to achieve this, it moves in two directions: direct action by means of interventions in the classroom; and dissemination by means of training activities for teachers, educators and parents.

In 2019, 98 children from 9 2nd-year classes in primary schools were directly monitored. In each class, there were 20 learning enhancement meetings for a total of 882 children. With regard to training sessions, a total of 8 courses were organised with a total of 30 lessons in which approximately 300 people took part. The follow-up survey highlighted that these people were applying the skills they had acquired when working with more than 3,000 children, approximately 25% of the children in the Biellese region between the ages of 0 - 9 years¹.

In reference to the Biella Cresce project, Professor Daniela Lucangeli, Vice Rector of the University of Padova, CNIS President and Scientific Director of Polo Apprendimento, has stated: “Biella Cresce has succeeded in making a difference in their region. The Biellese region and its local companies are an example which I invite others to understand and to replicate.”

The allocation of **Study Bursaries** was also of particular relevance in 2019: in view of the especially commendable candidates, the number of the students awarded a bursary rose from 4 to 6.

¹ - Data calculated according to ISTAT data from 2018



Study Bursaries

2019 saw the allocation of bursaries to high school and university students taking technology courses, with the ultimate aim of assisting families in the payment of the expenses arising from such studies and their completion.

Set up in 2003 with the original idea of helping to maintain the children of Company employees, now for the last three years, with the aim of valorising all the top students of the area, also those from the Biellese and Valsesia regions are included who have gained distinctions in their school graduation exams and in their subsequent university courses.

In December 2019, instead of the normal four bursaries foreseen in the competition, for reasons of meritocracy, Vitale Barberis Canonico decided to award bursaries to six students, bringing the total number of study bursaries up to 80 over a period of 16 years.

The Rector of the Polytechnic University of Turin, Mr Guido Saracco, was the guest of honour at the event in December. In his speech he confirmed the importance of creating one's own study plan which could also take the students away from Italy, but which should be aimed at bringing them back to Italian companies with their resources and competence gained during their studies. Additionally, taking Vitale Barberis Canonico as an example of excellence, he highlighted how companies, should, together with universities, “weave” a kind of network for sharing reciprocal needs and expectations which are essential for the development of tomorrow's workers.

Alberto Barberis Canonico strongly advised the young people to totally commit themselves to their education and to be curious and passionate. Stefano D'Agostin, Human Resources manager, summarised the history of the Borse di Studio, and reminded the winners to continue to work for the best results in their studies because the Company has the primary objective of giving continuity to their support and motivation during their entire university studies.

In this way, the Borse di Studio awarded were a demonstration of the Company's eagerness to reward excellence and to give the opportunity of carrying out their studies to these admirable young people from local institutes who Vitale Barberis Canonico considers members of its own extended family.

VBCommunity

The Company sponsors and participates in other events that are particularly relevant for the local area.

Among other activities already in existence in 2018, and continued in 2019, another initiative to highlight is the cultural collaboration with **Premio Biella Letteratura e Industria** (Biella Literature and Industry Award). This is the only award in Italy dedicated to books focused on the ongoing economic and social changes, and studying the relationships between two worlds seemingly far apart, but in fact intimately connected: the world of art and the world of industrial development. The 18th edition of the award declared the winner to be *Giorgio Falco* with his novel *“Ipotesi di una sconfitta”*.

In 2019, the Company added a new **project for the relaunching of tourism in the Biellese region**. The project was established in collaboration with important local entities such as Zegna, the Sella Group, Fondazione Pistoletto and other prestigious operators in the area. The objective is to promote Biella and its surroundings, focusing on its inhabitants and their quality of life, and realising a material strategy to bring the numerous excellences already in existence together and increasing the attractiveness of the whole region.

Some of the Vitale Barberis Canonico team took part in 2019 in the **Distinguished Gentleman's Ride**, an event which involves thousands of motorcyclists all over the world and whose main purpose is research into prostate cancer and the development of psychological care for men. On the occasion of the 2019 meeting in Milan, the team wore their own suits with sartorial flair and rode their own motorcycles, thus contributing to the funds collected.

Also of note in 2019 was the participation in the **Art for Excellence event**, an art show where business excellence meets creative talent. The 2019 event took place in Turin, where Vitale Barberis Canonico acted as representative of entrepreneurship in Piedmont. The artist Silvia Beccaria demonstrated her talent and vision of the great brand, interpreting it in a work of art which interweaves the pictures of all the employees and which is now on exhibition at the Pratrivero headquarters.



The Vitale Barberis Canonico Archives

The Vitale Barberis Canonico archives contain over 2,500 volumes: a historical legacy pertaining to textiles which tells the story of men's and women's fashions from 1846 to today, and is open to customers and fashion students by appointment.

The cultural capital in the collection includes sample books from different wool mills and collections of research on the trends of a particular epoch, but also diaries and notebooks by tailors which evince the tastes and events of the lives of the most elegant men of their times.

The main characteristic of the collection is the homogeneity of the materials from certain points of view: different epochs, countries of origin, composition, occasions for use and types of fabrics which tell the story of the art of dressing well over a period of two centuries. The oldest books come from the United Kingdom, but there is no lack of Italian, French, German and Spanish volumes.

The entire archive has been digitalised giving easier access to the books and documents via an internal computer system containing approximately 25,000 pages.

This project to recover the historical textile heritage has therefore taken on the value of a cultural laboratory where the passion and sense of responsibility for textile know-how has become a source of inspiration for creativity and innovation today.

In 2020, the digital version of the archives will be launched, a new section dedicated to the historical volumes preserved in the Vitale Barberis Canonico collection.





**OUR PEOPLE
AND
THEIR VALUE**



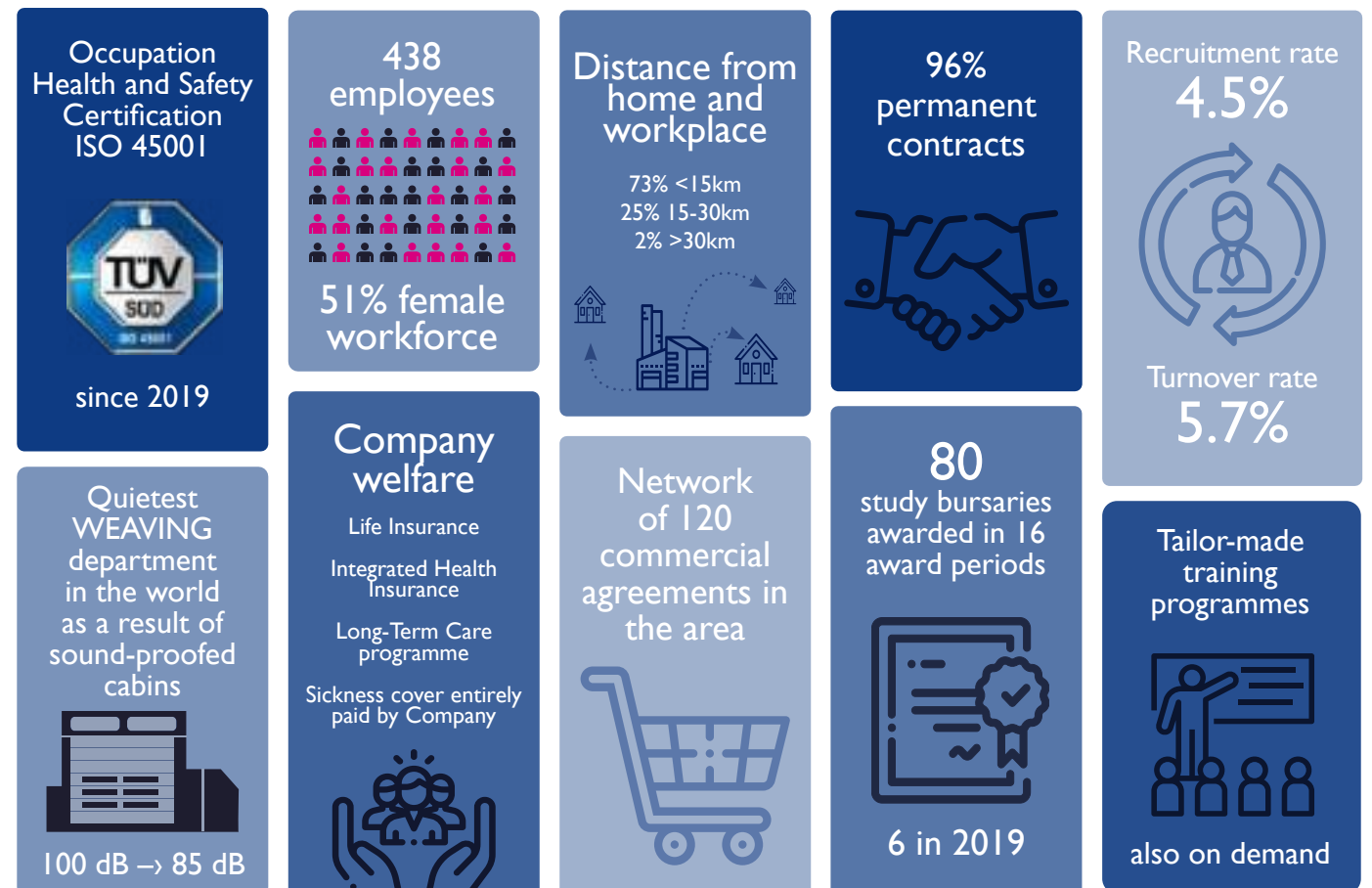
Our people and their value

For Vitale Barberis Canonico, its people and collaborators represent the foundation on which its business is based. The Company guarantees professionalism and competence, favouring favouring talents from the Biellese textile district, where the culture of know-how is firmly rooted, thus building an enduring connection with the local community.

Vitale Barberis Canonico employees and collaborators are expected to carry out their work activities in line with the Company principles, the main characteristics being politeness and transparency, with a sense of responsibility, absolute diligence and team spirit towards their colleagues and other third parties. They should also participate in an active manner in Company life and proactively request constant evaluation of their own talents and contributions.

The Company guarantees stimulating working conditions in all its production facilities, conditions which are based on merit and respect for individual dignity, as well as health and safety measures in order to protect physical and emotional safety.

The strategies and operations employed by the Company in this regard are of great importance as they spell out the effects on all the Vitale Barberis Canonico workers and indirectly on their contacts and relationships with those closest to them.



Human resources management

Human capital

In recent years, the Company has experienced constant growth both in terms of production and subsequently of the organisation. 2019, however, was characterised by a contraction in sales and a subsequent human resources policy aimed at consolidating the relationships already in existence. As a demonstration of this, it is notable that in the year under review, the number of external collaborators decreased as a result of these being hired by the Company (+ 9 employees). The natural reaching of retirement age of some employees (- 15 employees) has ultimately led to the reduction of the overall number of Company employees.

Workforce by type of contract	2018			2019		
	Men	Women	Total	Men	Women	Total
Number of employees	200	207	407	198	203	401
Number of external collaborators	37	24	61	22	15	37
TOTAL	237	231	468	220	218	438

The situation as of 31st December 2019 showed that 96% of the workforce had permanent contracts. This number increased in comparison to the previous year and confirms the Company's willingness to guarantee increased stability for its employees and to consolidate the acquired know-how within the Company. Part-time contracts reached 3%, which are designed to create a work-life balance and such contracts are predominantly chosen by female workers.

Employees by type of contract	2018			2019		
	Men	Women	Total	Men	Women	Total
Permanent contract	187	195	382	188	197	385
Temporary contract	13	12	25	10	6	16
TOTAL	200	207	407	198	203	401
<i>of whom are full-time</i>	197	193	390	197	192	389
<i>of whom are part-time</i>	3	14	17	1	11	12

The deployment of external collaborators usually results from two main groups: agency workers and interns. In the case of internships, the activities are generally directed at the writing of a student's thesis and/or the approach to a profession for which the students have previously completed a course of relevant studies. Work experience activities are also of great importance, for which Vitale Barberis Canonico has been hosting young people for the last three years.

Work Experience (PCTO)

In 2019, Vitale Barberis Canonico continued the work experience project which started in 2016 with the participation of six students in the work place within the Company.

The PCTO programme (Percorsi per le Competenze Trasversali e l'Orientamento – Paths to Transversal Competence and Orientation as provided for by the Budget Law of 2019) is an innovative teaching method which uses practical, physical experience in the workplace to help consolidate skills learnt at school and to test the aptitude of the pupils in the field.

The purpose of the project is to orientate their studies and to facilitate their future career choices, enriching their educational background and increasing their awareness.

Vitale Barberis Canonico maintains a continuous relationship with universities, with high schools in the area and with other local bodies such as the Piedmont job centres and employment agencies in order to nurture these virtuous programmes.

In particular, concerning internships with the long-term aim of hiring the interns, the Company offers much higher remuneration than required by the law in Piedmont (approximately 83% more) and dedicates resources and time by committing experienced workers to the transfer of knowledge and skills.

External collaborators by type of collaboration	2018			2019		
	Men	Women	Total	Men	Women	Total
Agency workers	37	22	59	22	15	37
Interns	9	16	25	16	6	22
<i>of whom with the aim of employment in the Company</i>	6	10	16	6	1	7
<i>of whom student interns (to complete their course of studies)</i>	1	2	3	7	2	9
<i>of whom on work experience/school pupils</i>	2	4	6	3	3	6
TOTAL	46	38	84	38	21	59

In 2019, the decrease in the number of contract workers was due to the consolidation of already existing relationships while the drop in the number of internships and apprenticeships was due to a Company choice to give preference to better quality rather than a larger quantity of activities, in spite of the high number of requests received.

Human resources management

Attraction and development of talent and valorisation of personnel

In its ongoing choices of virtuous and highly innovative technological solutions and its adaptation of its own strategies according to ever faster and reactive market demands, Vitale Barberis Canonico deems the attraction, valorisation and professional growth of talent crucial.

In this way, the strategy which was accentuated and applied more efficiently in 2019 in order to face the natural generation change, was to favour investment in young people from the local area who, though not much experienced, have great potential which Vitale Barberis Canonico is committed to developing.

Therefore, the collaboration with schools is a fundamental part of attracting young talent. In this respect, a specific campaign has been developed in-house to spread textile knowledge with a focus on Vitale Barberis Canonico involving years 3 and 4 of the high schools in the area.

For the year 2019, the support for the **Wool4School Italia** competition was also important, a competition promoted by The Woolmark Company which is open to all students from the age of 16 upwards who are studying at Italian high schools specialised in the arts, technology or fashion.

