

SUSTAINABILITY REPORT

2021



VITALE BARBERIS CANONICO

✂ ————— ✂
1663

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LETTER TO OUR STAKEHOLDERS

On balance, 2021 was a year that moved at two speeds. In the first half of the year, business was sluggish due to the carryover effects of the COVID-19 pandemic, while the second half saw business pick up briskly and the main markets reported strong signs of recovery. However, this scenario was further complicated by discontinuity in international logistics services and widespread price hikes in energy and raw material costs. At the time of publishing this report, the situation appears to be far from stabilising, due to the outbreak of the Ukrainian crisis, which could lead to economic and financial repercussions with uncertain outcomes, in addition to the terrible humanitarian impact.

However, business complexities have not undermined our commitment to CSR; despite a slowdown in corporate investments, we have not cut expenditure in CSR, which has resulted in significant improvements from the standpoint of performance in people, environment and product management.

People are always top of our list of priorities. In 2021, we renewed our focus on managing and implementing protocols for preventing the Covid-19 infection, thanks to which we have contained the effect of the pandemic, reporting limited impact for number and severity of cases. We also became pioneers in the wool textile industry by implementing trial introduction of wearable exoskeletons, devices that provide joint and muscle support to operators performing work tasks that involve musculoskeletal strain.

In addition to the purchase of electricity from renewable sources, to reduce our environmental footprint, we have chosen

to offset the amount of CO₂ derived from using methane with investments in projects aimed at the generation of sustainable and renewable energy. At the end of 2021, with a view to limiting water usage, we were able to double wastewater reuse in the manufacturing process, increasing the amount from 124 m³/day in 2020 to 245 m³/day. Moreover, we have obtained Chemical Management 4sustainability certification, which aims to eliminate toxic and harmful chemicals from the manufacturing process.

To expand our market offering, we have allocated important resources to product investment which came to tangible fruition in July 2021, with the launch of Offlimits, a range of innovative woven fabrics which endow wool with enhanced performance, thanks to combination with latest generation technical fibres. We have consolidated our commitment to sourcing sustainable raw materials and to a transparent supply chain, gaining two important certifications: RWS (Responsible Wool Standard) and RMS (Responsible Mohair Standard).

Achievement of these goals and publication of the CSR annual Report are a source of pride for us and an opportunity to thank all those working at Vitale Barberis Canonico who pursue the goals of Corporate Social and Environmental Responsibility with enthusiasm and determination on a daily basis.



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



VITALE BARBERIS CANONICO

AT A GLANCE

Vitale Barberis Canonico is one of the oldest wool mills in the world, led since 1663 by the passion of a family that is committed to creating the best Made in Italy fabrics for mens' apparel.

For over 350 years, the Pratrivero and Pray mills, in the heart of the Biella district, where the best waterways for textile manufacturing converge, have been the place where all stages of wool processing have been carried out.

Over 200 steps are required, together with technologically advanced machinery and rigorous quality controls, so that highly skilled workers can create a product of excellence.

With over 5,000 collection variants, each year the team at Vitale Barberis Canonico interprets creativity by seamlessly blending heritage, innovation and sustainability.

100% MADE IN ITALY PRODUCTION ONLY

Full-cycle wool mill

EUR 102 MILLION SALES REVENUE

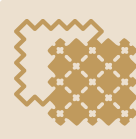
- EUR 26 million in added value
- EUR 92 million net equity

6.5 MILLION METRES OF FABRIC

1.8 million suits and jackets worldwide

INTEGRATED CERTIFICATION

- Quality
- Safety
- Environment



1663

A history spanning more than 350 years

2 HIGHLY AUTOMATED MILLS

Pratrivero and Pray just 3.5 km away

COLLECTIONS

- 2 seasonal collections
- 5,000 variants
- 5 menswear usage occasions: business, formal ceremonies, upper casual, modern tailoring and outerwear

EXPORT:

82% in over 90 countries

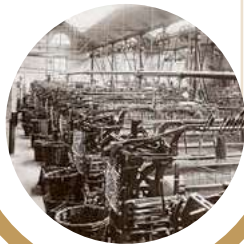


VITALE BARBERIS CANONICO

OUR HISTORY

1868

The first mechanical looms were introduced and dyeing, spinning, weaving and fulling work started around the Pratrivero mill.



1970

Vitale was succeeded by his sons Alberto and Luciano, who transformed the company into a joint stock company. Alberto took charge of developing the technical and technological side, while Luciano focussed on exports, increasing the company's prestige around the world.



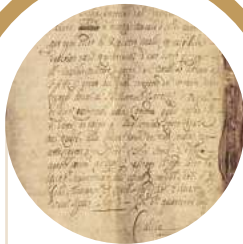
2013

350 years of wool fabric making and Vitale Barberis Canonico became a member of Les Hénokiens, the international association reserved for family-run businesses with at least two hundred years of history.



1663

The "quinternetto delle taglie" (a small five-page list of sizes) described the sale to the Duke of Savoy of a "saia grisa" (grey twill) by Ajmo Barbero and it is the first official document testifying to the wool activity of the Barberis Canonico family.



1936

The partnership between Oreste and Vitale, which gave rise to the modern business, was dissolved against a complex historical backdrop: the global economic crisis had hit markets and fascism limited the entrepreneurial freedom of wool manufacturers.



2008

The new generation took the helm of the Company: Alessandro, Francesco and Lucia still today oversee and run this historic Wool Mill.

2018

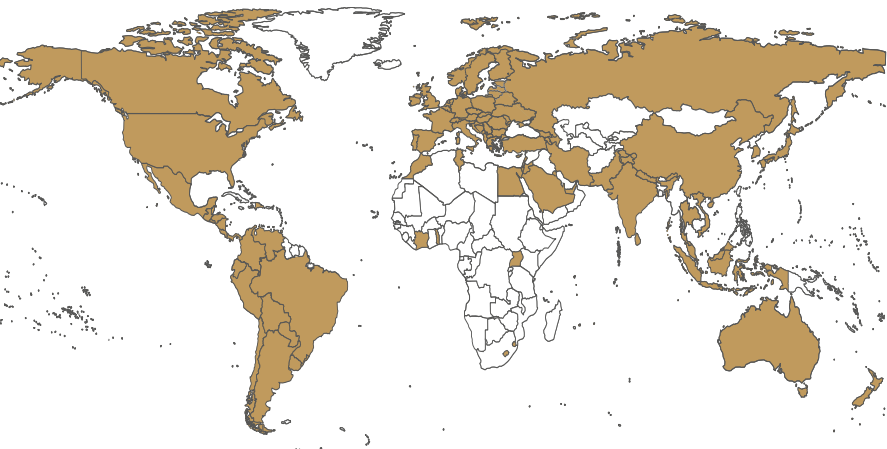
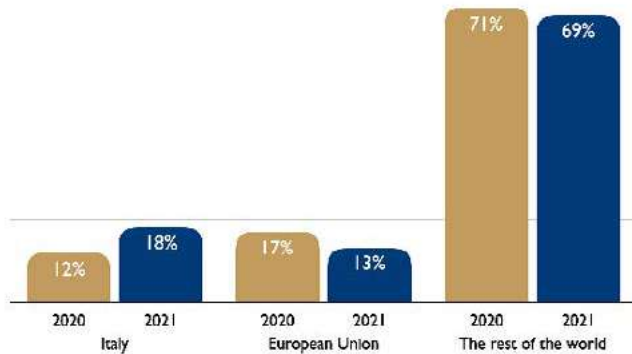
Flagship showroom opening at Via Solferino 23 in Milan: the new location aims to be a flagship venue for designers, tailors and apparel professionals.



VITALE BARBERIS CANONICO

MARKET AND PRODUCTS

Vitale Barberis Canonico is synonymous with excellence in the quality of raw materials, yarns and fabrics, which combine elegance and comfort.



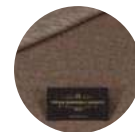
Leader in superfine wool fabrics, the Company is today the leading producer by quantity and largest exporter.

Vitale Barberis Canonico sells its goods all over the world, through the most important clothing brands, retailers and wholesalers. More than 80% of production is intended for export, mainly to China, followed by the Netherlands, Japan, France and the United States, which represent the primary markets.

Customers break down into garment makers and retailers, accounting for 80% of sales, while wholesalers, account for the remaining 20%.

With the aim of satisfying the needs of international customers for wool fabrics and other natural mixes for menwear, the Company takes its cue from classic elegance, while introducing contemporary contaminations, with a view to achieving a perfect balance between classic style and innovation.

The offering is divided into six product ranges:



CLASSIC, inspired by the great textile traditions, it is the benchmark for men's suits and jackets. Of special note, the 21 Micron family was launched and it has been using fully mulesing-free wool since 2020.



VINTAGE, takes its cue from the past to offer a more youthful style with a special focus on colour and natural fibres used.



EARTH, WIND AND FIRE, includes functional fabrics where natural fibres acquire new performance applications via treatments and bonding with membranes.

The water-repellent treatments are Eco Water Repellent, i.e., free from perfluorinated compounds (PFCs).



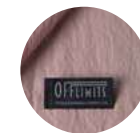
SUPERSONIC, stands for resilient wool and high-twist yarns offering unrivalled crease resistant and comfort, creating fabrics which are perfect for travelling.

Since 2020, the range has been enriched with an offering of knitted fabrics, created using the iconic Vitale Barberis Canonico yarns.



H.O.P.E., is an acronym standing for How to Optimise People and Environment, and it is the fabric range with reduced environmental impact introduced in 2019;

new articles enrich the range each season.



OFFLIMITS was created in 2021, spurred by a desire to innovate, which translated into important investments in research

and development, aimed at designing new fabrics and performance features in line with contemporary apparel styles. Wool is the star that has taken on a new life, endowed with unprecedented functional features, thanks to combination with latest generation technical fibres. With OFFLIMITS, Vitale Barberis Canonico has expanded its offering, while remaining true to its heritage, affording performance combined with a decidedly contemporary aesthetic.



VITALE BARBERIS CANONICO

H.O.P.E. FABRIC RANGE

NON-DYED NATURAL FIBRES



With extraordinary rusticity features, thanks to the use of natural colour camel, alpaca and moray wool fibres. In fact, these products are not dyed.

ERI SILK AND RED ERI SILK COLOURS



Two types of cruelty-free silk are used, since the silk threads are collected only when the butterfly leaves the chrysalis to go to feed and reproduce. The colour difference is due to the different feeding habits of the worm; the orange shades of the Red Eri silk derive from the Citrifolia Ficus, while the yellow shades of the Eri silk derive from the castor plant.

NATURAL COLOURS



Dyed using a new wider colour range obtained thanks to adopting old dyeing techniques by infusing plants, flowers, leaves, roots, fruits and barks.

RECYCLED YARNS



Made with 30% recycled thread from the recovery of discarded material.

BIELLA WOOLS



Featuring a rustic fibre, of standard fineness and locally sourced, coming from the fleece of "Biella" sheep bred using the nomadic shepherding method, a practice included since 2019 in the Representative List of UNESCO Intangible Cultural Heritage. A wool, for a long time intended for disposal is now valued by certain shepherds, who are working with great commitment to constantly improve its quality.

H.O.P.E.

How to Optimise People and Environment



Business Governance and Integrity

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RESPONSIBLE BUSINESS MANAGEMENT



RESPONSIBLE BUSINESS MANAGEMENT

Vitale Barberis Canonico considers sustainability an integral part of business management: people, environment and product are the pillars that guide strategic choices and daily practices.

In line with the values set out in the corporate Code of Ethics, updated in 2021, the Company guarantees responsible and transparent business management.

It pursues long-term business development and reconciles economic and strategic decisions with the assessment of social and environmental impacts in relation to stakeholders' expectations.

It constantly nourishes a robust and lasting relationship with all stakeholders, building an active exchange that enables continuous enhancement of its impact on society and the environment.

Through targeted investments, the aim is to create value over time, recognising corporate social responsibility as a strategic lever for its own development.



BUSINESS GOVERNANCE AND INTEGRITY

OUR VALUES AND PRINCIPLES

For Vitale Barberis Canonico, values are fundamental factors building its identity that have always guided strategic choices.

The Company pursues the achievement of its objectives through activities carried out in compliance with the law and fundamental human rights, based on clear and transparent rules and in harmony with the goals of the community and the local area.

Since 2008, these principles have been set in stone in the Company's Code of Ethics.

Equity and financial soundness is one of the constant values that the Company pursues and protects with a view to managing the cyclical nature of the textile market. The health emergency impacting 2020 and 2021 confirmed the effectiveness of this strategic choice.

For Vitale Barberis Canonico, protecting employees and respecting nature, in addition to the focus on fabrics have always been priorities in its investment strategies.

In the 2021 reporting period, planned financial investment commitments were respected, preferring a greater focus of resources for managing the Covid-19 emergency by protecting the workforce at the Company.



BUSINESS GOVERNANCE AND INTEGRITY

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Vitale Barberis Canonico is a company owned by Lanificio Vitale Barberis Canonico.

The Company adopts a traditional Corporate Governance system, represented by a Board of Directors and a Board of Statutory Auditors.

The corporate governance system includes and is inspired by the principles and application criteria recommended by CODIF – Corporate Governance Code for Non-Listed Companies under Family Control – which endorses:

- the ability of the family owning the company to express a clear vision for the corporate future;
- the possibility for Management (family or non-family) to implement vision using the best resources available on the market.

The Board of Directors is made up of 9 directors, 4 of whom are independent directors, including the Chairman. Women account for 22% of Board membership and a similar percentage is reflected in members aged between 30 and 50 years.

The Board is the watchdog body, ensuring that decisions and pursuit of social interests are given due consideration and weight in compliance with the decisions of the Shareholders' Meeting which expresses the will of the owners. Directors are required to act in the exclusive interest of the Company and to understand the tasks and responsibilities inherent in their office, held by pursuing the priority corporate goal, i.e., the creation of economic and social value on a medium-long term horizon, and paying special attention to areas potentially subject to conflicts of interest. It should be noted that there have been no significant changes in the Organisation and its Governance in 2021.

The organisational structure of Vitale Barberis Canonico establishes roles and responsibilities for the various areas of Corporate Management working under the most senior officer, the Managing Director, alongside the Supervisory Body and the Board of Statutory Auditors, both with 3 members.

The Company has equipped the Governance system with additional entities:

- EXECUTIVE COMMITTEE: composed of a Chairman, a secretary and four other members. The committee's members include strategic figures, such as the Chairman of the Board of Directors, the Managing Director, the heads of the Style and Communication, Sales, Personnel and Sustainability areas. The Committee prepares the topics to be submitted to the Board of Directors and may take certain operational decisions according to the strategic guidelines handed down by the Board;
- SPECIFIC COMMITTEES: such as the Technical Committee, the cross-functional HUB and the Commercial Committee that all meet at regular intervals.

A coordination meeting is also held weekly, involving all heads of function.

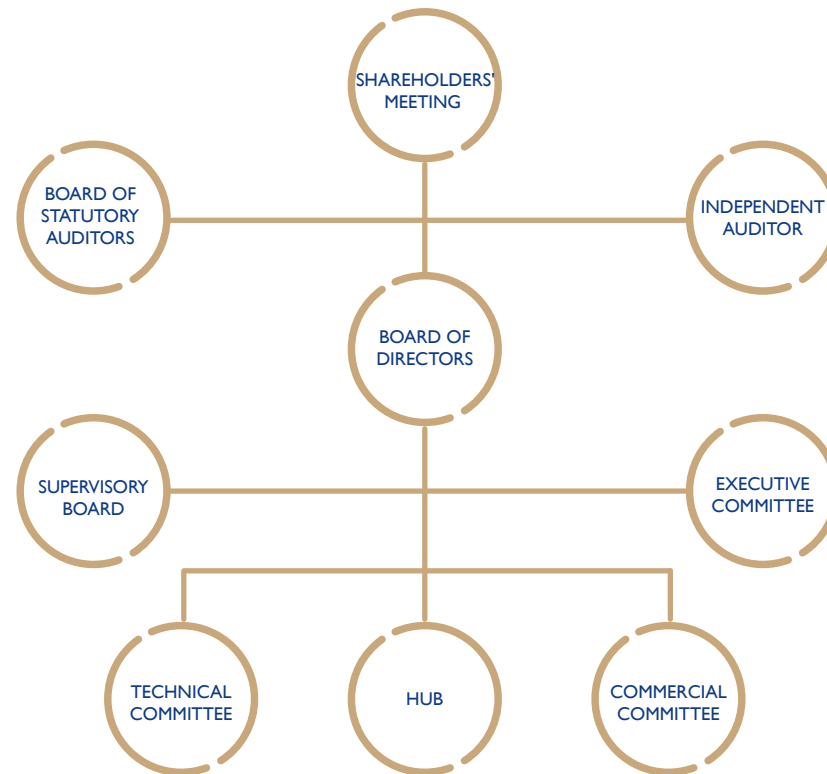


The approach adopted for correct and transparent risk management and the relevant procedures are documented using special reporting forms that include operating methods, responsibilities and resources.

On 5 May, at the Shareholders' Meeting, the 2021 Sustainability Report was approved, which describes the projects and the main economic, social and environmental results achieved by the Company over the reporting year.

Since January 2021 a **cross-departmental HUB** has been operational which, replacing the previous Style Committee, aims to propose bottom-up strategies for the development of seasonal product offerings.

The HUB brings together the expertise of product development, R&D, sales, marketing-communication, production, quality control and CSR, operating following a structured seasonal calendar of plenary or specific meetings and it periodically reports the outcome of its work to the Executive Committee.



BUSINESS GOVERNANCE AND INTEGRITY

LEGISLATIVE AND REGULATORY COMPLIANCE

To protect its position and the jobs of employees and other independent workers, Vitale Barberis Canonico ensures conditions of fairness and transparency in conducting business.

The Company has adopted an in-company control system designed to prevent unlawful conduct and any behaviour contrary to its values.

Since 2008 it has adopted an Organisation, Management and Control Model, in accordance with Italian Legislative Decree 231/01 ("Model 231"), a document prepared following Confindustria (General Confederation of Italian Industry) Guidelines.

Noteworthy in 2021 were activities to adapt and update Model 231 and the Code of Ethics, approved on 26 March by the Board of Directors.

In the year under review, the Supervisory Body received no reports of breaches of the Organisational Model or the Code of Ethics and no objections were raised or detected.

With a view to tangible application of the inspiring principles underpinning the Code of Ethics, the Company promotes awareness through publication in the dedicated section of the corporate website www.vitalebarberiscanico.it and the provision of information and training activities addressing employees, as well as sharing with customers and suppliers.

Model 231 includes:

- the Code of Ethics, which identifies the corporate values and highlights the set of rights and duties of all those who work in any capacity work at and/or with Vitale Barberis Canonico, setting down the rules of conduct to be complied with vis-à-vis all its stakeholder.
 - The Organisational Model, which lists all the criminal offences that may occur within and/or involving the company and the in-company procedures adopted for managing such issues.
- The Disciplinary Penalty System, which prescribes the procedures the company will adopt for persons breaching the relevant rules and principles.

The task of regularly monitoring and verifying the effectiveness of Model 231 is entrusted to the Supervisory Body, whose members are independent in respect of the Company and granted autonomous powers of action and control.



VITALE BARBERIS CANONICO AND SUSTAINABILITY

OUR SUSTAINABILITY APPROACH

For Vitale Barberis Canonico, being sustainable means looking to the past to build the future.

The Company interprets sustainability as the virtuous interrelationship of three areas: economic, social and environmental. The link between these three pillars ensures business sustainability, i.e., the ability to create value over time.

The result of the commitment of previous generations, responsibility towards the community and the local area is a value that Vitale Barberis Canonico has inherited and that still underpins its investment strategies.

The Company draws its main resources from the local area and it is committed to restoring economic growth and reducing its environmental footprint as much as possible through investments and pioneering technologies in its industry.

In 2021, many virtuous achievements may be claimed. Achieving the Responsible Wool Standard and Responsible Mohair Standard certifications in animal welfare and offsetting of CO₂ emissions generated by methane usage thanks to the purchase of climate-neutral gas are especially noteworthy.

Vitale Barberis Canonico was elected among the top 100 companies for the first edition of the **Sustainability Award** held in 2021.

The award, promoted by Credit Suisse and KON Group, aims to recognise the value of Italian businesses that have distinguished themselves in sustainable development, social responsibility and respect for the environment.

The candidate companies underwent an independent assessment aimed at reviewing strategy, management and performance with regard to the main environmental (E), social (S) and governance (G) topics.



1982

- Purchase of first Australian farm.
- Dyeing efficiency.



1989

First generation acoustic cabins.

1996

New finishing department with lower environmental impact.



2001

New high-automation dyeing.

1987

Wastewater treatment plant.



2009

- ISO 9001 Certification.
- Highly efficient new thermal power plant.

2008

Model Law No. 231 and Code of Ethics.

2005

Mapping of mulesing status with New England Wool.

2003

- Adoption of sophisticated post-combustion system.
- Granting of first scholarship.

2012

- New corporate welfare package with benefits.
- Associazione Tessile e Salute (Textile and Health Association) Certification.



2019

- ISO 14001 and ISO 45001 certifications.
- 100% renewable electricity.
- H.O.P.E. fabric range.
- Chemical Management 4sustainability.
- Transfer of SustainAWOOL management to AWEX.

2021

- RWS and RMS certifications.
- Offset of CO₂ generated by methane consumption.



2014

Wool Excellence Club and Wool Excellence Award.

2018

- First Sustainability Report.
- New Integrative Corporate Agreement with improvements.

2016

Water recycling line in finishing.

2015

SustainAWOOL Integrity Scheme Certification.