Wool4School Italia

Wool4School Italia, which was launched in Italy in 2018 in the wake of the success of Wool4School Australia, is a competition with the aim of promoting the education of future generations of designers, and encouraging creativity and innovation in line with the traditions of The Woolmark Company.

TWC is a no-profit business which uses research, development and marketing activities and places its emphasis on the important role played by Australian wool in clothes using the best natural fibres and as a component of luxury clothing. Vitale Barberis Canonico has been the licensee of TWC since 2015.

The competition invited students to design an outfit using at least 80% Merino wool and to explore the wool's particular benefits and versatility.

The prize for the winner was an internship of two weeks in the style department at Vitale Barberis Canonico, thus giving her the opportunity of experiencing the professionalism and competence of the design team. The winning teacher and the respective class were offered a visit to the Company in order to learn about the business and Vitale Barberis Canonico production process.



The policy for the attraction and selection of talents takes two distinct paths:

- directly: through interviews aimed at getting to know each other and ad hoc interviews with people with profiles in line with Company strategies, predominantly selected from candidates who apply to the interactive “Careers” page of the Company website, or through the participation at events such as Fiere del Lavoro (labour fair), university Career Days and Orientation Days.
- indirectly: following the flagging-up of a C.V. by another agency, head hunter or suggestions from staff already employed at the Company, always an interesting and promising source of information.

Pursuant to the Company values and principles, such interviews are carried out according to criteria of non-discrimination and equal opportunity, not forgetting however that some jobs, in terms of their adequate supervision for health reasons and relative protocols, are more suited to a certain category of worker.

The evaluation of the suitable employment of a worker takes place directly between the Head of Human Resources and the Head of the Department concerned at the completion of a trial period. Such evaluation at the completion of a trial period is formalised in the Company system and is linked to the annual salary review.

In 2019, total staff turnover was 10.2%: 18 members of staff were recruited at a rate of the equivalent of 4.5%; while 23 members of staff left the Company, of which 15 were of the normal retirement age at a rate of 5.7%.

Recruitment rate	2018				2019			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	6	11	4	21	2	5	4	11
Women	10	5	-	15	4	3	-	7
TOTAL	16	16	4	36	6	8	4	18
Recruitment rate	3.9%	3.9%	1.0%	8.8%	1.5%	2.0%	1.0%	4.5%

Turnover rate	2018				2019			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	1	2	1	4	-	5	8	13
Women	-	4	5	9	-	-	10	10
TOTAL	1	6	6	13	-	5	18	23
Turnover rate	0.2%	1.5%	1.5%	3.2%	0.0%	1.2%	4.5%	5.7%

Regarding the training given after recruitment of a new worker, at the start of an internship or apprenticeship and in cases where a worker changes job within the Company, a specific course is developed which is carried out mainly by shadowing the expert worker. The duration of such training varies according to the complexity of the job in question.



Career development in order to maintain the high standard of professionalism is identified by two different training policies:

- continuing: based on the strategy periodically revised by Human Resources management, it is designed around internal or external courses for specific roles and/or areas, to constantly foster competence and degree of responsibility, while still being in line with the individual's career plan.
- specific: activated on the basis of the needs of the intended role.

The evaluation of the actual learning and experience gained is carried out by the direct line manager during the day-to-day performance of the relative job.

Vitale Barberis Canonico is also committed to ensuring suitable workplaces for workers and to safeguarding the principles which are indispensable for their health and safety, in conformance with all current legislation and regulations, and the Company also operates specific internal courses. A five-year update is currently being carried out on these topics.

In addition to this main activity must be also considered the dissemination of information to new recruits and other persons with specific roles or who carry out particular kinds of jobs. Training activities are completed according to professional growth requirements and consolidation of internal skills.

Training on demand also plays an important role: many employees proactively ask the Human Resources Manager, who is also responsible for employee training, for specific activities to improve their knowledge and technical skills. The direct relationship between the workers and the Human Resources manager becomes clear in this situation in terms of the evaluation of the respective individual course, which also enables the HR manager to be informed about the worker's personal aspirations and to help him or her combine these with the Company's macro-strategy.

Also of importance in 2019 was the three-yearly update for the members of the First Aid team in the Company and the two-yearly update for the operators of the Semi-Automatic External Defibrillator (AED). The Company also decided to increase the respective teams, planning new training courses in 2020 with the aim of achieving better cover per department and per shift.

In terms of the Company's objective to adopt a management system to protect health and safety in the workplace (ISO 45001) and to protect the environment (ISO 14001), in the second half of 2019, an important campaign aimed at the dissemination of the principles and commitments as set out in the Vitale Barberis Canonico *Integrated Policy for Safety and the Environment* was implemented. Training was given to heads of departments and their assistants, positions for the most part occupied by men, who then had the responsibility of transferring the learning content to their workers in such a way as to make the Policy operative and effective in the daily routine.

Training hours per capita	2018			2019		
	Men	Women	Total	Men	Women	Total
Executives	1	6.5	2	11	-	10
Middle management	2	1	2	4	-	4
White collar workers	5	7	6	13	2	8
Blue collar workers	7	1	4	6	-	2

In total in 2019, 1,584 hours of training were carried out, of which 63% focused on safety and 37% on personal competences.

TRAINING HOURS PER CAPITA



Human resources management

Diversity

In order to guarantee the primary value of its human resources, Vitale Barberis Canonico bases the management of its employees on the principles of protection of diversity and equal opportunities. The desire to respect such values is repeated in the Code of Ethics in which the Company declares its intention not to permit any form of discrimination or act of intimidation or molestation towards its employees and collaborators who at the same time, when carrying out their work within the limits of their competence and the responsibility entrusted to them, are obliged to base their own behaviour on the principles of mutual correctness and absolute respect for the dignity and integrity of everyone.

Historically and as part of Company policy, the Human Resources office is the point of reference for personnel in terms of internal communications. The adoption of the Model 231 (regarding Legislative Decree 231/2001 pertaining to a direct liability of legal entities, companies and associations for certain crimes committed by their representatives) also led in both production facilities to the introduction of “complaints boxes”.

The data relating to staffing show the distribution of employees in terms of sex, age group and professional position. As of 31st December 2019, the number of female employees stood at 51% of the total Company workforce, which is in line with the preceding year. Also the data regarding the age group of the employees between the ages of 30 and 50 years remained stable for the two-year period. However, there was a slight increase in the number of employees of less than 30 years of age which was the result of the Company policy to invest in young local talent.

Employees by gender	2018			2019		
	% of total	of whom men	of whom women	% of total	of whom men	of whom women
Executives	4%	87%	13%	4%	87%	13%
Middle management	3%	86%	14%	3%	86%	14%
White collar workers	20%	65%	35%	20%	65%	35%
Blue collar workers	73%	41%	59%	73%	41%	59%
TOTAL	100%	49%	51%	100%	49%	51%

Employees by age group	2018				2019			
	% of total	of whom <30 years	of whom 30-50 years	of whom >50 years	% of total	of whom <30 years	of whom 30-50 years	of whom >50 years
Executives	4%	0%	47%	53%	4%	0%	47%	53%
Middle management	3%	0%	36%	64%	3%	0%	36%	64%
White collar workers	20%	7%	57%	36%	20%	7%	57%	36%
Blue collar workers	73%	6%	55%	39%	73%	8%	49%	43%
TOTAL	100%	6%	54%	40%	100%	7%	54%	39%

It should be noted that approximately 4.2% of the workforce are employees who belong to protected categories, and who are selected on an ad-hoc basis in collaboration with the local employment centre.

Protected categories	2018			2019		
	Men	Women	Total	Men	Women	Total
Executives	-	-	0	-	-	0
Middle management	-	-	0	-	-	0
White collar workers	-	1	1	1	1	2
Blue collar workers	11	8	19	7	8	15
TOTAL	11	9	20	8	9	17



Human resources management

Protection of and respect for working conditions

The Company naturally sees itself within the context of national and international norms and recognises as a priority the fundamental principles and prescriptions therein, these being, amongst others:

- the constitution of the Republic of Italy;
- Labour laws;
- the principles taken from the International Labour Organization;
- the CCNL (National Collective Labour Contract) Textiles & Clothing and Industrial Executives.

In addition to this, the Company has adopted the Model 231 which is included in the Company Code of Ethics.

The Company does not adopt a policy for the distribution of shareholdings as part of the benefits disbursed.

In pursuing the objectives of correctness and transparency, the Company best practice principles aim in particular at fulfilling the requirements for protection of human rights and working conditions, with special reference to the respect for legislation referring to the protection of young people, the prohibition of forced labour and the freedom of association.

During the two years covered in this study, Vitale Barberis Canonico did not avail itself of any form of contract with workers under the age of 20. In the event of work experience programmes for school pupils, the Company follows the provisions of national legislation stipulating that the minimum age for employment may not be less than that at which formal education ends (16 years).

In addition to a three-year cycle of supplementary labour renegotiations, the Company guarantees at least two other annual consultations between the trades unions representatives and the Head of Human Resources with the additional intervention of the Managing Director in the event such intervention be deemed expedient or necessary.

In addition to a three-year cycle of supplementary labour renegotiations, the Company guarantees at least two other annual consultations between the trades unions representatives and the Head of Human Resources with the additional intervention of the Managing Director in the event such intervention be deemed expedient or necessary.

On the basis of the foregoing, the Company does not present risks which could lead to potential exploitation of child labour or which could infringe labour rights arising from collective bargaining and/or freedom of association.

Outside the Company context, Vitale Barberis Canonico guarantees the integrity of individual dignity by means of the circulation of the above-mentioned Code of Ethics, the perusal and understanding of which is an integral part of supply contracts and order confirmations vis-à-vis customers.

Company welfare

Employees' well-being

The well-being and the safeguarding of employees are fundamental values for the Company which has always put bonus strategies in place in recognition of the results and achievements of people, using an award policy which is more favourable to the employees, and more advantageous in the provision of benefits and supplementary services.

The Company salary policy is based on a virtuous history of constant tracking of the integrated pay bargaining parallel to such bargaining on a national level which, in addition to improving additional forms of reward in comparison to ordinary remuneration, has often modified the conditions of national bargaining itself and of the relevant legislation for the better.

The general aim is to deliver salary levels which are appropriate for the continuing evolution of the needs of the individual while maintaining the Company salary policy which is higher than the market average, also with the idea of creating employee loyalty.

The policy inherent to the management of such strategies is included in the supplementary Company agreement which is a financial agreement over and above the national agreement and an instrument for valorising and maintaining some of the fundamental values by means of a "textile" welfare system. In addition to the traditional, variable awards and financial recognitions, it also consists of assistance and protection with the aim of increasing the involvement of the employees, and with the correlated objective of attracting, securing and retaining employees.

The main benefits are available both to full-time and part-time employees and those with temporary contracts (including agency workers). The benefits are calculated on the basis of the percentage of hours and/or duration of the contract worked. The most important benefits include the following:

- Life Insurance, Supplementary Medical Insurance, Long Term care insurance (life pension in the event of the need of long-term care);
- annual tax-free shopping voucher;
- students' bursaries;
- time banking pension, not obligatory, for possible early retirement programme;
- cover for sickness 100% paid by Company for the period from the end of national insurance sick benefit until the end of the calendar year;
- VBCard: network of commercial agreements with local businesses.

VBCard

VBCard was introduced in 2018 with the aim of offering employees and collaborators a dedicated network of services, concessions and commercial agreements in the local area. Conceived and structured completely in-house, in 2019, more than approximately 120 entities and shops took part in this programme, which were subdivided as in the following figure. The offer ranges from medical services to the recreational.



The efficacy of such initiatives is evaluated on the basis of annual monitoring of the take-up and the number of people involved in the various programmes as well as other possible significant impacts such as a reduction of absenteeism.

The Human Resources department is responsible for the direct collection of possible suggestions or complaints made officially by employees and/or their representatives, and for meetings with the Company directorship with a view to improving relationships, processes and organisation.



Company welfare

Work-life balance initiatives

Vitale Barberis Canonico guarantees working conditions which are aimed at ensuring employees a correct work-life balance by integrating the distribution of Company welfare benefits with part-time contracts which suit both personal and Company needs. Moreover, the Company takes the role of consultant in the orientation and modalities of fulfilling the prerequisites arising from legislation and national bargaining procedures.

In reference to the two-year period 2018-2019, employees have actively availed themselves of the parental leave programme, for fathers and mothers (both mandatory and optional maternity leave, breastfeeding), Italian law no. 104 (employment services to persons with reduced working capacity) and additional special leave (up to 24 months) ex Law no. 104.

Parental leave	2018			2019		
	Men	Women	Total	Men	Women	Total
Employees who have taken parental leave	6	14	20	7	10	17
still on leave	-	2	2	-	3	3
returned and still employed	6	12	18	6	7	13
those who left	-	-	0	1	-	1
Rate of return to work²	100%	100%	100%	86%	100%	100%

Although in 2019 there was a slightly lower uptake of parental leave by the employees, there were no significant differences in comparison to the preceding year.

Accurate planning at the start of the period of leave and a long-term strategy which meets the worker's needs enables the Company to "restitute" jobs and professional positions which are appropriate to the experience of the worker in question, and involves them fully in the objectives of the Company.

² - Calculated as the ratio of the total number of employees returning to work after leave and those taking leave in total.

Integrated Quality-Safety-Environment Management System

Rigorous respect for norms of the correct behaviour in order to prevent accidents and the implementation of organisational and systemic measures to protect the Occupational Health and Safety (OHS) are distinct characteristics of Vitale Barberis Canonico as a company and were the Company management style even before becoming law: in the 1990s, pioneering mechanical and automation solutions for logistical processes with important benefits for the employees were introduced in the Pratrivero facility, and in the weaving shed, sound-proof “capsules” were introduced at the looms, thereby showing the Company’s sensibility to such issues long in advance of the mandatory regulations which came into force some years later with Italian law no. 277 of 1991.

Still today, production efficiency goes hand in hand with good prevention practices and technological innovations are aimed at constantly improving working conditions and methods.

The entire Vitale Barberis Canonico organisation participates in the management of the prevention and protection processes with scrupulous proactive observance of the articles of the Testo Unico sulla Salute e Sicurezza nei luoghi di lavoro (D.lgs. 81/2008 – Italian Legislative Decree regarding Occupational Health and Safety), and by the inception of the Supervisory Board and the adoption of the code for processes with regard to the discipline of administrative responsibility for juridical people, companies and associations (Italian legislative decree 231/2001).

In 2010, a formal management system was adopted, but not certified, which conforms to the Uni-INAIL and OSHAS 18001 standards concerning occupational health and safety as an additional documented proof of the process of constant improvements which are translated into practical and verifiable action plans, annually formulated during the management review, and which clarify objectives and operative responsibilities.

In the year 2019, Vitale Barberis Canonico commissioned TÜV Italia with the verification and certification of its OHS Management System, exceeding the OSHAS 18001 series which was rigorous, but rigid in its definition of how the Company should operate, by adopting as its reference standard the more recent and innovative UNI ISO 45001:2018, which promotes and valorises the consultation and participation of the workers in risk management processes and in the definition of prevention and protection measures, as well as the transformation processes relating to the working environment and methods, with the aim of making them more suitable to the persons involved in implementing them.

This way of focussing on the individual and his or her dignity and physical and moral integrity, along with the promotion of competence in order to obtain maximum operational efficiency while working with maximum accident-prevention measures are the founding principles of the Vitale Barberis Canonico *Policy for Safety*. The hands-on approach which characterises the ISO 45001 norm was successfully implemented and shared by top management who promoted the institution and the operations of the *Workers’ Health and Safety Committee* as a tool for the consultation and participation of the employees with the aim of improving results by including the active contribution made by the workers involved in the processes and projects in support of the Company Prevention and Protection Service.

With reference to specific interventions relating to the transformation projects, the workers involved formed study groups which participated in the project and made their contributions in terms of flagging-up critical situations and/or opportunities.

At the end of 2019, there were already three OHS committees active in the beaming, dyeing and general services departments at Pratrivero.



The ambitious objective of the certification was achieved, and by Christmas 2019 TÜV Italia issued the certificate of conformity to UNI ISO 45001:2018 pertaining to the Occupation Health and Safety Management System adopted by Vitale Barberis Canonico in its three facilities (the two production sites at Pratrivero and Pray, and the showroom in Milan).

Vitale Barberis Canonico pursues its Company objectives while respecting legal requirements and fundamental human rights according to a policy characterised by clear and transparent rules and in harmony with the external environment and the expectations of the local community and area.

In everyday operations, environmental protection is translated into scrupulous and rigorous attention to the topics of air, water and soil pollution and of having the lowest impact possible on the surrounding area in terms of noise, smells, traffic, etc.

The management of the evaluation processes for environmental risks, for the adoption of measures to achieve minimum impact, as well as the administrative fulfilment of requirements to obtain and maintain the environmental authorisations under the current norm (most importantly the Testo Unico per l’Ambiente D.lgs.152/2006 – Consolidated law for the Environment, Legislative Decree 152/2006) at Vitale Barberis Canonico is in the hands of the Environmental Protection Service, whose members also make up the OHS committee (and in which role they operate as Prevention and Protection Service).

This synergy of resources and uniformity of methodological approach to the processes justified the natural extension of the commission of TÜV Italia in 2019 also for the verification and certification of the new Environmental Protection Management System in reference to UNI EN ISO 14001:2015.

At the end of an articulated path which required a significant commitment from the whole of the Company in order to manage the new methodology of the systemic process, (definition of relevant requirements, planning, monitoring, efficient verification, communication of results, etc.), with regard to all the mandatory topics already being managed, but also to other new topics introduced voluntarily, in late 2019, TÜV Italia issued the conformity certification for UNI EN ISO 14001:2015 relating to the Environmental Protection Management System adopted by the three facilities (the two production sites at Pratrivero and Pray and the showroom in Milan).



These two Management Systems were therefore added to the Quality Management System which had already been in place since 2009 with the final result being overall homogenous QSE management (Quality, Safety and Environment) by means of an Integrated Management System of a high level of efficiency and synergy.



Health and safety

Prevention and monitoring systems

Vitale Barberis Canonico manages the risks present in the workplace with a view to the prevention of accidents and occupational sicknesses by means of a structured process starting with the assessment of the residual risks associated with situations and the dangers identified, and puts it into practice with the formulation of intervention plans stipulating priority and action times which become an integral part of the investment and development strategies for the Company as a whole.

Risk assessment is carried out by means of consultation with the employees' representatives (RSL) and is updated in the event of significant alterations to the production processes or work organisation with occupational health and safety in mind, or periodically as foreseen by the governing norms.

The Integrated QSE Management System amplifies and reinforces the attention paid to critical situations present in the working environment and promotes the exploration of opportunities and corrective actions on a wider scale, translating this commitment into the formulation of specific *Improvement Measures Programmes* which specify implementation modalities, assignment of resources and responsibilities, and the timetables for verification of the efficacy of actions taken.

The Company believes that the most important contribution to the prevention of accidents derives from the correct application of *Behavioural Diligence*, i.e., workers being fully aware of the risks to which they are exposed on a daily basis during their work and the attention required from them to avoid any pollution of the environment, their ability to manage such risks punctiliously and professionally using appropriate operative and behavioural methods, and their having a clear idea of priorities and robust criteria as stipulated in the governing standards, but also of the practices and sensitivity of the Company in such matters.

The Company promotes the professional growth of employees in both technical and cultural competence in terms of health and safety by means of general and specific training courses which are extremely carefully designed to be efficacious and practical, pertinent and contextualised, and of which the dissemination is entrusted to consultants with consolidated experience and collaboration when they are not provided by the health and safety officers within the Company itself.

In relation to ISO 45001, the information and training courses for employees are now also planned by the Prevention and Protection Service (PPS) as a series of risk analyses/opportunities to carry out for each department with the active contribution of the workers who work there, with the conviction that they have unequalled experience, competence and sensitivity, and extremely valid resources with a view to the formulation of operational procedures and recommendations for caution.

To this end, the PPS produced specific *Risk/Opportunity Report Forms* for the collation of all contributions both in terms of the description of the operational modality in existence and of the flagging up of concerns and suggestions for improvements.

The spirit of this sense of involvement is also that of facilitating the transfer of competence and experience from the more skilled colleagues (who in some cases are near retirement age) to younger colleagues.

The organisational model stipulated by the Integrated QSA Management System confirms the centrality of the co-responsibility of middle management (safety supervisors) to whom the responsibility of the organisation of the department's work, the responsibility for the workers' training for their department and the supervision of the correct application of the provisions relating to their department have been delegated. In their supervision activities, the heads of department avail themselves of the valuable and essential support of their assistants (in charge of safety).

With regard to technical interventions, every year, Vitale Barberis Canonico invests considerable sums in the improvement of occupational health and safety conditions in the production plants, and for the improvement of the working environment.

In the year 2019, the total costs sustained were of approximately €815,000 and mainly concerned machinery and infrastructure upgrading in the Pray facility, where, at the end of the year, the adjustment works on the Fire Prevention Project were finalised, and submitted to the fire brigade commander as a formal request for a site inspection with a view to verification and the subsequent issuing of the relevant Fire Prevention Certificate.

In addition, various efficiency-raising interventions were carried out relating to the internal and external movement of semi-finished products from one production site to another (lorries of greater capacity and the equipping of a new unloading bay at Pratrivero with automatic infeed rollers for baskets of yarn entering the optimised warehouse); the introduction of new equipment to reduce the efforts of lifting and handling loads (pneumatic lift for the colour kitchen boxes, counter-weighted pallet truck for twisting, aerial work platform AWP for maintenance work at heights, etc.); and the upgrading of general rescue systems (doubling of generator set).



At the end of the year, 10 looms were replaced in the weaving shed at Pratrivero and in spring 2020, they are planned to be covered with state-of-the-art sound-proof cabins, thus re-establishing the complete sound-proofing of this department.

With regard to the topic of environmental protection, in October 2019, the last roofing containing asbestos was removed from the Pratrivero facility, making this site completely asbestos free. A similar operation (for the approximately 2,000 sq.m. remaining) is planned for 2020 for the facility at Pray.

The Company registers and manages any injury and work-related illness occurring in the production facilities in order to fulfil the accounting obligations pursuant to the regulations in force, but most importantly, in order to analyse their cause and dynamics and to identify any possible dysfunction in terms of the organisation or the plant in question and to then take any necessary corrective actions.

Number of injuries involving employees		2018	2019
Pratrivero facility	Injuries <40 days' absence	5	6
	<i>of which during commute</i>	-	-
	Injuries ≥40 days' absence	-	-
Pray facility	Injuries <40 days' absence	1	-
	<i>of which during commute</i>	-	-
	Injuries ≥40 days' absence	-	-
TOTAL		6	6

Number of injuries involving external collaborators (agency workers and interns)		2018	2019
Pratrivero facility	Injuries <40 days' absence	-	-
	<i>of which during commute</i>	-	-
	Injuries ≥40 days' absence	-	-
Pray facility	Injuries <40 days' absence	-	2
	<i>of which during commute</i>	-	-
	Injuries ≥40 days' absence	-	-
TOTAL		0	2

The Vitale Barberis Canonico Accident Report logbook confirms that in the two-year period of 2018-2019, the number of accidents³ amongst the employees remained unchanged, with very few occurrences, practically all of them at Pratrivero, and none of which led to absences of longer than 40 days. In 2019, two slight accidents were registered involving external collaborators at the Pray facility.

With reference to occupational diseases, in line with the preceding year, no cases were registered involving either Company employees or external collaborators.

Injury rates ⁴	2018	2019
Employees		
Injury rate <40 days' absence	1.7	1.8
Injury rate ≥40 days' absence	0	0
External collaborators (agency workers and interns)		
Injury rate <40 days' absence	0	5.4
Injury rate ≥40 days' absence	0	0

In the last financial year, there was most unfortunately a serious accident to the detriment of one of the employees of a contractor company: on 13th March 2019, a fire broke out in the technical area of the finishing department at Pratrivero and a young maintenance worker suffered severe burns.

This occurrence gave rise to general puzzlement and even today neither the cause nor the dynamics of the fire have been established, taking into context the objective attention paid to and care taken of the working environment and the machinery located in that department.

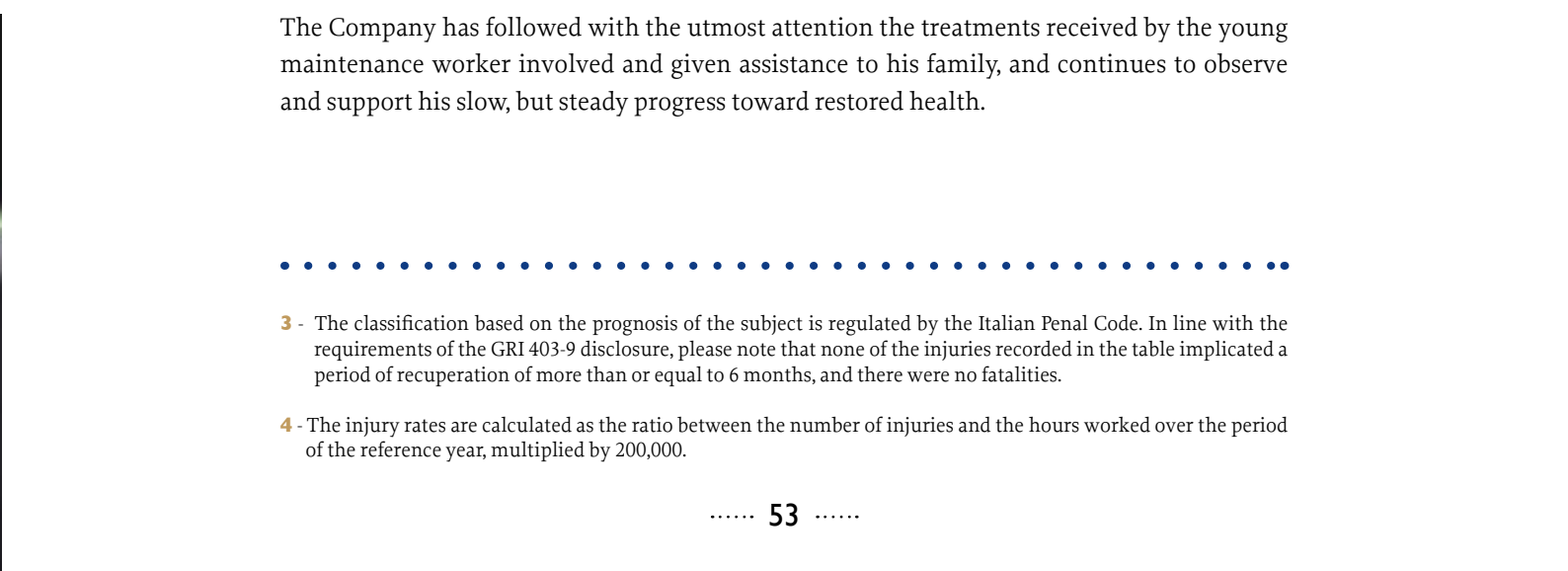
The Company Prevention and Protection Service has carried out in-depth technical enquiries and has re-designed the areas and the machinery which were damaged by the fire, eliminating any weaknesses which have been revealed, but also registering the positive reaction within the Company at the moment of the emergency (tested evacuation procedures, automatic activation of alarms, competence and determination of the Company First Aid team and the Fire-Fighting team, etc.) as well as the valuable reactions of the external emergency services (fire fighters, Italian Red Cross, air ambulance, etc.).

The Company has followed with the utmost attention the treatments received by the young maintenance worker involved and given assistance to his family, and continues to observe and support his slow, but steady progress toward restored health.



³ - The classification based on the prognosis of the subject is regulated by the Italian Penal Code. In line with the requirements of the GRI 403-9 disclosure, please note that none of the injuries recorded in the table implicated a period of recuperation of more than or equal to 6 months, and there were no fatalities.

⁴ - The injury rates are calculated as the ratio between the number of injuries and the hours worked over the period of the reference year, multiplied by 200,000.





**RESPECT FOR
AND
PROTECTION
OF THE
ENVIRONMENT**



Respect for and protection of the environment

Vitale Barberis Canonico interacts in a harmonious, symbiotic way with the environment and the surroundings. As a sign of its gratitude for the natural resources which have contributed towards its development, the Company has always used such resources with great care and attention, aiming at the least environmental impact possible. To do this, it makes use of the most advanced technology, and constantly revises the infrastructures and production processes.

As an indispensable resource, energy is managed with a view to optimisation aimed at improved energy efficiency and the reduction of emissions into the atmosphere. Starting in 2019, the Company has chosen to purchase only electric energy from renewable sources.

The crystalline waters of the Biellese valleys are essential for the textile industry. Vitale Barberis Canonico endeavours to reduce water consumption to a minimum and to release only pure water back into the environment by means of an in-house purification plant which was built in 1987 and which is regularly updated.

The Company dedicates particular attention also to refuse management, avoiding waste and, with the proactive participation of its employees, putting in place specific policies for recycling and recuperation.

The strategies and operations undertaken by the Company in this respect are noteworthy, as they influence the environmental aspect on a local, national and, indirectly, global level as well as having an influence of the energy providers involved.