VITALE BARBERIS CANONICO AND SUSTAINABILITY

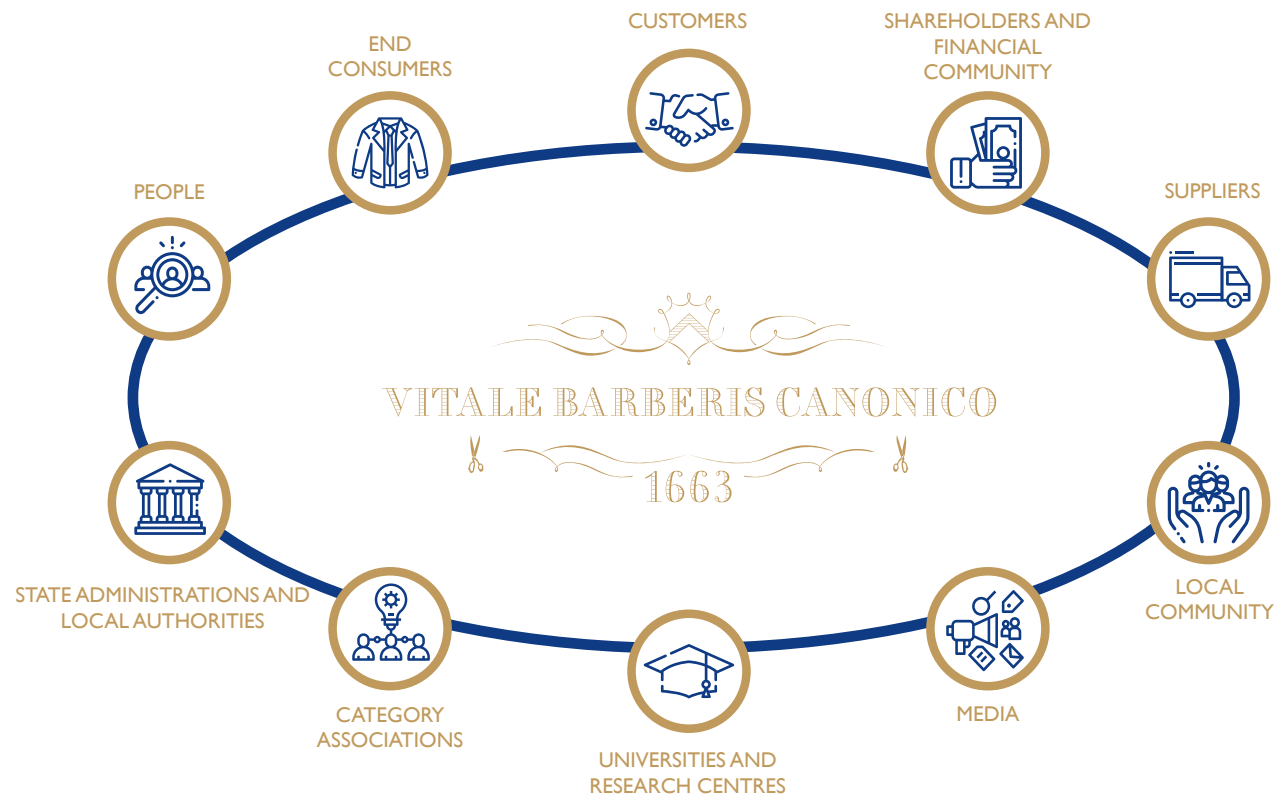
STAKEHOLDER MAPPING

Vitale Barberis Canonico pursues the achievement of its business objectives in the interest of its identified stakeholders.

In-company and outside-company Stakeholders, are parties on which the Company generates a social and economic impact and that, at the same time, have an influence on the Company.

In the business strategy, it is essential to meet the expectations of such interlocutors to strengthen business continuity and create value in the medium and long term, with special regard to the interests of the local area and the community representing the corporate roots.

Starting from the features, the activities and an understanding of the role that the Company plays in the context in which it operates, it has implemented a process for identifying stakeholders by defining a structured path involving top corporate managers.



To pursue its goals in a shared and effective manner, Vitale Barberis Canonico actively works with the following category organisations and associations:



SMI – Sistema Moda Italia (Italian Textile and Fashion Federation): it represents the entire western-world textile and fashion supply chain, at national and international level, protecting and promoting interests in relations with respective stakeholders.



UIB - Unione Industriale Biellese (Biella Industrial Union): a local association of entrepreneurs under the wing of the Confindustria (Italian Federation of Industry) System, whose purpose is to represent, support and develop the Biella industrial fabric.

IDEABIELLA

Ideabiella: an association that aims to promote, organise and manage the showcasing, spread and sale in Italy and abroad of fabrics primarily for men's apparel. Vitale Barberis Canonico S.p.A. is one of the Founding Members, and Alessandro Barberis Canonico, Managing Director of the Company, has been its Chairman since 2015.



Les Hénokiens: an international association reserved for family-controlled businesses with history spanning at least 200

years, whose members are deeply rooted in today's business realities, managing their companies with talent, navigating between innovation and tradition.



AIDAF – Associazione Italiana delle Aziende Familiari (Italian Association of Family-Owned Businesses): reference in Italy for family-run businesses, it brings together 200 companies that represent about 15% of Italian GDP. It is committed to developing a healthy and robust family business model, studying tangible and current management issues and overseeing the personal and professional growth of the new generations.



ASWGA – Australian Superfine Wool Growers Association: voice of the Australian superfine wool industry that brings together breeders and users with the aim of promoting production and spread of Traditional Wool, or particularly fine quality wool from traditional Australian sheep breeds.



Associazione Tessile e Salute (Textile and Health Association): with more than 100 members, it aims to safeguard the health of the consumers with regard to textiles, footwear and accessories, identifying the most effective solutions to counteract and prevent the spread of potentially harmful products, as well as protecting and promoting Made in Italy.



The Woolmark Company: an organisation that highlights the prominent role of Australian wool as best natural fibre and main component of luxury apparel by promoting research, development and marketing activities.



Accademia Nazionale dei Sartori (National Academy of Tailors): the oldest Italian association in the industry that aims to protect the traditions and culture of tailor-made garments, enhancing the product and the training and promotion of young tailors.



Asociación Española de Sastrería (Spanish Tailoring Association): an association created with the aim of promoting and strengthening Spanish tailoring, nationally and internationally.

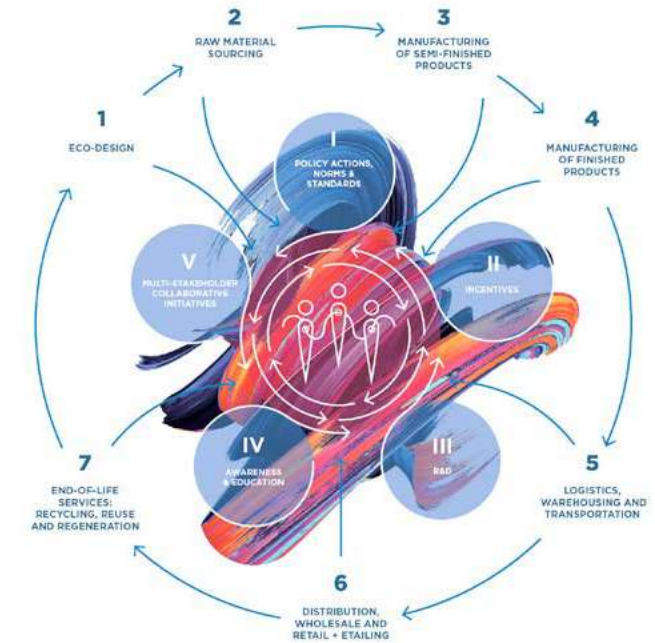


Vitale Barberis Canonico joined **Monitor for Circular Fashion** in 2021, a multi-stakeholder project involving leading companies in the fashion industry and players in the supply chain, with scientific contribution from SDA Bocconi Sustainability Lab and Enel X's cross-industry vision for the identification of circular economy KPIs.

It welcomes virtuous companies and spreads good circular economy practices in the fashion industry, enhancing technical, managerial and scientific skills, with the aim of contributing to the transition towards circular business models.

Specifically, it aims to:

- analyse the evolutionary dynamics of the industry and its main sectors over the next decade;
- investigate the impact of such dynamics and alignment with Sustainable Development Goals that are part of the UN 2030 Agenda;
- identify the main qualitative and quantitative indicators of the circular fashion economy;
- give voice to the Italian fashion industry by creating the Circular Fashion Manifesto to be presented to National and International Institutions and at Summits.



VITALE BARBERIS CANONICO AND SUSTAINABILITY

MATERIALITY MATRIX

Through the materiality matrix, Vitale Barberis Canonico has mapped priority economic, social and environmental sustainability topics for the Company and its stakeholders.

Those aspects that may influence both the performance and decisions of the organisation and the opinions and assessments of stakeholders are defined as "material".

This matrix was prepared in line with the GRI Standards, the universally accepted guidelines for non-financial reporting.

The step mapping sustainability topics relevant to the Company was based on several sources such as, and in the first instance, a comprehensive internal analysis of requests received from customers via specifications, followed by a benchmarking survey on the main topics reported in the sector and a review of internal corporate documentation.

This process led to the identification of 16 topics of an economic, social, environmental, governance and product nature, grouped by macro-areas.

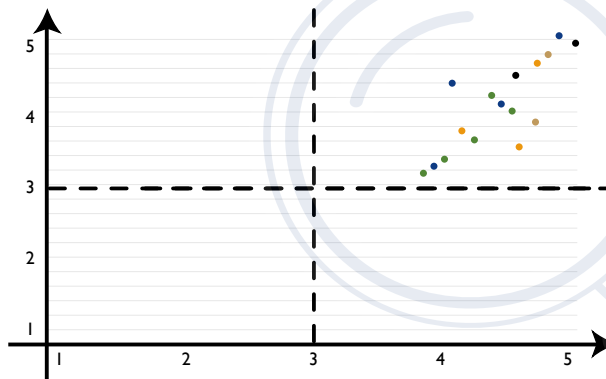
In 2021, at the end of the first three year reporting period, the materiality matrix was updated.

Through the compilation of a questionnaire, the main corporate Management functions were involved with a view to defining relevance for Vitale Barberis Canonico, while for attribution of priorities stakeholder side, certain key figures were involved for each of the categories mapped.