<p>Certification for Environmental Protection ISO 14001</p>  <p>since 2019</p>	<p>Energy 24.2 kj</p>  <p>Water 35.4 litres</p>  <p>for one metre of finished fabric</p>	<p>100% water purified in internal plant</p> <p>returned to surface waters</p> <p>recycled in production processes</p>  <p>100% compliance to MRSL</p> 	<p>Recycling and reusing of waste textiles</p>  <p>98.7%</p> <p>Textile by-products:</p> <p>13% reused in the cycle</p> <p>86% placed in the market</p> <p>1% waste for recovery</p>
<p>100% of electric energy from certified renewable sources</p>  <p>↓ 13,000 tons of CO₂</p>			

Energy efficiency and emission reduction

Energy consumption

In its role as a manufacturer, Vitale Barberis Canonico pays great attention to energy consumption during production cycles, placing importance on energy saving with a view to reducing energy wastage to a minimum. This translates into a reduction of Company costs but also, and most importantly, to an improvement in environmental protection and conservation of resources.

Efficient and sustainable management of energy supplies entails continuous monitoring of the gas and electric markets in order to benefit from the best economic conditions. This is followed up by the agreement of well-designed supply contracts, working only with highly trustworthy companies which are flexible in their response to the variable needs of the production units, but also which offer minimum environmental impact.

In particular, in order to cover its electric energy needs during 2019, Vitale Barberis Canonico chose the company ALPERIA of Bolzano as its supplier, a company that produces energy exclusively from renewable sources in hydroelectric plants in Alto Adige which it owns and manages itself.

In addition, the Company joined the ALPERIA Green Energy programme and contributes towards sustaining the extra costs currently arising in the field of renewable energy by purchasing Certificates of Origin for the entire annual electric consumption.

Pursuant to the technical norms which define the calculation criteria, using renewable energy enabled the Company to reduce its annual CO₂ emissions by almost 13m tons, the amount a car would emit when driving around the world 1,625 times.

Energy consumption (GJ) and energy intensity (kJ/finished m) ⁵	2018	2019
Natural gas ⁶	97,447	79,052
Electricity purchased ⁷	135,878	129,912
Of which renewable	0%	100%
Fuel from Company's own fleet ⁸	648	743
Total energy consumption	233,973	209,707
Energy intensity	20.9	24.2

The Company's energy consumption increased in 2019 in proportion to the increased overall in-house production, meaning less production work was outsourced.

⁵ - It must be underlined that the conversion process into GJ has undergone slight amendments in comparison to the preceding year and so, with the aim of making comparability between the different years possible, some data relating to 2018 have been recalculated using the new methods.

⁶ - The conversion into GJ was carried out using the lower calorific value factor from the sources of the Italian Ministry for the Environment and the Protection of the Land and the Sea, Table of standard national parameters 2018 and the Italian Ministry for the Environment and the Protection of the Land and the Sea, Table of standard national parameters, 2019 for the respective years of reference.

⁷ - The conversion into GJ was carried out using the conversion factor from the sources of the ABI-LAB Guidelines in the iteration of 13/12/2018.

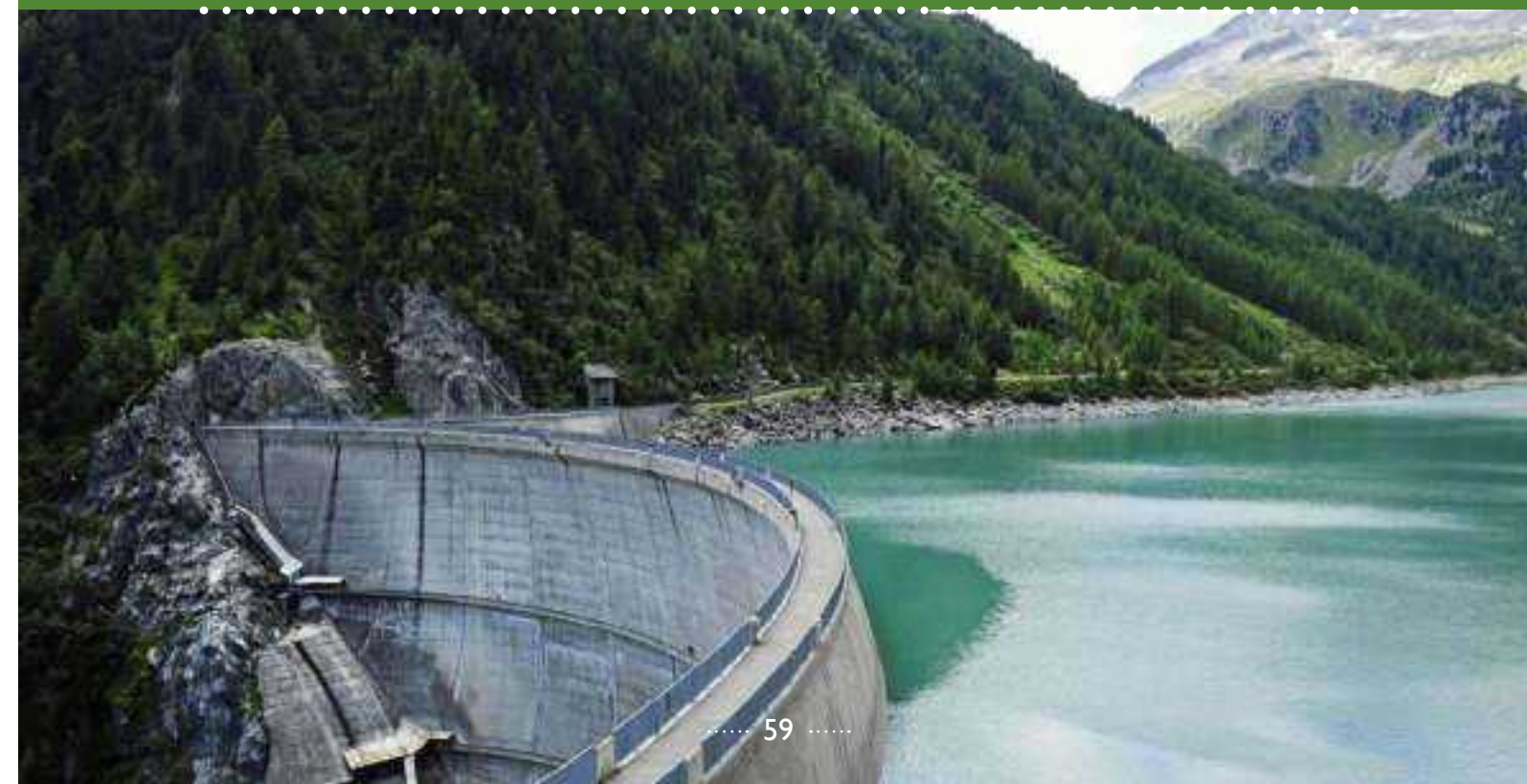
⁸ - The data relating to fuel consumption for the Company fleet for the year 2018 only were based on estimations. The conversion into GJ was carried out using the conversion factor from the sources of the ABI-LAB Guidelines in the iteration of 13/12/2018.

100% green energy from renewable sources

The ALPERIA S.p.A. group owns and manages 34 hydroelectric plants in Alto Adige, and holds stakes in two photovoltaic parks in Central Italy and in one photovoltaic park in Sardinia. Production of electric energy is 100% renewable and certified as not producing any CO₂ emissions, pursuant to the norms.

The ALPERIA certificate for Vitale Barberis Canonico relating to the year 2019 attests that ALPERIA produced and fed into the national grid the same amount of electric energy as consumed by Vitale Barberis Canonico. The production of this amount of energy using hydroelectric technology meant a saving of 12,955,511 kg of CO₂ when compared to the traditional, non-renewable sources.

The contribution made by Vitale Barberis Canonico toward the current extra costs associated with renewable energy and its promotion resulted in an additional € 1.20 per MWh (the free market of Certificates of Origin is regulated by GRTN).



Energy efficiency and emission reduction

Emissions

Particular attention is also paid to the containment of atmospheric pollution. The production processes and the phases which make up such processes are regulated by the specific environmental authorisations stipulated in the national environmental legislation currently in force (Legislative Decree No. 152 of 3rd April 2006) and the specific provisions of the Region of Piedmont (No. 416 of 7th December 2011).

The qualitative and quantitative characteristics of the chemicals emitted into the atmosphere by the Vitale Barberis Canonico facilities are qualified as *emissions not of high risk*, or even as *emissions of little significance* in relation to atmospheric pollution.

The General Authorisation, reiterated in 2016 and included in the Autorizzazione Unica Ambientale (AUA – Single Environmental Authorisation) allocated the plant code Regione Piemonte 002149/36 to the Pratrivero facility which provides for the implementation of periodic self-monitoring of the more significant emissions.

The new central heating system in Pratrivero was installed in 2009 with the adoption of virtuous technical measures of maximum energy efficiency and containment of the environmental impact.

The four steam generators, each with a potential of 2.1 MW, are fed with heated demineralised water from the condensation recuperation circuit and the heat of the steam is recovered to preheat the air blown out by the burners (the chimney temperature decreases from 230-250 °C to 105-110 °C and the air in the feeder moves from ambient temperature to 100-105 °C). The overall thermal efficiency of the four generators was verified by instrument readings during the inspection and is the equivalent of 97.5%.

During the purchase, other rigorous contractual requirements were imposed with regard to the emission limits: in particular for nitrogen oxide NO_x, the limits set were below 100 ppm (mg/Nm³), with an ample margin in comparison with the 150 ppm limit as imposed by law. The result was achieved by the introduction of boilers with an extremely low thermal load. The periodic self-monitoring was carried out annually.

In 2018 it became necessary to carry out a large-scale technological update of the burners of all four of the boilers in order to return to less than 100 ppm for the NO_x values of the emissions, which had progressively increased over the years, in spite of the same technology and rigorous maintenance, because of the continuous drop in quality of the natural gas mixture from the national gas supplier.

The periodic in-house inspections carried out during 2019 clearly confirmed the efficiency of this intervention, bringing the central heating emissions down to margins which are double the limits required by law.

Central heating system emissions (mg/Nm ³)	Legal limit	2018	2019
NO _x (nitrogen oxides)	150	da 60 a 94	da 51 a 74
CO (carbon monoxides)	100	da 2.5 a 2.8	<2.5

Well below the legal limits and well managed by three-yearly self-monitoring, the emissions from the exhaust fume treatment for the singeing machinery (three-tower regenerative thermal ceramic bed capable of purifying 15,600 m³/h of exhaust fumes), from the drying ovens with chamber temperatures of below 150 °C in the dyeing department (ribbon lap machine) and in the finishing department (the two stenters) must be taken into consideration. In the following tables the results of the in-house monitoring carried out in 2019 are given as a comparison with the preceding three-year period.

Volatile, non-methane organic compounds (mg/Nm ³)	Legal limit	Three-year period up to 2018	Three-year period up to 2019
from SINGEING	20	2	13
from RIBBON LAP MACHINE	50	from 6 to 11	from 8 to 17.7
from STENTING	50	6	n.r.

Dust emissions incl. oily mists (mg/Nm ³)	Legal limit	Three-year period up to 2018	Three-year period up to 2019
from SINGEING	10	1	3.13
from RIBBON LAP MACHINE	10	from 0.47 to 1.49	from 2.14 to 3.76
from STENTING	10	<1.26	n.r.

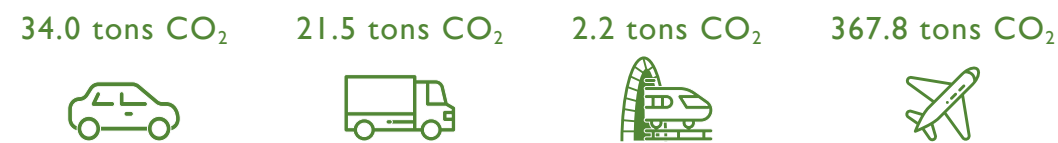
For Vitale Barberis Canonico, the in-house analyses are not merely an exercise to fulfil the requirements of the Autorizzazione Unica Ambientale (AUA – Single Environmental Authorisation), but a useful process for the periodic monitoring of the environmental impact of the heating plant with a view to risk analyses/opportunities for the continuous improvement of the environmental performance of the Company. This is confirmed by the following events which took place during 2019:

- The clear deterioration registered in June 2019 of the performance of the machine for the treatment of the singeing exhaust fumes confirmed the suspicion that the particulates from the fire on 13th March had reached and damaged the afterburner towers. The cleaning of the plant and the complete inspection of the ceramics and the combustion chamber were carried out in August 2019 and returned the plant to a maximum state of cleanliness and performance.
- The slight deterioration of the ribbon lap machine performance, caused by physical fatigue of the drying oven, led to more intensive maintenance of the rotating drums.
- The analyses carried out on the stenter chimneys came under the activities of the Environmental Protection and the Prevention and Protection Services in the period following the accident of 13th March which put two of the stenters out of action and forced the re-designing and restructuring of the plant damaged by the fire (as communicated to the Auditing Authorities) and the analyses refer to the “as is” emission and are directed at the planning of a new exhaust treatment system (probably of the wet scrubber type).

Concerning greenhouse gas emissions, the Vitale Barberis Canonico Scope 1 and Scope 2 emissions are given in the following table. The procurement of electricity from renewable sources starting from 2019 has zeroed the emissions equivalent to Scope 2 - Market based, leading to a dramatic reduction of the intensity of the CO₂ emissions.

Greenhouse gas emissions ⁹ and intensity of CO ₂ emissions (kg CO ₂ /finished m)	2018	2019
Scope 1 (tons CO₂)	5,499	4,478
Natural gas ¹⁰	5,451	4,422
Diesel ¹¹	48.4	55.5
Scope 2 - Location based (tons CO₂)¹²	13,588	12,956
Electricity	13,588	12,956
Scope 2 - Market based (ton CO₂ eq)¹³	18,118	0
Electricity	18,118	0
Intensity of CO₂ emissions	2.11	0.52

In 2019, the calculations of the CO₂ emissions was extended to include all means of transport used, incorporating not only internal movement of goods¹⁴, but also the movements of and travel undertaken by members of staff¹⁵.



⁹ - The Scope 1 emissions are expressed in tons of CO₂, inasmuch as the source used does not provide emission factors for the other non-CO₂ gases. The Scope 2 - Location based emissions are expressed in tons of CO₂, although the percentage of methane and nitrous oxide has an insignificant effect on the total greenhouse gas emissions (CO₂eq) factors as indicated in the ISPRA (Superior Institute for the Environmental Protection and Research) report "Fattori di emissione atmosferica di CO₂ e altri gas serra nel settore elettrico" (Atmospheric emission of CO₂ and other greenhouse gases in the electricity sector). It must also be underlined that the process for the calculation of emissions has undergone slight amendments in comparison to the preceding year and so, with the aim of making comparability between the different years possible, some of the data relating to 2018 have been recalculated using the new methods.

¹⁰ - Data calculated on the basis of the emission factors from the sources of the *Italian Ministry for the Environment and the Protection of the Land and the Sea, table of national standard parameters, 2019* for the respective reference years.

¹¹ - Data calculated on the basis of the emission factors from the source *Measuring Emissions: A Guide for Organisations, 2019 Summary of Emission Factors*.

¹² - Data calculated on the basis of the emission factors from the sources *Terna Confronti Internazionali, 2016 and Terna Confronti Internazionali, 2017*.

¹³ - Datum for 2018 calculated on the basis of the emission factors from the sources *AIB - European Residual Mixes 2017* (Vers. 1.13). Datum for 2019 taken from the electric energy supplier, which provides the Company with a certificate attesting an environmental saving of 12,955,511 kg of CO₂ for the year in consideration.

¹⁴ - Data calculated using *CO₂ Emission Calculator* from the source *EECA's Summary of Emissions Factors for the Guidance for Voluntary Greenhouse Gas Reporting*.

¹⁵ - Data calculated according to *Ateneo Verde (Green University)* of the *Università degli Studi Niccolò Cusano*.

Use of resources during their life cycle

Water consumption management

In terms of valorising the most precious and essential resource for the processing of textiles, Vitale Barberis Canonico has the advantage of a heritage which is not only cultural (the extremely careful use of water), but also infrastructural: the Pratrivero facility is in fact equipped with a complex and articulated plant for water withdrawal from the surrounding area and its channelling towards collection tanks.

This system consists of hydraulic works which are partly very old, and which bear witness to the careful and arduous search for and use of water courses, either at ground level or underground, from the groundwater or from aquifers.

Within the boundaries of the Company premises there are in fact three systems of drainage channels – with their brick walls built with rare, ancient bricks, which continue for hundreds of metres with ramifications, at a depth of 20-25 metres below ground level – and three artesian wells, of 63, 108 and 122 metres in depth, to be precise.

From the nearby valleys, either by gravity or by pumping, an extensive network of pipelines conveys the water coming from the spring water catchments and from the surface waters of the Rio Serventa and Rio Rivaccia in the municipalities of Valdilana and Portula.

The Pray facility, on the other hand, has three wells of modest depth but good withdrawal capacity as they take their water from the groundwater under the river bed of the nearby River Sessera. Because the water requirements of the Pray facility are only for technological purposes for the humidification of the departments and the filling of the fire fighting equipment, in order to be able to make use of this large availability of water, in 1997, Vitale Barberis Canonico built a private aqueduct connecting the two production sites and transferring the water from one of the wells in Pray to the water reserves in Pratrivero. This infrastructure has proved essential in the years since 1997 in terms of satisfying the growing water demands resulting from the increase in production and in 2018, it was doubled in anticipation of greater use.

All of these activities concerning water are authorised by specific state concessions pursuant to Regional Regulation D.P.G.R. 29 July 2003, No.10/R, which regulates the use of public water for industrial purposes, prescribing precise places and methods of withdrawal, the maximum quantity to be withdrawn, and the modality of restitution to the public collector (in this case the basin of the River Sessera) subject to the approval of appropriate treatment and purification systems.

Numerous virtuous practices in the finishing and dyeing departments enabled the Company to significantly reduce its water consumption. Of particular note is the daily recovery of 36 m³ of water from the process of piece dyeing.

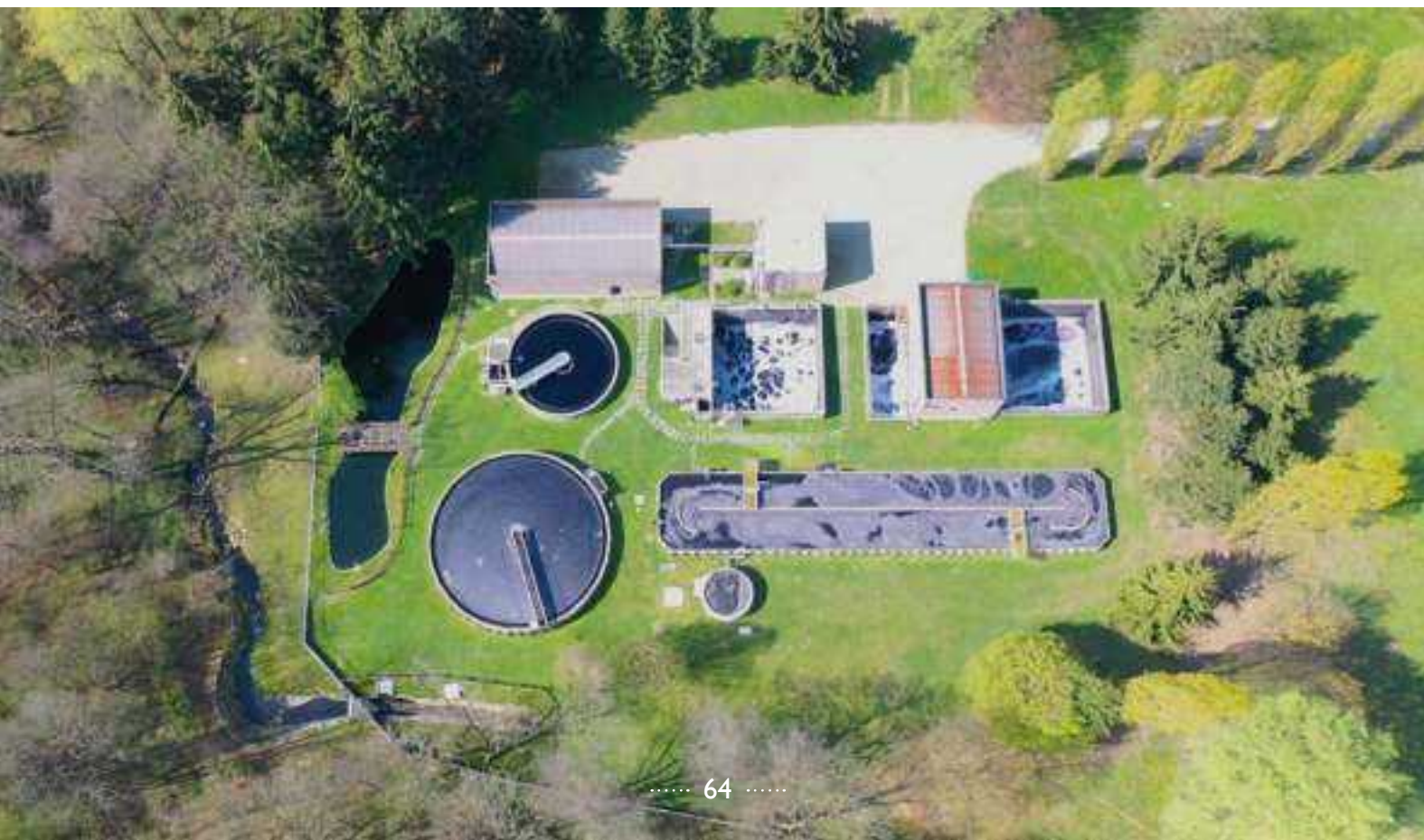
The total quantity withdrawn by Vitale Barberis Canonico in 2019 was lower than the amount for 2018 as a result of the lower rates of production in the finishing department, caused by

the production close-down and the remediation activities regarding working environments and machinery in the weeks after the accident of 13th March, and also of the reduction of production volumes in the second half of the year.

Water withdrawal (m ³)	2018	2019
Pratrivero (production + technology)	328,713	290,376
Pray (technology)	5,800	5,800
TOTAL	334,513	296,176

Water consumption for production (m ³) and water intensity (L/finished m)	2018	2019
Underground water – industrial water (<1,000 mg/L of total dissolved solids)	284,313	261,425
Water recuperated by MBR	62,410	44,901
Total water consumption for production	346,723	306,326
Water intensity	31.0	35.4

The increase of the water intensity indicator is an expected consequence of the lower rate of finishing processes, but also of the technological conversion which was started in the dyeing department leading to the progressive elimination of dyeing with chrome and its substitution with reactive dyes which require much higher rates of consumption (from 16 to 42 L/kg dyed product).



Use of resources during their life cycle

Responsible use of chemical substances and purification of effluents

Vitale Barberis Canonico is dedicated to the sparing use of chemical substances and uses the absolute minimum (both in terms of quantity and type), selecting those with the lowest impact both on human health (guaranteeing to the consumer the absence of toxic residues in the finished product) and on the environment (with particular attention paid to water).

Numerous virtuous technical practices in the finishing and dyeing departments enabled the Company to significantly reduce its consumption of chemicals. Of particular note is the annual saving for 2019 of almost 2 tons of dyes in the tops dyeing process.

In the Pratrivero facility, a purification system is active for the treatment of all mixed effluents deriving from processing (mainly dyeing and finishing) and from technological services (air conditioning waste water, from the use of WCs and from the canteen).

The chemical products used in the production cycle are essentially soaps, dispersants, acid dyes, ammonium sulphate, acetic acid, formic acid, etc. These are organic and inorganic products with good biodegradability and therefore the type of purification implemented is biological using active muds and recycling of the same.

The treatment of effluents was already undertaken by Vitale Barberis in the 1970s before this became mandatory. The treatment system has undergone periodic technological updates and is currently able to purify up to 1,400 m³ a day to a very high standard, using two lines of treatment. The last tank of the system is an artificial lake in which gold fish and koi carp live happily.

All of the parameters which characterise the water quality when it leaves the purification system are well within the limits given in Table 3/A of Appendix 5 of the Testo Unico di tutela dell'Ambiente (Legislative Decree 152/2006), as documented by the analysis reports carried out over the years by the healthcare monitoring authorities and/or laboratories appointed by the Company in the framework of the periodic checks of the correct functioning of the purification system.

The excellent quality of the effluents leaving the first line of the treatment system (biological and then ozone decolourisation) led in 1997 to authorisation from the Province of Biella to discharge Company effluents into surface water courses, more specifically into the Rio delle Mollie in the immediate vicinity of the production facility.

This authorisation has been regularly renewed every four years and since 2016 it has been included in the Autorizzazione Unica Ambientale (AUA-Single Environmental Authorisation).

A second line of effluent treatment was implemented in the years 2015-2016 and makes use of a membrane bioreactor (MBR) for the ultra-filtration of a part of the total flow, with the aim of recuperating it within the production cycle during the finishing processes. Until today,

the proportion of effluents purified by the second treatment line (ultra-filtration and ozone decolourisation) stands at 15% of the total water requirements of the Pratrivero site.

From a greater sense of caution and for better protection of the water courses, Vitale Barberis Canonico still maintains an emergency connection between the water purification system and the main water provider CO.R.D.A.R VALSESIA in Vintebbio, Serravalle Sesia.

During normal functioning of the water purification system at Vitale Barberis Canonico, an automatic monitoring device to monitor the turbidity, located in the drain sump of the last tank, provides for the prevention of effluents entering surface waters at values which are very restrictive and the purified effluents which are channelled into the pipes of the main water supplier are indeed still well within the legal limits. In the event of the effluents being prevented from entering surface waters as a result of any technical or management consideration, the effluents leaving the system are channelled into the collectors of the main water supplier.

Over the period of 2019, no malfunction of the system resulting in exceeding the limits given in the table was registered.

Characterising parameters for effluents ¹⁶ (mg/L)	2018			2019			Legal limit
	Entry	Exit biological	Final exit	Entry	Exit biological	Final exit	
COD	696	48.1	43.4	633.5	44.7	32.7	160
Ammonia	3.91	n.r. ¹⁷	-	10.1	n.r.	n.r.	15
Organic nitrogen	19.4	3.2	-	13.7	3.23	1.68	n.a.
Total phosphorus	1.49	0.91	-	1.85	1.67	0.49	10
Total surfactants	31.1	0.72	0.39	25.1	0.69	0.23	2

During the production close-down for the month of August 2019, the plant underwent a significant improvement with the introduction of a denitrification station: the pre-oxidation tank upstream from the biological treatment was in fact transformed to anaerobic treatment. This is a way of treating the progressively increasing ammonium salts in the wastewater delivered to the purifier which come from the dyeing department as a result of the greater use of ammonia for the replacement of sodium dichromate in the reactive dyes.

The attention paid by Vitale Barberis Canonico to chemical substances and the purification of effluents is as important for the Company as it is for its suppliers. The most important suppliers to the Company, who are involved mainly in the gilling, dyeing and finishing processes, are also equipped with effluent treatment systems in conformance to the standards required.

¹⁶ - Average annual values.

¹⁷ - Not shown, as below the detection threshold.

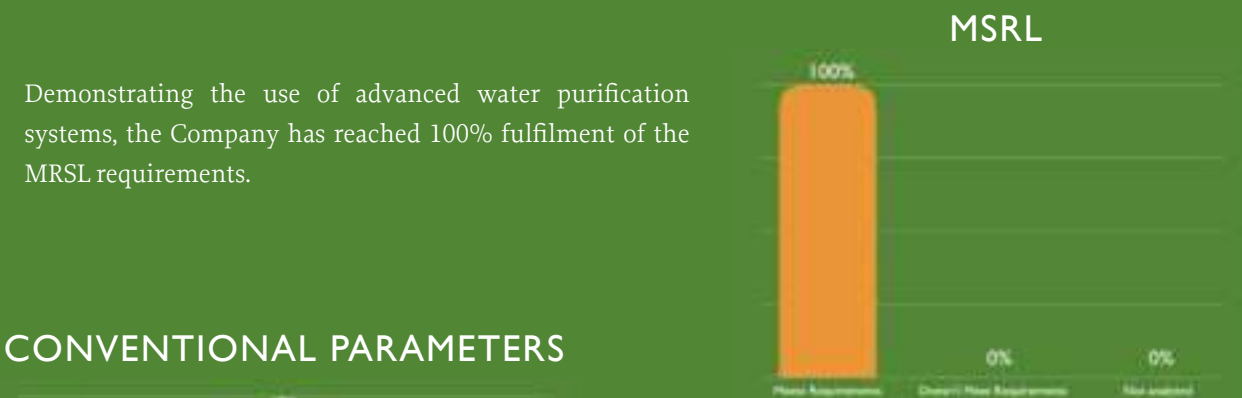
Analysis of the wastewater according to the ZDHC Wastewater Guidelines

In order to promote transparency regarding chemical substances, in September 2019 Vitale Barberis Canonico carried out the analysis of the wastewater according to the ZDHC Wastewater Guidelines Version 1.1.