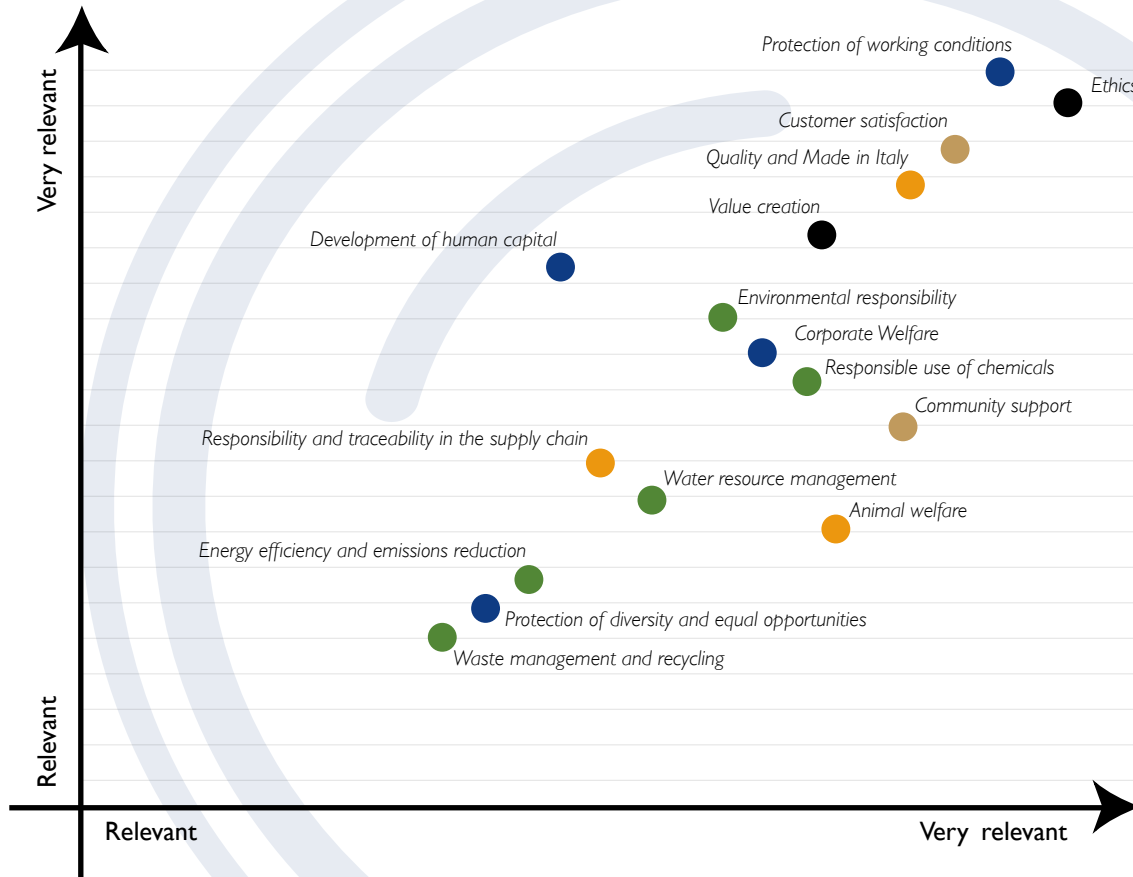
The outcome of this process is reflected in the new materiality matrix.



- GOVERNANCE AND BUSINESS RESPONSIBILITY
- SOCIAL RESPONSIBILITY
- RESPONSIBILITY TOWARDS PEOPLE
- ENVIRONMENTAL RESPONSIBILITY
- PRODUCT RESPONSIBILITY



RELEVANCE FOR STAKEHOLDERS



RELEVANCE FOR VITALE BARBERIS CANONICO



VITALE BARBERIS CANONICO AND SUSTAINABILITY

SUSTAINABLE DEVELOPMENT GOALS

Vitale Barberis Canonico pursues sustainable development through hands-on daily practices, which reconcile business and strategic decisions against assessment of social and environmental impacts in relation to stakeholders' expectations.

These aspects are reflected in the 17 Sustainable Development Goals (SDGs) reported in the 2030 Agenda signed in 2015 by the governments of the 193 UN member countries, which follow up on the outcome of the Millennium Development Goals (MDGs).

The SDGs provide an immediate and internationally recognised way for defining the topics covered in sustainability reporting and for highlighting their contribution to specific goals.

The Goals that the Company considers most linked to its business and to which it directs its commitment for the future are reported in relation to each of the 16 sustainability topics identified in the materiality matrix.





GOVERNANCE AND BUSINESS RESPONSIBILITY

ETHICS AND COMPLIANCE

VALUE CREATION

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY SUPPORT

CUSTOMER SATISFACTION

RESPONSIBILITY TOWARDS PEOPLE

PROTECTION OF WORKING CONDITIONS

CORPORATE WELFARE

DEVELOPMENT OF HUMAN CAPITAL

PROTECTION OF DIVERSITY AND EQUALITY OPPORTUNITIES

ENVIRONMENTAL RESPONSIBILITY

RESPONSIBLE USE OF CHEMICALS

ENVIRONMENTAL RESPONSIBILITY

WATER RESOURCE MANAGEMENT

ENERGY EFFICIENCY AND EMISSIONS REDUCTION

WASTE MANAGEMENT AND RECYCLING

PRODUCT RESPONSIBILITY

QUALITY AND MADE IN ITALY

ANIMAL WELFARE

RESPONSIBILITY AND TRACEABILITY IN THE SUPPLY CHAIN



VALUE CREATION

VALUE GENERATED AND DISTRIBUTED



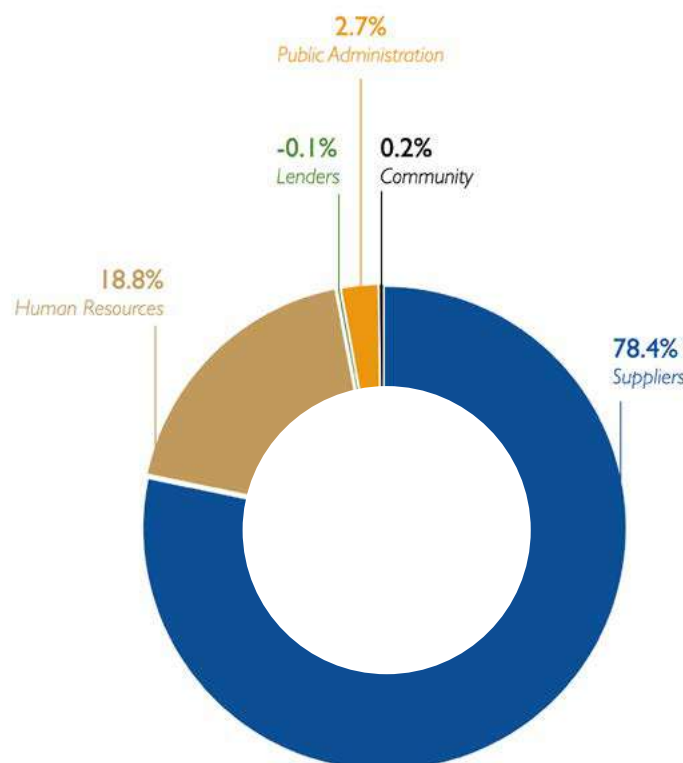
Vitale Barberis Canonico generates wealth by contributing to the economic growth of the social and environmental context in which it operates.

The Company engages in its activities using production-related factors effectively, with the aim of generating additional economic value compared to the resources used.

In reporting period 2021, due to the very significant slowdown suffered by the market in the first half of the year, due to the pandemic emergency, Vitale Barberis Canonico generated economic value worth EUR 101 million, against costs of EUR 104 million, generating an operating loss of EUR 3 million.

Costs incurred generated value that was distributed as follows:

- 78.4% to Suppliers: the cost of supplying goods and providing services for the purpose of developing corporate business represented the most significant portion;
- 18.8% to Human Resources: in the form of salaries and wages, severance pay and other personnel expense;
- 2.7% to Public Administration: via payment of direct and indirect taxes and social security expenses;
- 0.2% to the Community: portion allocated as contributions to local communities by participating in the implementation of social, cultural and sporting projects and events;
- -0.1% to Lenders: it represented the positive balance in favour of the company deriving from the difference between financial income collected and interest and financial expense paid to all creditors.



It should be noted in the breakdown that distribution of added value allocated to Human Resources as salaries and wages amounted to almost EUR 14.9 million, Severance Pay (TFR) provision totalled over EUR 1.1 million and other personnel expense amounted to EUR 1.8 million, totalling approximately EUR 17.8 million.

The Company paid EUR 4.6 million to the Public Administration in the form of taxes and social security contributions.

It should be noted that the Company recognised deferred tax assets amounting to approximately EUR 2 million against the tax loss for the reporting period.

31 December 2021 year ends, Vitale Barberis Canonico reported owners' equity totalling EUR 92,090,528 corresponding to a debt-to-equity ratio (gearing) of 67.9%, reporting a decrease of 3.6% compared to the debt-to-equity ratio in 2020.



VALUE CREATION

ENGAGEMENT WITH THE LOCAL COMMUNITY



Through the VBCare project, Vitale Barberis Canonico strives to support the local area and community.

The Company has set itself the goal of endorsing a significant number of activities by supporting a social network that is vital for the district where number of services is limited.

VBCare has three main focuses: VBCCharity, VBCulture and VBCommunity.

Over the last five years, the Company has distributed over EUR 1,200,000.

In 2021, it confirmed its contribution regardless of the operating loss reported for the financial year.



VBCCharity
28%



VBCulture
54%



VBCommunity
18%

VBCCharity

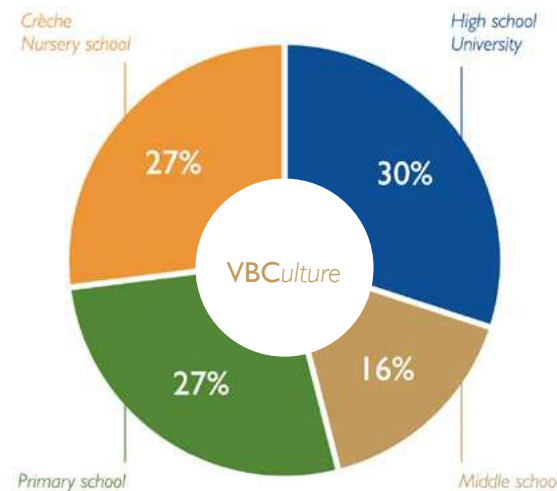
The Company stands alongside large and small associations and organisations that are involved in guaranteeing the local community essential goods and services, with specific focus on situations of particular need. Support for these important activities was confirmed during 2021.



Especially noteworthy is the ten-year partnership of Vitale Barberis Canonico with **LILT Biella**: in 2021, the male workforce had the chance to voluntarily receive free urogenital tract cancer screening.

VBCulture

Vitale Barberis Canonico invests in the educational and learning development of students in the local area, accompanying their learning endeavours with actions targeting all age groups.



Support for schools, through donations or support activities, involves various aspects of education, from kindergarten to higher-education.

Also noteworthy in 2021, was support for the association **Biella Cresce**, which is responsible for facilitating the spread of the most up-to-date scientific knowledge on learning and education by working together under an agreement with the research body, Polo Apprendimento, in Padua and with Città Studi Biella. The aim of the association is "to bring up a better generation together". To attain this goal, it works in two directions: direct action through classroom activity and dissemination via training activities for teachers, educators and parents.

During 2021, Biella Cresce bettered its strategy by training 34 teachers as internal resources and thus supporting 537 children belonging to 9 kindergarten classes and 30 primary school classes.

In the reporting period, the creation of the online format "Study Thursday" is especially noteworthy, which has reached the remarkable number of over 17,000 views, bringing scientific knowledge into everyone's homes and with practical implications that can be immediately adopted in daily life.



Vitale Barberis Canonico, confirming its responsibility towards the new generations and the local area, also continued awarding **Scholarships** in 2021 to high school students and those taking technical degree courses at university.

The scholarships, established in 2003, include, in addition to the workers' children, also all students in the Biella and Valsesian area who have distinguished themselves at the final high school exam (otherwise known as the "maturità") and in their chosen university course receiving high grades.

In 2021, the Company granted scholarships to 4 students who achieved excellent grades, thus reaching a total of 88 Scholarships awarded over the 18 editions. Specifically, it should be noted that 2 winners of the competition deservedly received a second scholarship in 2021.

Guest at the December award event was the Councillor for Trade and Economic Development, Productive Activities, Tourism of the Municipality of Biella, Barbara Greggio, who in her speech to the young students affirmed the importance of education for the local area. She also emphasised the importance of building a skills social network in the Biella area enabling pride in the area and environmental awareness to grow.



VBCCommunity

The Company sponsors and participates in events close to the heart of the community and endorses, through ongoing or project funding, associations and actions supporting the local area.



The many activities already launched over previous years and continued

in also in 2021, also included the cultural partnership with **Premio Biella Letteratura e Industria (Biella Literature and Industry Prize)**, an important recognition in Italy dedicated to fiction and non-fiction focussed specifically on the transformations taking place from an economic and social perspective, which have the purpose of investigating the relationships between two apparently distant but intimately linked worlds: the arts and industrial development.

The XX edition of the competition decreed Paolo Malaguti as winner, with the work "Se l'acqua ride" (If water laughs) (Einaudi), which recounts the adventure at sunset of a world seen through the eyes of a curious boy who cannot wait to grow up, travelling along the waterways.

In the reporting period, Vitale Barberis Canonico supported the Literary Festival of the City of Biella, **#Fuoriluogo**, as main sponsor, held from 3 to 5 September 2021. An important cultural event



for the city, for three days, it is the stage to a dense program of meetings with writers, concerts, guided tours of historic sites and events for children. Particularly appreciated was the discussion between entrepreneur Oscar Farinetti and economist Carlo Cottarelli, moderated by journalist Maria Cristina Origlia, on the challenges and opportunities of Italy's economic recovery after the pandemic. The importance of the topic, combined with the authoritativeness of the guests, attracted more than 500 people to the garden venue of Palazzo La Marmora.



THE VITALE BARBERIS CANONICO ARCHIVE

The Vitale Barberis Canonico Archive consists of over 2,500 volumes: a legacy of historical textile heritage narrating the story of male and female dress from 1846 to the present day, today open to customers and fashion students by appointment.

The cultural assets in the collection include collection samples from different wool mills and collections featuring research on the trends of the time, but also journals containing annotations from tailors which provide insights into the tastes and fragments of life of the most elegant men of the era.

The main feature of the collection is the variety of the materials: different eras, countries of origin, composition, usage occasions and type of fabric that narrate the story of wonderful attire spanning almost two centuries. The oldest volumes originate from the United Kingdom, but there is no shortage of Italian, French, German and Spanish works.

The entire archive has been digitalised making it easy to consult, via a computerised card system with around 25,000 cards.

Recovery of this historical textile heritage also takes on the value of a cultural laboratory, where passion and responsibility for conserving textile knowledge becomes a support tool inspiring creativity and innovation.

In 2020, the Fabric Tales project was established to enhance the value company heritage, consisting of the historical archive and

with the aim of contributing to spreading a textile culture that has its roots in the past, but which is still very much alive and current.

From the pages of the old volumes, Vitale Barberis Canonico's scrupulous research activity brings to light the incredible stories that unfold along three strands - historical figures, places and colours - with a single protagonist: fabric and its evolution in style and costume.

Since 2020, Fabric Tales has animated a dedicated page on the corporate website, whose interactive graphics aim to reproduce the flavour of the archive space and its precious shelves. In 2021, the project was enriched with a narrator who gave voice to three stories through podcasts published on the website and on Vitale Barberis Canonico's Spotify account.

In November 2021, as part of the **Unesco Open Circuit**, Vitale Barberis Canonico opened its historical archive to the public. Around 300 people attended the theatrical performance "Return to Huddersfield" written by Danilo Craveia, Biella historian and archivist, and staged by the company "Teatrando" in Biella. Set in England in 1866, the work is inspired by an "order book" in the archive, featuring swatches of fabrics next to which British tailors used to note the name of the customers that had selected them.





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PEOPLE AND THEIR VALUE



PEOPLE AND THEIR VALUE

For Vitale Barberis Canonico, people are the fundamental pillar on which the business is built.

Harnessing the resources from the local wool district, where culture and know-how are deeply rooted, is a touchstone for professional craftsmanship and skills, forming an indissoluble link between the Company and the community.

Company employees and independent workers perform their tasks in accordance with corporate principles, whose key features are courtesy and transparency, with a sense of responsibility, total care and a collaborative spirit towards colleagues and others.

They also actively participate in corporate life and proactively seek constant enhancement of their talent.

The Company ensures motivating, meritocratic treatment and respect for individual dignity in the working conditions at all its manufacturing facilities, as well as safe and healthy environments aimed at protecting people's physical and moral integrity.

In 2021, the company's priority was protecting people's health in view of the Covid-19 emergency, through ongoing adaptation of the statutory provisions of the Contagion Containment Protocol which has been implemented since 2020. The Company's perseverance, together with the responsible attitude taken by workers has proved to be a winning tool in containing the various waves of the pandemic.



408 PEOPLE

51% of the female workforce

BREAKDOWN BY WHERE PEOPLE LIVE

70% <15 km
28% 15-30 km
2% >30 km

CORPORATE WELFARE

- Covid Insurance
 - Life Insurance
 - Supplementary Health Insurance
 - Long-Term Care
 - Sickness cover
- fully covered by the company*

NETWORK OF 121 RETAIL AGREEMENTS IN THE AREA



OCCUPATIONAL HEALTH AND SAFETY CERTIFICATION
ISO 45001 since 2019



99% PERMANENT EMPLOYMENT CONTRACTS



THE WORLD'S MOST SILENT WEAVING DEPARTMENT THANKS TO SOUNDPROOF CABINS
100 dB — > 85 dB



88 SCHOLARSHIPS GRANTED OVER 18 EDITIONS
4 in 2021



THE HUMAN FACTOR

PERSONNEL MANAGEMENT



Vitale Barberis Canonico strives to establish long-term relationships with people, offering stability, a stimulating working environment and opportunities for advancement.

The situation 31 December 2021 year ends reported 99% of the workforce working under a permanent employment contract. This figure increased compared to the previous year thanks to the Company's willingness to ensure greater stability for its employees and to consolidate corporate acquired know-how.

It should also be noted that part-time contracts totalled 5%, promoting family-job life balance, an option mainly requested by women.

Continuation of the Covid-19 emergency caused a contraction in sales that was also confirmed in the first half of the year under review. With the aim of making the organisation more efficient, on 15 December 2020, the Company entered into an agreement with the Area Trade Unions that, in 2021, consented to consensual termination of 26 employment contracts for workers who had satisfied post-employment benefit requirements, under guarantee of gross salary for a maximum of 24 months.

Use of external workers is made using staff supplied by temp agencies and interns. Vitale Barberis Canonico nurtures these virtuous channels by maintaining an ongoing relationship with local area entities and agencies, such as the Employment Centre and the Piedmont Labour Agency, with university institutions and with the higher educational institutes within the district.

In 2021, the use of external workers increased significantly (+33 resources) thanks to the positive trend of the second half of the year, which led to an increase in production volumes and consequently recovery in the staff expansion policy. The number of internships in progress remained stable.

For internships granted with a view to internees joining the workforce, the Company offers 83% higher remuneration than required under regional legislation and dedicates resources and time engaging workers with greater experience in the transfer of skills and technical expertise.

In the case of internship placements within higher education study courses, activities are mainly aimed at contributing to preparing final dissertations and/or as a first approach to the professional area which students have chosen as part of their study course.

PCTO (formerly School-Work Alternation) for high school students also is of key importance, which, by providing students with hands-on job experience at the company helps to consolidate learning acquired at school and students' attitudes to work.

Workforce by contract type	2020			2021		
	Male	Female	Total	Male	Female	Total
Total employees	188	202	390	182	192	374
Total external workers	13	9	22	16	18	34
TOTAL	201	211	412	198	210	408

Employees by contract type	2020			2021		
	Male	Female	Total	Male	Female	Total
Permanent employment contracts	181	196	377	181	191	372
Fixed-term employment contracts	7	6	13	1	1	2
TOTAL	188	202	390	182	192	374
<i>of which full-time</i>	<i>187</i>	<i>189</i>	<i>376</i>	<i>181</i>	<i>176</i>	<i>357</i>
<i>of which part-time</i>	<i>1</i>	<i>13</i>	<i>14</i>	<i>1</i>	<i>16</i>	<i>17</i>

External workers by type of work contract	2020			2021		
	Male	Female	Total	Male	Female	Total
Temporary staff via agencies	13	9	22	16	18	34
Internships	5	2	7	4	2	6
<i>of which aimed at joining the Company</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>2</i>	<i>3</i>
<i>of which placements within course studies</i>	<i>5</i>	<i>0</i>	<i>5</i>	<i>3</i>	<i>0</i>	<i>3</i>
<i>of which PCTO (formerly School-Work Alternation)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL	18	11	29	20	20	40

THE HUMAN FACTOR

ATTRACTING AND DEVELOPING TALENT



To respond effectively to the challenges of an increasingly competitive market, Vitale Barberis Canonico considers attracting, developing and enhancing people as key.

The corporate strategy involves investing in young resources from the districts of Biella and Valsesia, which, although lacking experience, have great growth potential. Partnering with schools is a key factor in attracting young talent.

In 2021, noteworthy was the partnering experience with **ITIS Q. Sella di Biella** technical high school, where the Company's Human Resources Manager taught at textile classes and students were able to tour the Pratrivero factory.

In March, the Head of Human Resources also took part in the live talk **"Let's write the future"** together with the famous author and poet from Biella, Silvia Avallone, winner of the prestige Strega Literary Prize. The interview, organised by the local BI young association focused on the world of work, training and career orientation.

Vitale Barberis Canonico is also a privileged partner for universities, polytechnics, business and fashion schools, and hosts groups of students for presentations and company tours. Since 2013, it has been a partner in the **Master's in Fashion, Experience & Design Management (MAFED) at the SDA BOCCONI University**, assigning a study and research project to a number of international students each year. In February 2021, the project "How will the way to dress up change in the New Normal?" was presented.

In accordance with corporate values and principles, recruitment interviews are conducted according to non-discriminatory and equal opportunities criteria.

The selection process uses both the direct channel (applications from the "Careers" section of the corporate website or participation in events such as Job Fairs, University Career Days and Orientation Days) and the mediated channel (temp agencies, staff selection firms or employee networks).

At the induction stage, a path has been designed twinning new staff with experienced workers for a variable time depending on job complexity. Evaluation at the end of the trial period takes place via direct sharing of assessments of the Human Resources Department and the Area Manager.

36% of the resources hired in 2021 were aged under 30 years, while 78% of the terminations involved resources over 50 years of age, favouring the company's generational turnover.