As the Company has its own in-house wastewater purification system, it is registered as a direct discharge manufacturing company. As such, the waters to be purified and the waters which were purified according to the following parameters were analysed.



The detailed results of the tests are available on the Vitale Barberis Canonico profile at the ZDHC Gateway. In the following diagrams the performance with regard to the purified discharged water is shown.



With regard to the conventional parameters, normally monitored with respect to the limits stipulated by D.lgs. 152/2006 (Legislative Decree 152/2006), for 44% of the analyses, the Company ranks within the most ambitious level – *Aspirational*.

For 2020, Vitale Barberis Canonico has programmed a bi-annual cycle of samples in line with the ZDHC Guidelines.

Use of resources during their life cycle

Waste management

The production sites at Vitale Barberis Canonico physically generate a certain quantity of waste materials during processing and decommissioning components of machinery or systems as well as of auxiliary materials used in processing (mainly consisting of various types of packaging), which, from the moment of their unpacking or decommissioning count as waste materials in the sense of the environmental legislation currently in force (specifically: Legislative Decree 3 April 2006 No. 152).

As a producer and holder of waste materials on its premises, Vitale Barberis Canonico therefore has the responsibility of managing the interim storage of such waste materials and their subsequent delivery to authorised entities for transport, recycling or disposal.

The type of waste created by humans or during production activities in the Vitale Barberis Canonico facilities qualifies almost totally as non-hazardous (i.e., it does not present any of the hazardous characteristics mentioned in Annex III of the Directive 91/689/CEE).

As part of the certification process of the Management System for the Protection of the Environment, in the second half of 2019, Vitale Barberis Canonico improved its classification and differentiation processes regarding special hazardous and non-hazardous waste, in particular by redesigning the micro-collection system operated by workers in the production departments. This significant improvement was achieved by encouraging the consultation and participation of the employees, by the implementation of specific training courses aimed at managers and supervisors of all departments, and by the setting-up of a specific Employee Committee made up of the members of the general services team. It is to this Committee that an impassioned and competent contribution is owed for the redesigning in both production facilities of temporary collection areas equipped with containers, signage and practical and innovative colour coding.

In 2019, the production of waste, in relation to the consumption of ancillary materials and in proportion to the production volumes, represents the physical quantity of packaging of various materials, processing waste and equipment components no longer needed due to their wearing out or failing.

Disposal method (tons)	2018			2019		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Already selected for recycling	-	92.9	92.9	-	48.3	48.3
For successive selection for partial recycling	3.1	258.8	261.9	6.3	289.5	295.8
Disposal	1.4	-	1.4	4.4	-	4.4
TOTAL	4.5	351.7	356.2	10.7	337.8	348.5

As a result of the integrated and vertical production cycle, Vitale Barberis Canonico has at its disposal a process which has reduced textile waste to a minimum: all the by-products are in fact recycled by means of their reintegration into the cycle itself or alternatively by means of selling them back to the market. The only exceptions are the fine dusts collected from sweeping floors, central vacuum systems or air conditioning filters which are then disposed of as waste.

In 2019 236,266 kg of textile by-products were recovered which were disposed of as follows:

- 1% was disposed of as waste (mainly CER 04 02 22): starting from September 2019, while adapting the processes to fulfil the requirements of the voluntary norm UNI EN ISO 14001:2015, the criteria for the classification of waste was updated and given in more detail; for this reason, the value represents an annual statistic extension based on the data collected over the last quarter of 2019.
- 99% were recovered: in view of the circular economy, 13%, consisting of laps and pneumafil, were re-used internally in the process aimed at the production of combed flannel, while 86% were resold and returned to the knitwear sector.

The particular virtue of the combed flannel made up of 13% recycled wool from laps and pneumafil should be noted.



Small gestures for sustainability

The road to a cleaner planet is also made up of simple steps taken every day.



Vitale Barberis Canonico supplied every department with micro-filtered water dispensers which provide still or fizzy water from local sources free of charge. Every worker was also provided with a personalised thermos drinking bottle. Every use is estimated to save 80 g of CO₂, which would otherwise be released into the atmosphere during the production of a classic disposable bottle.

Using a similar criterion, all the paper used within the Company is FSC-certified naturally ecological and harvested from responsibly-managed forests according to specific environmental, social and economic standards.



**PRODUCT
RESPONSIBILITY
ALONG THE
SUPPLY CHAIN**



Product responsibility along the supply chain

Vitale Barberis has always focused on the quality of the product it manufactures and offers on the market, and it is aware of the importance of virtuous interconnections along the production chain. It is a value chain which originates in distant countries with the scrupulous selection of the best raw materials, harvested with respect for the animal and the environment, and which arises from synergetic collaboration with the local breeders.

A value which is consolidated in Italy by the resolute choice of maintaining vertical production 100% Made in Italy, benefiting from the great know-how rooted in the Biellese area. It is a choice which takes the form of constant investments in technology and innovation in the Company's facilities and in favouring local suppliers who ensure specialised service which is both efficient and prompt.

Attention to the product is firstly the space given to creativity and research for innovative solutions which satisfy the demands of international markets, and then by rigorous quality control which is carried out at every individual step of the production process.

The last, and most important link in the Vitale Barberis Canonico value chain is the the accurate and punctual tailor-made service dedicated to customers both during promotion and sales, and post-sales by means of long-term and consolidated direct relationships.

The effects of the strategies and the operations carried out by the Company for the management of this question have an impact on both the local breeders who provide the raw materials as well as on all the participants in the production chain.

<p>Full cycle Company</p>  <p>100% Made in Italy production</p>	<p>Traceability of the fibre from sheep to fabric</p> 	<p>Range of sustainable fabrics</p> <p><i>H.O.P.E.</i> How to Optimise People and Environment</p>	<p>Quality Certification ISO 9001</p> 	<p>4 steps of quality control</p> 
<p>Chemical compliance: REACH GB Chinese standard CNMI guidelines MRSL by ZDHC</p> 	<p>Compliance and support to</p> <p>SustainaWool INTEGRITY SCHEME</p>	<p>FABRIC Academy</p> <p>2019: 31 training sessions 1,141 participants 6 countries</p>	<p>since 2009</p> <p>-----</p> <p>Tessile & Salute Certification since 2012</p>	<p>Wool Excellence Award</p> <p>Wool Excellence Club</p>  <p>dedicated to breeders</p>

Responsible supply chain

The complete management of suppliers covers a crucial role in terms of research for qualitative excellence and efficiency of purchasing operations. By means of the Integrated QSE Management System which integrates the regulations in force in the sector, Vitale Barberis Canonico has set up appropriate procedures to guarantee maximum transparency in operations concerning choice of suppliers, purchasing of goods and services and checking of supplies. The Company guarantees the traceability of such procedures by means of an accurate internal documentation and archiving system.

The choice of suppliers and the purchase of goods and services take place in compliance with the competition principles and conditions of the bidders and on the basis of objective evaluation in relation to their competitiveness, their quality, their use and their price. Supplies checking foresees at least one check per year, a dynamic evaluation and potential audit by the person responsible for verification and management of the supplier.

Relationships with suppliers are regulated by the norms included in the Code of Ethics and are subject to constant and attentive monitoring. The fulfilment of contractual services is associated with conformance to principles of equity, correctness, diligence and good faith which are basic elements. Any non-compliance and/or violation will lead to the termination of the agreement.

In 2019, in terms of tons of materials used, supplies underwent a physical contraction in proportion to the drop in production.

Materials used in production (tons)	2018	2019
Wool	5,200	4,265
Chemical products	875.5	605.7
auxiliary products	730.3	499.2
dyes	145.2	106.5
Lubricating oils	3.7	5.3
Packaging	250.6	146.1
wrapping paper	0.8	0.5
cardboard (cardboard boxes, tubes)	163.5	97.8
plastic (strapping, polystyrene)	33.5	4.8
nylon (spools, packaging, rolls, boxes)	50.7	42.2
packing straps (bolts, adhesive tape)	2.1	0.7

In some cases, generally during production peaks, Vitale Barberis Canonico makes use of selected strategic partners who supply textile manufacturers, all within Italy and mostly local.

In 2019, as a result of the implementation of the Integrated QSE Management System, dynamic qualification and evaluation procedures were formalised for external textile manufacturing suppliers.

100% of these are included in the Vitale Barberis Canonico Albo dei Fornitori Qualificati (Album of Qualified Suppliers) thus guaranteeing respect for the Company Code of Ethics and the precise prerequisites necessary to qualify, and agreeing to continuous monitoring with regard to the three topics.

Managers of the production departments take part in the integrated audits. These also have the role of managers for Occupational Health and Safety and adequate skills with regard to environmental protection and product compliance, and are assisted by the internal competence of the Corporate Social Responsibility, Prevention and Protection and Environmental Protection Service functions. 10 audits are planned for 2020.



Responsible supply chain

Auxiliary products and services

Vitale Barberis Canonico fosters and promotes buying locally, choosing solid collaborations and long-term relationships of mutual trust with the aim of maintaining an adequate supply in terms of continuity, quality and efficiency, preferring the maintenance and the development of industrial links in the wool industry in the Province of Biella.

On 31st December 2019, the Company was collaborating with approximately 300 suppliers and this number did not undergo any great change during the two-year period 2018-2019. Of the total number of acquisitions, 97% were carried out in collaboration with Italian suppliers, of whom 34% were local, while the remaining 3% were carried out mainly in Germany and Switzerland using suppliers of chemical products who have ISO 9001 certification.

Distribution of purchase per allocated expense (not including wool)	2018	2019
Italy	97%	97%
<i>of which in Province of Biella</i>	34%	34%
Other countries	3%	3%
TOTAL	100%	100%

Responsible supply chain

Raw materials

Wool is the raw material par excellence for the creation of classic clothing, and the origin of everything for Vitale Barberis Canonico. The best recipe for classic elegance derives from the best fibres available in the world. The different types used are selected and purchased while paying attention to their provenance according to the directives for the products as defined at the start of the season, based on the physical and visual characteristics which determine the quality and style, fineness and length, without neglecting financial and environmental aspects.

The supply chain consists mainly of the Company's own Buying Company, New England Wool, with Wool Trader specialists and, less often, Top Makers.

Wool supplies	2018	2019
Purchased (tons)	5,200	4,265
Number of suppliers	16	14

Vitale Barberis Canonico procures the quantities needed from a network of approximately 3,000 farms spread over Australia, New Zealand, South Africa, China, Argentina and Uruguay. In terms of volume, Australia represents the largest share, because of the characteristics of the offer.



MERINO WOOL



Australia



New Zealand



South Africa



MOHAIR



CASHMERE



China



Argentina



Uruguay



21 MICRON WOOL



All raw material suppliers are subjected to at least one evaluation per year carried out by the Chief Wool Trader. Such evaluations are carried out with regard to specific parameters, including:

- quality of the product supplied;
- observance of Vitale Barberis Canonico standards;
- observance of delivery times;
- service (promptitude, reply times, support documentation);
- competitiveness.

The data are registered in internal evaluation software and distributed to suppliers to enable them to compare their performance with that of others.



Wool Excellence Club & Wool Excellence Award



The quest for excellence and quality of the raw material led Vitale Barberis Canonico to create the **Wool Excellence Club**, which is built on four fundamental pillars: quality, training, loyalty, marketing and sustainability.

The objective is to bring together and remunerate the quality of fibre obtained by sustainable practices aimed at the protection and conservation of specific breeds of sheep producing particularly good quality wool and traceable to the Saxon breed, which goes back to the beginnings of the Australian breeding system since its development in the 18th century.

This objective is complemented by the wish to reinforce the relationship of mutual trust and virtuous cooperation between the wool mill and the Australian producers (currently 30 farms) by establishing direct relationships that are individual and long term and consist of dialogue and exchanges between the parties.

The breeders are supported by particularly favourable purchasing policies: in addition to the price based on the quotation of the international market, the Company supplements it by a margin which not only takes into consideration the production costs, but also recompenses the breeders for their everyday dedication.

Additionally, and still with a view to rewarding excellence and quality, since 2014, the Company has instituted the **Wool Excellence Award** in order to recompense the annual production of a member farm, recognising the breeder who has concentrated his or her efforts on all of the flocks, electing to classify the wool produced according to the highest standards and with the greatest attention possible. The award consists of a financial reward and a prize trip to Italy to visit the Vitale Barberis Canonico premises.

The award ceremony for the Wool Excellence Award 2019 was celebrated on 27th October at the iconic Prince Deck in Melbourne, Australia. Representatives from Vitale Barberis Canonico were joined by members of the Wool Excellence Club from New South Wales, from Victoria and also from Tasmania, together with other important names from the sector.

The winners were the Barber family from Coliban Park, in Victoria. Mr and Mrs Barber represent the 4th generation at the helm of their farm since 1917, and they run the property with the help of their four children. They are the proud owners of a flock of more than 27,000 Saxony sheep which, as a result of the landscape and the composition of the soil of Coliban Park, live in an ideal environment for the reproduction and the safeguarding of this native breed.



Responsible supply chain

Animal welfare

Vitale Barberis Canonico considers animal welfare to be an essential condition for the procurement of raw materials, which is produced by its suppliers in breeding stations in countries where specific standards pertain.

The international reference is that of the five freedoms of animals as reflected in the “OIE Terrestrial Animal Health Code”¹⁸ of the World Organisation for Animal Health, and, concerning more specifically the wool sector, in the “Specifications for Wool Sheep Welfare”¹⁹ of the IWTO – International Wool Textile Organisation. In Australia, moreover, it is also reflected in the “Australian Animal Welfare Standards and Guidelines for Sheep”²⁰ of the organisation Animal Health Australia.

The Company is a shareholder in New England Wool (NEW), which has its headquarters in Australia, and which has always promoted and supported the concept of sustainable superfine wool production, and which observes the proactive promotion of best practice relative to animal welfare and environmental protection.

In 2005, New England Wool introduced its own declaration system for No Mulesed/Ceased Mulesed. At that time, it was the first and only company to create a database for voluntary declarations demonstrating the status of mulesing.

A little later, it also introduced an incentivisation policy which rewarded every No Mulesed bale of wool, to be added to the value determined at auction, with the objective of participating in the increased costs sustained by the breeder. This policy then progressed to the granting of contract awards with direct breeders and with special limited “premiums” during auctions.

The Australian Wool Exchange (AWEX), the semi-government body which manages the public wool auction system, created and introduced its own National Wool Declaration (NDW) in 2010.