Hire rate	2020				2021			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Male	0	4	0	4	6	10	2	18
Female	3	1	1	5	6	7	2	15
TOTAL	3	5	1	9	12	17	4	33
Hire rate	0.8%	1.3%	0.3%	2.4%	3.2%	4.5%	1.1%	8.8%

Turnover rate	2020				2021			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Male	0	3	10	13	2	6	16	24
Female	0	1	5	6	0	3	22	25
TOTAL	0	4	15	19	2	9	38	49
Turnover rate	0.0%	1.1%	4.0%	5.1%	0.5%	2.4%	10.2%	13.1%

WORKING ALONG SIDE EXPERIENCED WORKERS



100 DAYS
FOR A SPOOLING MACHINE OPERATOR



180 DAYS
FOR A DYEING OPERATOR



1 YEAR
FOR A PREVENTION
AND PROTECTION OFFICER



The Company promotes enhancement of employees through training activities dedicated both to consolidating skills and professional growth, and to promoting an occupational health and safety culture and awareness of environmental protection.

In 2021, 2,324 training hours were provided, of which 40% concerned personal skills and 60% safety topics.

Development of professional skills is identified by two different training policies:

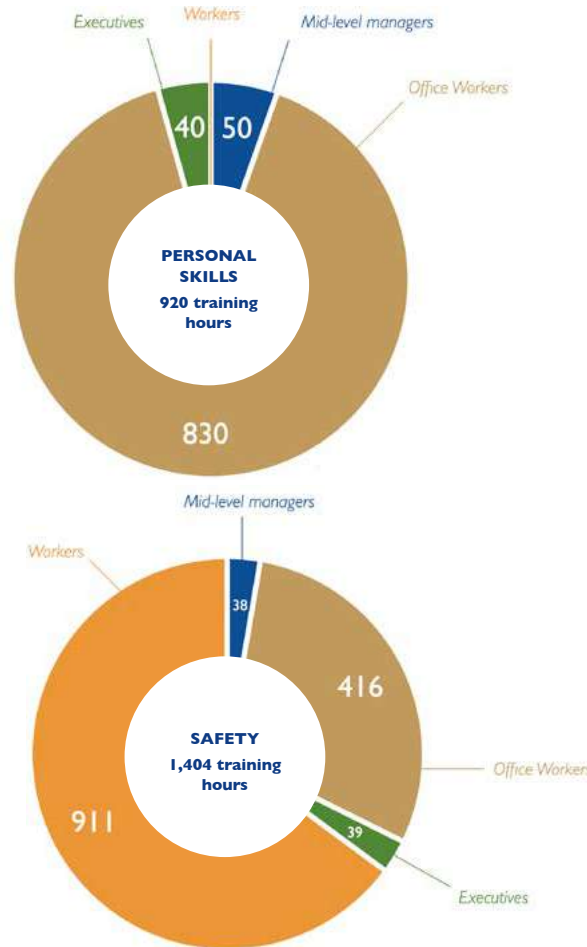
- continuous: implemented via in-company and outside courses aimed at specific roles and/or areas, to nurture know-how and technical skills according to strategy periodically planned by the Human Resources Department;
- specific: activated based on the specific requirements of the role in question.

On-demand training is particularly important, creating a virtuous circle between the employee who proactively requests training in a specific area and the Human Resources Department, which is updated on personal aspirations.

Vitale Barberis Canonico is committed each day to ensuring that its people have work environments suitable for safeguarding their fundamental rights to health, safety and physical integrity, in compliance with laws in force and via implementing specific in-company training courses.

The main activities in 2021 were specific training courses for new staff, refreshers and training of new employees of the Fire Prevention and AED Teams, and periodic refreshers on specific topics, such as confined spaces, for the different homogeneous department groups.

Training per capita	2020			2021		
	Male	Female	Total	Male	Female	Total
Executives	8	6	8	7	0	6
Mid-level managers	5	0	4	6	6	6
Office workers	1	1	1	18	13	16
Workers	2	0	1	5	2	3



THE HUMAN FACTOR

EQUALITY



To guarantee the priority value of human resources, Vitale Barberis Canonico bases people management on the principle of protecting diversity and equal opportunities.

The Company does not tolerate any form of discrimination or acts of intimidation or harassment, and compliance with these values is also enshrined in the corporate Code of Ethics. Workers are required to model their behaviour on principles of reciprocal fairness and in absolute respect for the dignity and moral personality of each person.

Adoption of Model 231 involved the installation, at both production sites, of a box for collecting anonymous incident reporting.

Headcount data show the breakdown of employees by gender, age group and occupational classification.

31 December 2021 year ends, female staff accounted for 51% of the corporate workforce, in line with the previous year. A slight increase was reported in the percentage of employees under the age of 30, a figure boosted by investment policies in young local talent.

It should be noted that approximately 3.7% of the workforce consists of employees belonging to protected categories (with disabilities) who follow an ad hoc selection process in collaboration with the relevant department at the Employment Centre.

Employees by gender	2020			2021		
	% of total	of which male	of which female	% of total	of which male	of which female
Executives	3.5%	86%	14%	3.5%	92%	8%
Mid-level managers	3.5%	86%	14%	4%	80%	20%
Office workers	20%	62%	38%	20.5%	64%	36%
Workers	73%	41%	59%	72%	40%	60%
TOTAL	100%	48%	52%	100%	49%	51%

Employees by age group	2020				2021			
	% of total	<30 years	30-50 years	>50 years	% of total	<30 years	30-50 years	>50 years
Executives	4%	0%	43%	57%	3.5%	0%	46%	54%
Mid-level managers	3%	0%	36%	64%	4%	0%	36%	64%
Office workers	20%	8%	53%	39%	20%	8%	59%	33%
Workers	73%	8%	50%	42%	72.5%	10%	40%	50%
TOTAL	100%	7%	50%	43%	100%	9%	44%	47%

Protected category workers	2020			2021		
	Male	Female	Total	Male	Female	Total
Executives	0	0	0	0	0	0
Mid-level managers	0	0	0	0	0	0
Office workers	0	1	1	0	1	1
Workers	6	6	12	6	7	13
TOTAL	6	7	13	6	8	14



THE HUMAN FACTOR

PROTECTING AND COMPLYING WITH WORK CONDITIONS



Vitale Barberis Canonico operates within a context of national and international regulatory guidelines which it recognises as guidance laying down priority fundamental principles.

Regulatory references include:

- the Constitution of the Italian Republic;
- the Italian Workers' Charter;
- the guiding principles of the International Labour Organisation;
- the Textile-Clothing and Industry Executives National Collective Bargaining Agreement.

Adoption of Model 231 may be added to this list, including the Code of Ethics which is part thereof.

In pursuit of the aims of fairness and transparency, the Company endorses human rights and working conditions, with specific reference to compliance with regulations regarding the protection of child labour, the exclusion of forced labour and freedom of association.

For the two-year period under review, Vitale Barberis Canonico has not adopted any of contract provided for workers under 20 years of age. In the case of PTCO (former School-Work Alternation), the Company adopts the domestic statutory provisions, establishing the minimum work age as no lower than that of the minimum school leaving age (16 years).

The Company ensures, in addition to a three-year cycle of supplemental bargaining, which can be extended by tacit

consent of the Parties, at least two additional annual consultation meetings between the Single Union Representative and the Human Resources Manager who interfaces with the Chief Executive Officer who may also attend such meetings.

Based on the foregoing statements, the Company has not introduced risks that may generate any situations leading to child labour exploitation or which may prejudice the rights of workers arising out of national collective bargaining agreements and/or freedom of association rights.

Outside of the business context, Vitale Barberis Canonico assures integrity of individual dignity via sharing the corporate Code of Ethics, whose acknowledgement and acceptance is duly incorporated into supply contracts and order confirmations by reference thereto.



CORPORATE WELFARE

EMPLOYEE WELLBEING



Staff wellbeing is a key value for Vitale Barberis Canonico, which has always adopted favourable salary policies by offering a higher pay and other benefits and services as part of pay packages.

Corporate pay policy is based on a virtuous strategy of supplemental bargaining, in addition to the national collective bargaining agreement, which better conditions and boosts the standard pay package by providing additional benefits which certainly exceed the national average for the textile industry. The goal is to attract and retain staff by providing salary levels adapted to the continuous evolution of individual needs.

The Company-level Integrative Agreement also contains a policy for managing benefits and additional services provided under the agreement, in addition to classic variable incentive and performance schemes, benefits and protections.

The main benefits are also extended to part-time and fixed-term employees (temp employees included), for whom the benefit is recalculation based on the percentage of part-time and contract length. Most noteworthy are:

- Life Insurance, Complimentary Health Insurance and Long-term care (life annuity in the event of non-self-sufficiency);
- tax-free annual voucher;
- scholarships for students from the Biella and Valsesia area;
- hour bank which enables hours other than normal working hours, such as overtime, to be accumulated and used to access early retirement;

- cover of certified serious illness and/or degenerative disease fully paid by the company for the remaining annual period from the time INPS (Italian State Social Security Agency) ceases to provide benefits to the end of the calendar year;
- VBCard: a Network of 121 agreements with stores and services in the area.

In 2021, Vitale Barberis Canonico renewed insurance cover at its own expense for employees providing a daily allowance for hospital stays due to Covid-19 and the subsequent convalescence period, as well as a post-hospitalisation assistance package.

Effectiveness of the actions is assessed through annual monitoring of disbursements and the number of people involved, as well as through certain indicators, such as the decrease in absenteeism. The Human Resources Manager collects suggestions from workers and their representatives and discusses them with Corporate Management, with a view to improving relationships, processes and their organisation.

VBCard was launched in 2018, with the aim of offering employees and workers a dedicated network of services, facilities and discounts at stores in the area. Created and managed in-company, in 2021, around 121 services and stores were part of the scheme. The offering ranges from medical services to recreational activities, including groceries and personal care services.

	14	HEALTH AND OPTICIAN SERVICES
	19	SUPERMARKET AND GROCERY
	15	DINING OUT
	19	APPAREL AND ACCESSORIES
	10	PERSONAL CARE
	8	SPORTS AND LEISURE ACTIVITIES
	36	OTHER CATEGORIES



CORPORATE WELFARE

WORK-LIFE BALANCE INITIATIVES



Vitale Barberis Canonico guarantees working conditions aimed at ensuring employees find a correct balance with their personal life, integrating the provision of corporate welfare benefits with part-time working based on personal requests and job organisational requirements.

The Company provides help and support to employees for obtaining state benefits and on matters regarding labour law and national collective bargaining agreement issues.

In the two-year period 2020-2021, workers actively benefited from statutory parental leave for fathers, compulsory and optional maternity leave, breastfeeding hours, Law 104 (leave for providing assistance to disabled family members) and special leave (up to 24 months) pursuant to Italian Law 104. Such leave was primarily taken by female staff.

2021 was in line with the previous year, and parental leave taken by employees reported a slight decrease.

The 100% return-to-work rate confirms that the corporate focus on workers as individuals, shared return-to-work planning and a long-term strategy enhance professional pride and encourage full engagement of employees with corporate goals.

Parental leave	2020			2021		
	Male	Female	Total	Male	Female	Total
Employees who have taken parental leave	5	6	11	3	7	10
still on parental leave	0	2	2	0	2	2
back at work and still employed	5	4	9	3	5	8
employees who resigned	0	0	0	0	0	0
Return-to-work rate	100%	100%	100%	100%	100%	100%



INTEGRATED QUALITY-SAFETY-ENVIRONMENT MANAGEMENT SYSTEM

In 2019, Vitale Barberis Canonico chose to adopt a voluntary Integrated Management System for oversight of Quality, Safety and Environment issues, alongside the UNI ISO 45001:2018 and UNI EN ISO 14001:2015 certifications, and UNI EN ISO 9001:2015 already obtained in 2009.