New England Wool has continued to actively support the NWD, the Classing Code of Practice for shearing, the requirements for animal welfare and environmental sustainability by means of the development of the SustainaWOOL Integrity Scheme issued in 2015.

On 25th June 2019, New England Wool transferred the intellectual property of the SustainaWOOL Integrity Scheme to the manager of the regulated wool market, AWEX, for non-profit purposes with the aim of entrusting it to an independent body while increasing its authority, credibility and the dissemination of the SustainaWOOL protocol.

¹⁸ - http://www.oie.int/index.php?id=169&L=0&htmfile=chapitre_aw_introduction.htm

¹⁹ - <https://www.iwto.org/resources/iwto-specifications-for-wool-sheep-welfare>

²⁰ - <http://www.animalwelfarestandards.net.au/files/2011/01/Sheep-Standards-and-Guidelines-for-Endorsed-Jan-2016-061017.pdf>



The SustainaWOOL Integrity Scheme protocol defines the benchmarks for sustainability standards within the Australian wool production system and guarantees to the consumer integrity and traceability along the entire production chain.

The scheme prescribes that the farms be managed at the highest standards of animal welfare, ethics and product quality. These represent the pillars on which the protocol is founded:



ANIMAL WELFARE

It defines the minimum criteria acceptable for the health and well-being of the sheep, only accepting farms which are characterised by mulesing-free practices (classified as SustainaWOOL™ GREEN) or which only carry out mulesing under the administration of pain relief (classified as SustainaWOOL™ BLUE). The protocol only accepts breeders who are not subject to disputes under the national Animal Welfare Act.



ETHICAL FARM MANAGEMENT

It requires precise standards both with regard to the working conditions and health and safety of the staff, as well as for the structure of the farm, the paddocks and sheds where the animals live and where normal sheep farming activities are carried out such as shearing and taking care of the animals themselves.



PREPARATION OF THE WOOL

It establishes the requirements for shearing, insisting on trained and careful shearers, and for wool classing, which is carried out pursuant to the AWEX Classing Code of Practice, thus guaranteeing detailed conditions for the well-being of the animals during this phase of their lives.

SustainaWOOL now has more than 1,000 accredited farms, which are subject to periodic audits and samples taken by auditors appointed by AWEX. The checklist used examines the following topics in detail:

- animal welfare;
- traceability;
- environmental protection and use of chemical substances;
- social responsibility;
- wool classification and shearing;
- care and transport between paddocks or into the sheds.

<http://sustainawool.com.au/>

Centrality of the product and customer care

Made in Italy

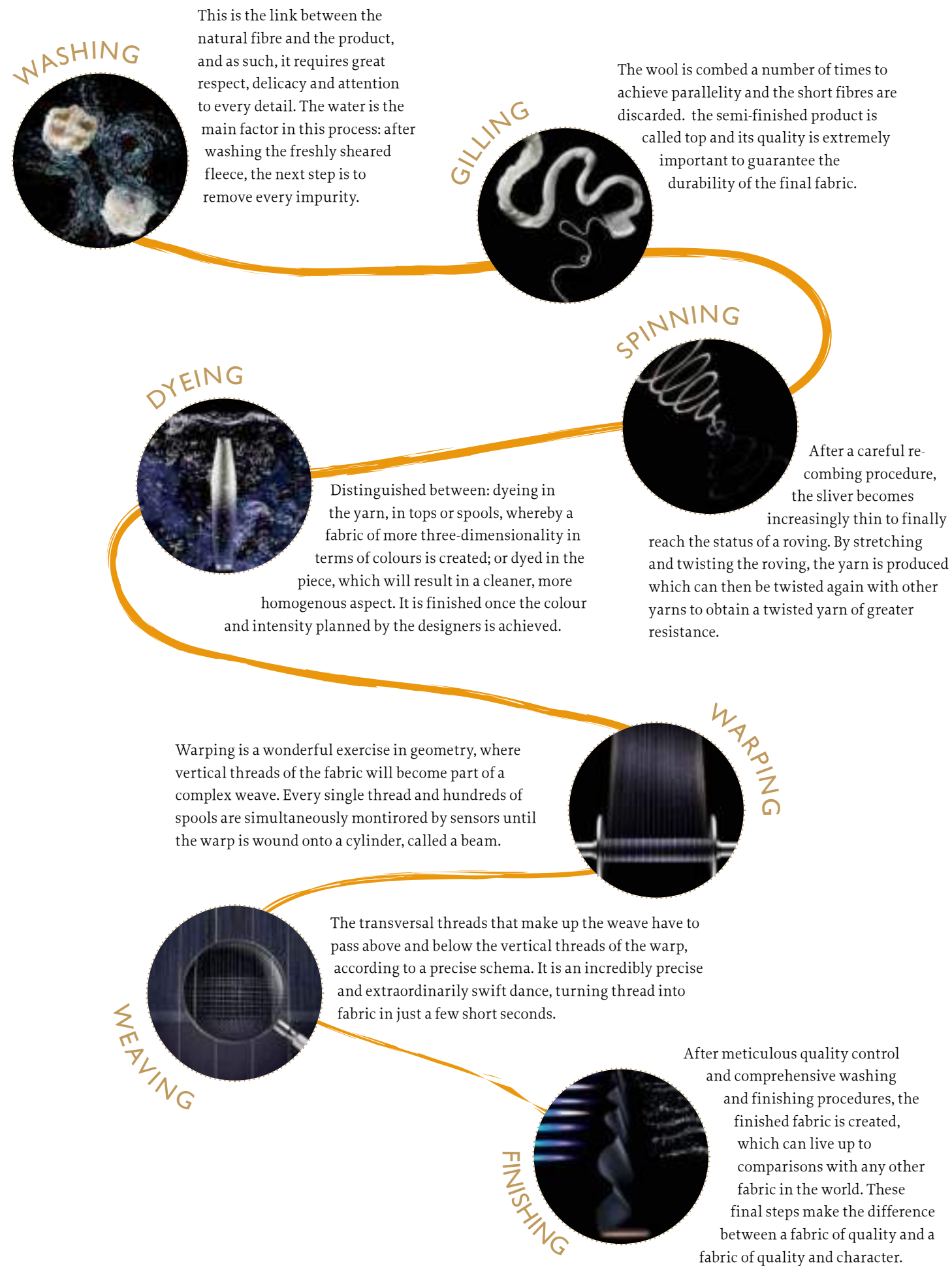
As a result of its tenacity and maintenance of complete production cycles only in Italy, in the Province of Biella, Vitale Barberis Canonico is probably the oldest wool mill in the world and one of the most prestigious brands of “Made in Italy” throughout the world.

The true concept of Made in Italy, meaning the washing of the greasy wool right through to the finished product all being carried out in Italy, represents one of the main values of the Company, as it is fundamental to the quest for excellence in terms of both products and processes. Vitale Barberis Canonico extends its roots in the local culture, which has sustained its textile-producing history for more than 350 years, and which is expressed in the wisdom of local know-how.

The Company strongly believes in the values of its own region and uses its own resources to continuously invest in Italy, equipping its facilities in Pratrivero and Pray with state-of-the-art technology requiring significant efforts in term of finances, research and development.

The more than 200 operations that take place between the arrival of the raw material and the finished fabric can be grouped into seven production phases – washing, gilling, spinning, dyeing, warping, weaving and finishing – are all carried out exclusively in Italy in its own facilities. It should also be noted that the fact of working in a production cycle which is completely integrated also minimises the environmental impact of transporting semifinished products.

Fusing the deep-founded culture of Italian production with traditional British style, the famous Vitale Barberis Canonico fabrics act as an Italian ambassador for priceless Italian know-how and taste for beauty in all the world.



Fabric Academy

In 2013, the Fabric Academy project was initiated as a result of the legacy of skills which have been collected and the wish to share them, with the objective of promoting and spreading the culture of high-quality fabrics and how to dress well in them. This involves a didactic-experiential path aimed at supporting those who place the end product on the market and at exploring the skills required in many aspects of creating fabrics and men's clothing, from the basic weave, to the processing of the wool, from the history of textiles to the latest trends, with the added aspects of communication and marketing.

Planned in the historical site of Pratrivero and in the new Vitale Barberis Canonico showroom in 23 Via Solferino, the course is proposed throughout the world to both professionals in the clothing sector and those who are passionate about fabrics and men's style. The programme enables the spread of skills by means of which experts and workers in the sector can meet and collaborate, constantly generating new stimuli and creating a real sense of community of ideas and passions.

In the last three years, the training sessions have involved not only customers, associations and journalists, but also, and most importantly, students from Italian and international fashion institutes and business schools. In particular, in the course of 2019 alone, Vitale Barberis Canonico held a total of 31 training sessions in 6 different countries. There were 1,141 participants involved, 14% more than 2018, of whom 70% were customers and 30% were students.



- 31 training sessions
- 1,141 participants
- 6 countries



Centrality of the product and customer care

Quality and safety of the products

Quality and safety of the products represent priorities for Vitale Barberis Canonico which, by making available significant human, technical and financial resources, pursues the goal of guaranteeing and increasing customer satisfaction.

The quality policy and the plan for continuing improvement are defined by the Directors in collaboration with Middle Management and those in charge of the various functional units, so they can then be disseminated to all levels.

Every fabric, exclusively "Made in Italy", is planned and developed in house with the possible aid of some steps by third parties, all of them with their headquarters in Italy and for the most part, locally. The accurate selection of raw materials and the choice of purchasing dyes and auxiliary chemical supplies only from the best companies in Europe are fundamental, essential factors to guarantee a finished product which is both safe and of excellent quality.



Adapting its production processes to the requirements of the UNI EN ISO 9001:2015 standard has enabled the Company to develop more efficient control instruments, indispensable for the creation of products which satisfy customer demands and fulfil legal requirements pertaining to the sector. This certification for Process Quality Management, already awarded in 2009, was extended in 2019 to include the showroom in Milan, which was included in the category of *Showrooms and organisation of promotional events*.

The increase in operational efficiency has facilitated further improvements in the perception of the Company vis-à-vis its stakeholders.

Vitale Barberis Canonico constantly subjects materials used to vigilant checks in terms of physical-mechanical and chemical requirements, with the aim of guaranteeing the satisfaction of customer expectations.

During the prototyping phase, any new product is tested in order to validate its characteristics before including it in the collection. During the production process it goes through four phases of Quality Control in each of which the fabric is painstakingly checked, centimetre by centimetre, by the eyes of the dedicated workforce. All fabrics are subjected to vigilant final inspections in order to verify both quality and visual aspects before being dispatched.

The data collected over this two-year period demonstrate the excellence in and capacity of supplying fabrics which conform both to the requirements previously established by the customers and those which are legally applicable. The Company succeeded in satisfying

customer requirements, confirming its already optimal performance as had been reached the preceding year. In 2019 product compliance was observed to be at 99.84% in line with the 2018 value of 99.90%²¹.

The Company has always placed the health and safety of the consumer in the forefront and operates within legislation governing hazardous materials with particular reference to:

- the European REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals);
- the Chinese GB standard (National Standard of the People's Republic of China);
- the Guidelines on the eco-toxicological requirements as issued by the Camera Nazionale della Moda Italiana (National Chamber of Italian Fashion);
- MRSL (Manufacturing Restricted Substances List) of the ZDHC Foundation.

Chemical products are carefully evaluated before being used in the production cycle both by the Head of the department in question and by the Technician Responsible. Analysis on the fabric samples are carried out by third-party laboratories according to a pre-programmed periodicity in order to achieve a type of screening for all the production cycle. Other analysis may be carried out directly by the customers or by the customs services. As Vitale Barberis Canonico has never been penalised with fines, sanctions or recalls, the chemical conformance of the products is evident.



Since 2012, the entirety of the fabrics produced by Vitale Barberis Canonico has been certified by the **Associazione Tessile & Salute** as a sign that they satisfy all necessary requirements to participate in the project financed by the Italian Ministry of Health with the aim of protecting the health of its citizens, guaranteeing the safety and traceability of the product to the end consumer.

²¹ - The data relating to product quality conformity are the result of an approximation aimed at homogenizing financial and quantitative data.

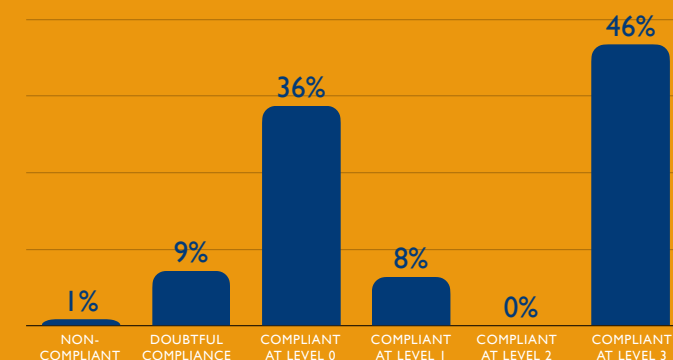
Chemical Management pursuant to the ZDHC MRSL Conformance Guidance

In 2019, Vitale Barberis Canonico started on the path for the adoption of the MRSL – Manufacturing Restricted Substances List – of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation with the aim of eliminating hazardous chemical substances in its production processes.

During 2019, the Company focused its activities regarding Chemical Management on the in-house management of chemical products and related compliance with the MRSL ZDHC V1.1. Started during 2019 and planned to completely finish in 2020, on the other hand, there is the involvement of the external fabric processing, with specific focus on those of high chemical risk (dyeing and finishing), in the course of the implementation of the MRSL ZDHC V1.1. The main steps are given below.



In the Chemical Inventory, the chemical products were classified according to their level of compliance with regard to the ZDHC Gateway. 90% of the compounds used in 2019 were in compliance with the MRSL ZDHC V1.1. 9%, however, represented two-thirds of the new formulation products for which the necessary tests were initiated by the supplier, and approximately one third of the compounds taken off the market and in stock in the Company, for which reason they were included in a disposal plan. Only one product, corresponding to 1%, proved to be non-compliant and therefore was included in the phase-out process.



Centrality of the product and customer care

Customer satisfaction

For Vitale Barberis Canonico, customer satisfaction translates into the ability to offer a range of products which are differentiated and attractive, to respond to market demand and operate with efficacy and efficiency, and with maximum transparency. The aim is to build and maintain relationships with its customers which are fluid, consolidated and based on mutual trust.

It is a given within the Company that relationships with customers are pursued honestly and correctly, while honouring any commitments made. From the start of any commercial activity, all the different customer needs, both explicit and implicit, are collated. The requirements regarding products and services are thus translated into technical and functional terms in order to guarantee such products and services. These also include quality, conformance and delivery times.