This synergistic and efficient approach enables management of the manufacturing processes with a view to continuous improvement for achieving ever higher performance levels.

The high level of staff awareness regarding application of the System was highlighted as a note of merit during the surveillance audits conducted by TÜV Italia auditors.

QUALITY MANAGEMENT SYSTEM UNI EN ISO 9001:2015



Vitale Barberis Canonico had a certified Quality Management System in place since 2009.

Quality is a process of continuous improvement and the Company invests in this area by managing the objectives to be achieved and by submitting new ones. Quality culture is therefore a key factor through which all resources are empowered and engaged. Objectives include the planning, implementation, monitoring and improvement of both operational and support processes to ensure maximum customer satisfaction.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM UNI ISO 45001:2018



Strict compliance with the rules of behaviour for the prevention of accidents and implementation of measures at the company and at facilities to protect Occupational Health and Safety (OH&S) have always been features setting the Company apart.

Already in the 90s, the Company had introduced pioneering solutions for the mechanisation and automation of logistics processes at Pratrivero, and introduced soundproofing cabins for weaving looms, pre-empting Italian law 277/91 on noise protection by two years.

With the aim of proactively enhancing its OH&S performance, in 2010 the Company adopted a formal, non-certified Management System, compliant with the UNI INAIL and OSHAS 18001 standards and, in 2019, it obtained certification compliance with the 45001 standard for the two manufacturing sites at Pratrivero and Pray and for the Milan showroom.

ENVIRONMENTAL MANAGEMENT SYSTEM UNI EN ISO 14001:2015



Oversight of environmental matters and relevant regulatory compliance is managed at Vitale Barberis Canonico by the Environmental Protection Service, staffed by the same employees operating as the Prevention and Protection Service for OH&S.

Resource synergy and a uniform methodological approach, together with commitment by the entire Company, enabled 14001 standard compliance certification to be obtained in 2019 for the Management System for the protection of the Environment adopted at the three local units.

It is the internationally recognised reference standard for an organisation that wants to manage its environmental responsibilities in a systematic manner by contributing to the environmental sustainability pillar. The expected outcome of an Environmental Management System includes compliance with the standard requirements and achievement of environmental performance and goals.



HEALTH AND SAFETY MATTERS

PREVENTION AND MONITORING



Vitale Barberis Canonico manages occupational risks with a view to preventing accidents and occupational diseases through a structured process that starts with an assessment of the degree of risks existing at the workplace.

Assessments are conducted after consultation with the Workers' Safety Representatives and updated at the prescribed regulatory intervals and any relevant changes made to manufacturing processes.

The Integrated Management System reinforces the focus on any critical issues that may exist, promotes the search for opportunities and corrective actions and takes the form of work that becomes an integral part of the Company's investment plans, specifying its implementation, allocation of resources and responsibilities, and monitoring of effectiveness.

The first factor in preventing accidents is the correct application of Behaviour-Based Safety, i.e., workers' full awareness of the residual risks to which they are exposed in the performance of their job tasks, and their professional approach to managing such risks through adequate operating and behaviour-based procedures.

To increase staff safety culture, the Company provides specific training courses, managed by the in-company Prevention and Protection Service or outsourced to consultants with consolidated expertise in the relevant area.

Activities are designed starting from the analysis of risks and opportunities, collecting contributions from employees on

operating methods, reporting of critical issues and suggestions for improvement actions. This involvement also facilitates the transfer of skills from more experienced colleagues to new resources.

The organisational model outlined by the Integrated Management System confirms the centrality and co-responsibility of department managers (safety managers), to whom the responsibilities of work organisation, training of their team and supervision of the correct application of the provisions have been delegated, in collaboration with their assistants (safety officers).

Vitale Barberis Canonico allocates substantial resources every year to improving occupational health and safety conditions. Although the uncertainty of 2021 dictated a significant decrease in investments, the portion allocated to health and safety actions was significant (38% of total investments).

Costs incurred amounted to EUR 880,000 and primarily concerned:

- upgrading of the Pray untreated yarn spinning conditioning system;
- completion of general emergency systems in the systems areas of both mills;
- mitigation of residual risk in various machinery and equipment.

Vitale Barberis Canonico was the first company in the textile sector to introduce a trial for **wearable exoskeletons**, devices that provide support to specific parts of the body that are subject to stresses when certain tasks are performed. In textiles, jobs do not normally involve lifting heavy weights, but the repeated handling of light loads, such as yarn spools may lead to pain and fatigue over time.

The Company's challenge is to adapt such devices to the special microclimate of the departments of the wool industry which, operating with natural fibres, require optimal conditions with an average temperature of 26°C and 67% humidity. For this reason, after the first exoskeleton was introduced at the Company in 2020, new exoskeletons are being tested in the spinning, warping and dyeing departments and in the finished pieces warehouse.



Vitale Barberis Canonico reacted immediately to the **Covid-19 emergency** and the company was committed to priorities on various fronts:

- protecting workers' health;
- ensuring business continuity;
- offering support to the community.

The specific protocols introduced in 2020 were updated in 2021 in line with national and local regulatory provisions. The effectiveness of the adoption of anti-contamination measures has been shown in the small number of infections and in containment of the impact on manufacturing with no downtime.

To support prevention actions for the benefit of staff and their families, in April 2021, the Company, in coordination with the Local Health Authority and the D.I.R.M.E.I. Piedmont (Interauthority Department for Infectious Illnesses and Health Emergencies) planned to host a vaccination HUB at the Pratrivero site. Although the HUB was ready for operation, acceleration of the vaccination campaign by the Italian National Health Service meant that the HUB was not needed.

The Company records and manages all accidents and occupational diseases affecting manufacturing sites for regulatory reporting compliance, but primarily with a view to analysing causes and dynamics, identifying any organisational or mill system malfunctions, and taking the necessary corrective actions.

The accident register at Vitale Barberis Canonico reported that, in the two-year period 2020-2021, the number of incidents remained unchanged both among employees and among external workers. In line with previous years, there were no cases of occupational diseases.

Number of injuries ² among employees		2020	2021
Pratrivero mill	Injuries <40 sick days	3	3
	of which in progress	0	1
	Injuries ≥40 sick days	1	1
Pray mill	of which in progress	1	0
	Injuries <40 sick days	1	1
	of which in progress	0	0
TOTAL	Injuries ≥40 sick days	0	0
		5	5

Number of injuries ² among external workers (temps and interns)		2020	2021
Pratrivero mill	Injuries <40 sick days	1	1
	of which in progress	0	0
	Injuries ≥40 sick days	0	0
Pray mill	of which in progress	0	0
	Injuries <40 sick days	0	0
	of which in progress	0	0
TOTAL	Injuries ≥40 sick days	0	0
		1	1

Occupational injury rate ³	2020	2021
EMPLOYEES		
Occupational injury rate <40 sick leave	1.5	1.4
Occupational injury rate ≥40 sick leave	0.4	0.4
EXTERNAL WORKERS (TEMPS AND INTERNS)		
Occupational injury rate <40 sick leave	5.6	5.2
Occupational injury rate ≥40 sick leave	0.0	0.0





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RESPECTING AND PROTECTING THE ENVIRONMENT



RESPECTING AND PROTECTING THE ENVIRONMENT

Vitale Barberis Canonico operates in a harmonious and symbiotic relationship with the environment and the local area.

Grateful for the natural resources that have contributed to the company's evolution, it manages them sparingly, aiming to generate the least possible impact on the environment. To this end, it endeavours to use the most advanced technologies, upgrading infrastructure and processes.

Energy is managed with a view to optimising energy efficiency and reducing atmospheric emissions. In addition to the purchase of electricity from certified renewable sources, in 2021 the Company chose to offset CO₂ emissions generated by the use of methane through investments in environmental protection projects.

The crystal-clear water of the Biella valleys is essential for the textile industry. Vitale Barberis Canonico strives

to reduce its usage as much as possible, returning water to the environment in a purified state, thanks to an in-company treatment plant built in 1987 and which has since been constantly upgraded. In addition to complying with the statutory limits for wastewater discharge into surface waters, purification also enables recovery of a portion used in the manufacturing process.

The Company enhances textile by-products with a view to the circular economy, reusing virtuous manufacturing by-products as raw material.

It also places a special focus on waste management, by preventing waste and adopting, with the proactive engagement of employees, specific strategies for recycling and recovery.



100% ELECTRICITY FROM RENEWABLE SOURCES

~12,500 tonnes of CO₂

TREATED WATERS USING THE IN-COMPANY TREATMENT PLANT

- surface water release
- 21% reuse in finishing and dyeing

2,141 TONNES OF WOOL USED IN MANUFACTURING

- 90.5% yield of raw material
- 8.5% by-products re-incorporated in circular economy projects
- 1% by-products disposed of as waste

WASTE

- 15% recycled
- 81% partially recovered
- 4% disposal



ENVIRONMENTAL CERTIFICATION
ISO 14001 since 2019



OFFSETTING OF CO₂ EMISSIONS GENERATED FROM METHANE USAGE
~4,700 tonnes of CO₂



100% COMPLIANCE WITH THE ZDHC MRSL



USABLE BY-PRODUCTS FROM MANUFACTURING REUSED AS RAW MATERIALS



ENERGY EFFICIENCY AND EMISSIONS REDUCTION

ENERGY USAGE



Vitale Barberis Canonico places great store on energy usage through efforts and commitment to energy efficiency and performance enhancement.

Primary energy usage is attributable to the use of electricity and natural gas for manufacturing activities at the two mills. Corporate vehicles are also part of this list through their fuel usage.

In line with previous years, Vitale Barberis Canonico exclusively purchased electricity from hydroelectric sources supplied by South Tyrolean vendor Alperia. The renewable nature of these sources is fully certified by Guarantees of Origin (GO).

The Green Energy Alperia scheme also provides for the issue of a certificate attesting annual CO₂ savings each year: in 2021, the Company prevented GHG emissions totalling 12,540,498 kg of CO₂.

In 2021, it also chose to use climate-neutral gas from Alperia, i.e., to offset the amount of CO₂ corresponding to 4,738,360 kg derived from the use of methane in manufacturing against investments in projects that generate a positive impact on the environment, community and natural resources. Specifically, the Company's investment is intended for the Barra Grande hydroelectric power plant in Brazil.

Green Gas Alperia is certified annually by TÜV NORD, an independent certification body in the industry, and complies with the Voluntary Carbon Standard, one of the most widespread standards that meets the strict criteria of the Kyoto Protocol.

In 2021, Vitale Barberis Canonico used 194,169 GJ of energy, about 13% higher than in 2020, a change due to the significant recovery of the market and the increase in manufacturing in the second half of the year.

Energy usage (GJ) and energy intensity (kJ/mt finished goods)	2020	2021
Natural gas ⁴	69,601	83,231
Purchased electricity ⁵	101,681	110,405
<i>of which renewable sources</i>	<i>100%</i>	<i>100%</i>
Fuel for corporate vehicles ⁶	440	533
TOTAL	171,722	194,169
Energy intensity	30.6	29.2



ENERGY EFFICIENCY AND EMISSIONS REDUCTION

EMISSIONS



Vitale Barberis Canonico is committed to containing air pollution by reducing emissions and offsetting those that cannot be reduced.