In the event of problems arising after sale, the complaints management procedure, which follows on from the communication from the commercial office, foresees the acceptance of delivery by the Company quality control department. The complaint may result in goods being returned, substituted, reconditioned or, where these are not possible, in a financial adjustment. The performance data for customer satisfaction – as evidenced in the preceding pages - are calculated on the basis of the relationship between metres sold and payments made.

The Code of Ethics provides for attention and respect towards all customers in equal measure irrespective of the size of their company, nationality and tendency to buy, and disseminates such behavioural rules within the Company by means of appropriate training, information and communication instruments.

Vitale Barberis Canonico guarantees that information and data acquired and processed in the execution of Company work shall be used according to the local and national data protection requirements. In line with the new requirements as stipulated by the GDPR regulation, it is also forbidden to carry out any illicit processing of data or commit any computerised crime.

Centrality of the product and customer care

Traceability and transparency

The concept of transparency is one of the most important Company values which is evidenced in the manufacturing process by the traceability of the products.

In an integrated, vertical production system, although very complex, Vitale Barberis Canonico has invested resources to make available a computer programme which is able to follow and track the production chain of every individual piece, right from the origins of the bale of wool which make up the finished product. The project was started in 2018 and became operative in 2019.

Using a table, it is today possible to look through the components of the product with specific details regarding:

- the farm the bale of wool originated from;
- the batches of greasy wool making up a lot of combed wool;
- the lots of combed wool included in the semi-finished materials for dyeing;
- the semi-finished materials for dyeing included in the blends for spinning;
- spun yarns.

To a certain extent, the traceability project responds to requests from some wholesalers, retailers, tailors for the checking of the production processes, but on the other hand and along with these other entities, it aspires to contributing to a culture of products and processes thus leading the end consumer to a type of behaviour which is therefore both aware and responsible.



NOTE ON METHODOLOGY

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The Lanificio Vitale Barberis Canonico Group prepares the financial reports to which, as an integral part, in addition to Vitale Barberis Canonico S.p.A., the companies Drapers S.r.l. and Pyramul Pastoral Ltd. also belong.

This document represents the second Sustainability Report by Vitale Barberis Canonico S.p.A. describing the initiatives and most important results in economic, social and environmental terms as achieved by the Company during the year 2019. The Sustainability Report has the aim of illustrating the sustainability strategies at Vitale Barberis Canonico and the performance in this connection relative to the two production sites, in Pratrivero and Pray, both of which are in the Province of Biella.

This document has been drafted voluntarily and responds to the Company's wish to share the most significant data relating to social responsibility with a view to creating transparency vis-à-vis its stakeholders. In the preparation, the Company has availed itself of the assistance of external consultants who have verified the correct application of the Editing Principles.

In this document, Vitale Barberis Canonico S.p.A. is referred to as "the Company". The Sustainability Report 2018 has been prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards", defined in 2016 by the Global Reporting Initiative (GRI), Core option. The contents and the indicators given in the tables were defined starting with the results of the materiality analysis carried out at the end of 2019, which involved the Management using a participatory process to identify the environmental, economic and social aspects relevant for the Company. In the appendix to the document, the GRI Content Index is provided wherein the GRI indicators pertaining to all of the material topics are given.

The scope of the financial data is the same as that in the Financial Statement of Vitale Barberis Canonico S.p.A. as of 31st December 2019. The scope of the data and of the social and environmental information includes both of the Company's production sites (Pratrivero and Pray). The data and the information included in this document, unless otherwise indicated, are in relation to the operational year of 2019 (from 1st January 2019 to 31st December 2019). However, with the objective of facilitating an evaluation of the dynamics of the Company's activities, the data and information for the preceding year, where available, have also been included in order to have a comparison. In addition, to provide a more accurate representation, information has been included which is relative to actions undertaken in previous years that still have an effect on the Company's activities in the present.

With the aim of providing an accurate representation of the performance and to guarantee reliability of the data, the inclusion of estimations has been limited as far as possible and, if included, they are based on the best methodology available and are accordingly flagged up.

In line with the new adaptations in relation to the GDPR regulations, the data protection principles applied in the writing of this Report refer to an anonymous aggregation in order to prevent the identification of the persons whose data are being processed.

REFERENCE PERIOD Financial year from 1st January 2019 to 31st December 2019

FREQUENCY Annual

LAST DOCUMENT Sustainability Report 2018

REFERENCE PERSONS Lucia Bianchi Maiocchi - Francesca Pilati

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SCOPE OF IMPACT

In the following table, please find the GRI Standards corresponding to the topics identified for Vitale Barberis Canonico by means of a materiality analysis and the relative scope, with the indication of the type of impact connected to these topics.

Material topics	GRI Standards Topics	Boundary	Type of impact
Ethics and compliance	<ul style="list-style-type: none"> • Anti-corruption • Anti-competitive behaviour • Socioeconomic compliance 	The Company; public administration and local authorities	Generated by the Company
Protection of working conditions	<ul style="list-style-type: none"> • Occupational health and safety • Human rights assessment 	The Company; people; suppliers; industry associations	Generated by the Company and directly connected to its activities
Customer satisfaction	<ul style="list-style-type: none"> • Customer health and safety • Customer privacy 	The Company; customers; end consumers	Generated by the Company
Quality and Made in Italy	<ul style="list-style-type: none"> • Materials 	The Company; customers; end consumers; suppliers; media	Generated by the Company and directly connected to its activities
Community support	<ul style="list-style-type: none"> • Local communities 	The Company; local community	Generated by the Company and directly connected to its activities
Value creation	<ul style="list-style-type: none"> • Economic performance 	The Company; public administration and local authorities; suppliers; customers; local community; end consumers; people; shareholders and financial community	Generated by the Company
Animal welfare	n/a	The Company; suppliers	Generated by the Company and directly connected to its activities
Responsible use of chemical substances	<ul style="list-style-type: none"> • Effluents and waste 	The Company; customers; end consumers; suppliers	Generated by the Company and directly connected to its activities
Company welfare	<ul style="list-style-type: none"> • Employment 	The Company; people	Generated by the Company
Environmental responsibility	<ul style="list-style-type: none"> • Environmental compliance 	The Company; public administration and local authorities; local community	Generated by the Company
Management of water resources	<ul style="list-style-type: none"> • Water and effluents 	The Company; local community	Generated by the Company
Responsibility and traceability in the supply chain	<ul style="list-style-type: none"> • Procurement practices • Supplier social assessment 	The Company; suppliers	Generated by the Company and directly connected to its activities
Development of human capital	<ul style="list-style-type: none"> • Employment • Training and education 	The Company; people; universities and research centres	Generated by the Company
Energy efficiency improvements and emission reductions	<ul style="list-style-type: none"> • Energy • Emissions 	The Company; local community	Generated by the Company and directly connected to its activities
Diversity and equal opportunity	<ul style="list-style-type: none"> • Diversity and equal opportunity • Non-discrimination 	The Company; people	Generated by the Company
Waste management and recycling	<ul style="list-style-type: none"> • Effluents and waste 	The Company; local community	Generated by the Company and directly connected to its activities

GRI CONTENT INDEX

Generale information

GRI 102: General Disclosures (2016)		Page	Notes/Reason for omission
Organisational profile			
102-1	Name of the organisation	11	
102-2	Activities, brands, products and services	13-14	
102-3	Location of headquarters	99	
102-4	Location of operations	10	
102-5	Ownership and legal form	16-17, 91	
102-6	Markets served	12	
102-7	Scale of the organisation	10	
102-8	Information on employees and other workers	35-37	
102-9	Supply chain	73-78	
102-10	Significant changes to the organization and its supply chain	16	No significant changes occurred in the organization, in its Governance or in its supply chain during 2019.
102-11	Precautionary Principle or approach	17 - 19	
102-12	External initiatives	57, 64, 66	
102-13	Membership of associations	23	
Strategy			
102-14	Statement from senior decision-maker	7	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	15	
Governance			
102-18	Governance structure	16-17	
Stakeholder engagement			
102-40	List of stakeholder groups	22	
102-41	Collective bargaining agreements	-	100% of employees are covered by national collective bargaining agreements.
102-42	Identifying and selecting stakeholders	22-23	
102-43	Approach to stakeholder engagement	22-23	
102-44	Key topics and concerns raised	22, 24-25	
Reporting practice			
102-45	Entities included in the consolidated financial statements	91	
102-46	Defining report content and topic Boundaries	22-25, 92	
102-47	List of material topics	25	
102-48	Restatements of information	62, 91	
102-49	Changes in reporting	91	
102-50	Reporting period	91	
102-51	Date of most recent report	91	
102-52	Reporting cycle	91	
102-53	Contact point for questions regarding the report	99	
102-54	Claims of reporting in accordance with the GRI Standards	91	
102-55	GRI content index	93-99	
102-56	External assurance	-	This Report has not undergone external assurance by an independent third party organization.

GRI CONTENT INDEX

Specific Information

GRI 200: Economic series Disclosure		Page	Notes/Reasons for omission
Economic performance			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	26, 92	
103-2	The management approach and its components	26	
103-3	Evaluation of the management approach	26	
GRI-201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	26	
Procurement practices			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	74-75, 77, 92	
103-2	The management approach and its components	89	
103-3	Evaluation of the management approach	75-85	
GRI-204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	76-77	
Anti-corruption			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	18, 92	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	18	
GRI-205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	-	In the course of 2019, there were no such cases.
Anti-competitive behaviour			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	18, 83	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	18	
GRI-206: Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-	In the course of 2018, there were no such cases.

GRI 300: Environmental series Disclosure		Page	Notes/Reasons for omission
Materials			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	73-75, 77, 92	
103-2	The management approach and its components	73	
103-3	Evaluation of the management approach	75	
GRI-301: Materials (2016)			
301-1	Materials used by weight or volume	74	
Energy			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	58-59, 92	
103-2	The management approach and its components	58	
103-3	Evaluation of the management approach	58	
GRI-302: Energy (2016)			
302-1	Energy consumption within the organisation	58	
302-3	Energy intensity	58	
Water and effluents			
GRI-103: Management approach (2018)			
103-1	Explanation of the material topic and its boundary	63, 92	
103-2	The management approach and its components	63	
103-3	Evaluation of the management approach	63	
303-1	Interactions with water as a shared resource	63	
303-2	Management of water discharge-related impacts	65-67	
GRI-303: Water and effluents (2018)			
303-3	Water withdrawal	64	
303-5	Water consumption	64	
Emissions			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	60, 92	
103-2	The management approach and its components	60-62	
103-3	Evaluation of the management approach	60-62	
GRI-305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	62	
305-2	Energy indirect (Scope 2) GHG emissions	62	
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	62	
Effluents and waste			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	68-69, 92	
103-2	The management approach and its components	68-69	
103-3	Evaluation of the management approach	68-69	
GRI-306: Effluents and waste (2016)			
306-1	Water discharge by quality and destination	65-67	

306-2	Waste by type and disposal method	68	
306-3	Significant spills	-	In the course of 2019 there were no spills.
306-4	Transport of hazardous waste	-	100% of the hazardous waste produced by VITALE BARBERIS CANONICO is transported by the Company itself.
Environmental compliance			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundary	19, 99	
103-2	The management approach and its components	19, 59-69	
103-3	Evaluation of the management approach	19, 59-69	
GRI-307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	-	In the course of 2019 there were no events of non-compliance which resulted in significant fines for VITALE BARBERIS CANONICO.

GRI 400: Employment Disclosure		Page	Notes/Reasons for omission
Employment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	35, 92	
103-2	The management approach and its components	35-41	
103-3	Evaluation of the management approach	35-37	
GRI-401: Employment (2016)			
401-1	New employee hires and employee turnover	39	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	46	
401-3	Parental leave	47	Pursuant to Italian law, all employees have the right to request parental leave. As of 31.12.2019 the retention rate was 100% ²² .
Occupational health and safety			
GRI-103: Management approach (2018)			
103-1	Explanation of the material topic and its boundary	48-49, 50-53, 92	
103-2	The management approach and its components	50-51	
103-3	Evaluation of the management approach	50-51	
403-1	Occupational health and safety management system	51	
403-2	Hazard identification, risk assessment, and incident investigation	51	
403-3	Occupational health services	50-51	
403-4	Worker participation, consultation, and communication on occupational health and safety	50-51	
403-5	Worker training on occupational health and safety	51	

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²² - Calculated on the basis of the ratio between the total number of employees still employed 12 months after the end of parental leave and the total number of employees who returned to work in the preceding report periods.

403-6	Promotion of worker health	50-51	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50-51	
GRI-403: Occupational health and safety (2018)			
403-9	Work-related injuries	52-53	
403-10	Work-related ill health	52-53	
Training and education			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	38, 92	
103-2	The management approach and its components	38-39	
103-3	Evaluation of the management approach	38-39	
GRI-404: Training and education (2016)			
404-1	Average hours of training per year per employee	41	
Diversity and equal opportunity			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	42-43, 92	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
GRI-405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	44	
Non-discrimination			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	42-44, 92	
103-2	The management approach and its components	42-44	
103-3	Evaluation of the management approach	42-44	
GRI-406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	-	In the course of 2019 there were no incidents of discrimination.
Human rights assessment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	44, 92	
103-2	The management approach and its components	44	
103-3	Evaluation of the management approach	44	
GRI-412: Human rights assessment (2016)			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	74	
Local communities			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	27, 92	
103-2	The management approach and its components	27-29	
103-3	Evaluation of the management approach	27-29	

GRI-413: Comunità locali (2016)			
413-1	Operations with local community engagement, impact assessments, and development programmes	27-29	
Supplier social assessment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	27-29	
103-2	The management approach and its components	74-75	
103-3	Evaluation of the management approach	74-75	
GRI-414: Supplier social assessment (2016)			
414-1	New suppliers that were screened using social criteria	-	All of the Company's suppliers are obliged to read the VITALE BARBERIS CANONICO Code of Ethics.
Customer health and safety			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	85, 92	
103-2	The management approach and its components	85	
103-3	Evaluation of the management approach	85-86	
GRI-416: Customer health and safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	In the course of 2018 there were no cases of non-compliance concerning customer health and safety.
Customer privacy			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	88, 92	
103-2	The management approach and its components	88	
103-3	Evaluation of the management approach	88	
GRI-418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	88	
Socioeconomic compliance			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	18, 92	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	18	
GRI-419: Socioeconomic compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	-	In the course of 2019 there were no cases of non-compliance which resulted in significant fines for VITALE BARBERIS CANONICO.
Animal welfare			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	80-81, 92	
103-2	The management approach and its components	80	
103-3	Evaluation of the management approach	80	



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