The qualitative and quantitative properties of chemicals released into the atmosphere qualify the emissions generated at Vitale Barberis Canonico mills as reduced air-polluting emissions.

The Pratrivero thermal power plant was built in 2009 adopting virtuous and advanced technical devices for maximising energy efficiency and mitigating the environmental footprint.

The four steam generators, with an output of 2.1 MW each, are fuelled using superheated water from the condensate recovery circuit and the heat from the fumes is recovered for the preheating of burner blowing air.

Furthermore, the adoption of boilers with very low thermal load at the combustion chamber has made it possible to set the emission limit for NOx oxides at 100 ppm, well below the legal limit of 150 ppm.

In 2018, major technological upgrading to the boiler burners was undertaken, made necessary to bring NOx emission values below 100 ppm, which had progressively increased over the years due to deterioration in the quality of the natural gas mixture distributed by the grid.

The annual self-monitoring conducted in 2021 attests that

excellent performance has been maintained with emissions well below regulatory limits.

To ensure continuity of manufacturing even in the event of a natural gas supply interruption, the burners can be fuelled using diesel. Fuel is stored in an above-ground metal tank with a capacity of 280,000 litres, which ensures autonomous production of about 6 weeks with a full tank.

Voluntary self-monitoring of emissions under such emergency conditions confirms that regulatory limits are met even in the case of using the reserve fuel.

Self-monitoring of emissions of the regenerative thermal combustor that treats exhaust gases from the singeing machine and dyeing oven (backwasher) and finishing stenter are conducted every three years. The 2019 measurements, valid until 2021, attest values to be well below the statutory limits.

In addition to being prescribed under the Single Environmental Authorisation, for Vitale Barberis Canonico self-monitoring is a useful periodic monitoring tool for checking the impact of heating systems.

During 2021, greenhouse gas emissions from direct (Scope 1)

Emissions from heating plant (mg/Nm ³)	Chimney stack	2020	2021	Statutory limits
NOx (nitrogen oxides)	CT01	67	69	150
	CT02	57	81	
	CT03	75	76	
	CT04	48	51	
CO (carbon monoxide)	CT01	<2.5	<2.5	100
	CT02	<2.5	<2.8	
	CT03	<2.5	<2.6	
	CT04	<2.5	<2.6	

Dust emissions including oil mist (mg/Nm ³)	2016-2018	2019-2021	Statutory limits
from singeing machine	1.00	3.13	10
from dyeing oven	from 0.47 to 3.76	from 2.14 to 3.76	10
from finishing stenter	n.r.	n.r.	10





Non-methane VOC emissions (mg/Nm ³)	2016-2018	2019-2021	Statutory limits
from singeing machine	2	13	20
from dyeing oven	From 6 to 11	8 to 17.7	50
from finishing stenter	6	n.r.	50

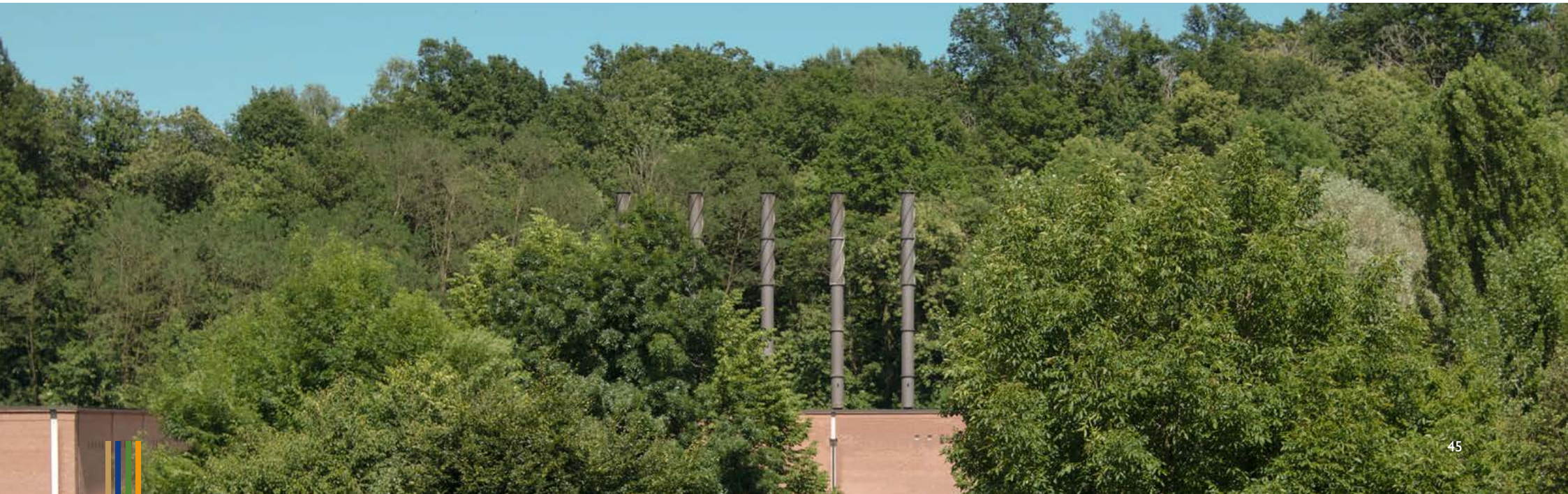


and indirect (Scope 2) usage increased due to the increase in production volumes. The purchase of renewable electricity has also zeroed the equivalent Scope 2 - market based emissions for 2021. It should also be noted that due to the purchase of climate-neutral natural gas, the relevant total of CO₂ has been offset.

Also in 2021, the calculation of CO₂ emissions was extended to include transport vehicles used, including not only in-company goods handling¹² but also staff travel¹³. It should be noted that the increase in emissions is related to the resumption of national and international travel.

GHG emissions and CO₂ emissions intensity (kg CO₂/mt finished goods)⁷	2020	2021
Scope 1 (tonnes CO₂)	3,946	4,778
Natural gas ⁸	3,914	4,738
Diesel ⁹	32.5	39.6
Scope 2 - location based (tonnes CO₂)¹⁰	9,491	9,611
Electricity	9,491	9,611
Scope 2 - market based (tonnes CO₂ equiv.)¹¹	0	0
Electricity	0	0
CO₂ emission intensity	0.70	0.72

CO₂ emissions for transport vehicles used (tonnes CO₂)	2020	2021
	17.9	19.9
	14.6	19.6
	0.5	1.1
	81.6	37.2



USE OF RESOURCES OVER THEIR LIFE CYCLE

WATER USAGE MANAGEMENT



Vitale Barberis Canonico promotes the responsible use of water by being committed to optimising water usage.

The Pratrivero mill is equipped with a well-structured water system for drawing water from groundwater wells and artesian wells. Inside the company grounds there are three drainage tunnel systems with relevant recovery wells for transport to collection tanks.

In addition, water collected from water by-passes (Serventa river and Rivaccia river) and groundwater wells (Cereie village and Moglie area) are conveyed from the neighbouring area.

The Pray site is equipped with three wells that draw water from the underground water table of the nearby Sessera riverbed.

At Pratrivero, intended use for water collected is manufacturing departments, primarily dyeing and finishing, and systems services, including air conditioning systems and toilets.

Various virtuous technical measures adopted in dyeing and finishing enable significant reductions in water usage to be achieved. Specifically, 36 m³ of water at the bolt dyeing stage is recovered daily.

Since Pray's requirements are limited to systems uses for humidifying the departments and supplying the fire-fighting water reserves, Vitale Barberis Canonico created a private aqueduct that transfers water from one of Pray's wells to the

Pratrivero tanks to take advantage of the significant water availability of 1997.

This hydraulic infrastructure proved essential in following years for satisfying higher water demand due to the increase in manufacturing volumes and for offsetting prolonged winter droughts. In 2018, a second reserve aqueduct was built with withdrawal from the same aquifer.

All hydraulic activities are authorised under specific State Concessions pursuant to Presidential Decree 10/r of 29 July 2003 that regulate the use of public water sources for industrial use and such concessions establish the derivation locations, the maximum withdrawable quantities and the methods for returning water to the public collection basin (the Sessera river basin) after transit through a suitable treatment and purification plant.

Finally, for both mills, drinking water is supplied by municipal aqueducts and it is used by offices, staff restaurant and department water dispensers.

Thanks to the positive sales performance in the second half of the year and consequent increase in manufacturing volumes, total water usage in 2021 was higher than in 2020.

The stability of the water intensity ratio highlights the full success of the new dyeing technology introduced using reactive dyes, which has the same usage of the abandoned chrome dyes.

Water withdrawals by source (m ³) and water intensity (l/mt finished goods)		2020	2021
Pratrivero mill (manufacturing + systems)	Water tables	239,745	282,266
	Municipal aqueduct	1,899	3,511
Pray mill (systems)	Water tables	3,870	4,200
	Municipal aqueduct	730	800
TOTAL		246,244	290,777
Water intensity		43.8	43.7

Water usage for manufacturing (m ³)		2020	2021
Pratrivero mill (manufacturing + systems)	Water tables	223,765	232,741
	Water recovered using MBR technology	45,676	62,498
TOTAL		269,441	295,239
MBR RECOVERY		17%	21%

USE OF RESOURCES OVER THEIR LIFE CYCLE

RESPONSIBLE USE OF CHEMICALS AND EFFLUENT TREATMENT



Vitale Barberis Canonico carefully selects chemicals, minimising their use and purifying all wastewater thanks to an efficient and innovative in-company plant.

The Company is meticulous in selecting and using chemicals, adopting those with low environmental impact and using the minimum amount necessary from the standpoint of quantity and type.

Numerous technical measures in dyeing and finishing enable significant savings in chemical usage.

Since 2001, dyeing has introduced an almost fully automated tops and yarns dyeing process: automatic dosing of chemicals eliminates waste and optimises dye recipes ensuring perfect colour reproducibility.

In addition, all machines, including bolt dyeing machines, are equipped with their own tank for the recovery of the first bath that enables significant water and dye, as well as additional savings.

Vitale Barberis Canonico introduced wastewater treatment in the 1970s, before it was required by law. At the Pratrivero mill, there is an in-company water purification plant, which has undergone several system upgrades and is currently able to purify up to 1,400 m³ per day using two treatment lines. The final tank of the plant is an artificial pond in which carp and goldfish live.

1982

At this time, the purification plant consisted of a simple but effective lagoon basin for primary filtration and clarification of water before discharge into the sewer.

1987

A new, technologically advanced plant, consisting of a primary mechanical filtration section, an aerobic treatment with activated sludge for accelerated biodegradation of organic pollutants complete with clarification tank, sedimentation and sludge recirculation, and a tertiary treatment station with activated carbon with sand filtration was introduced. Outbound waters were suitable to be sent to the municipal final treatment plant.

1998

Thanks to upgrading of the plant and resulting improvement in purification, in 1998, the Province of Biella issued an authorization to the company allowing discharge into the Moglie river, south of the Pratrivero mill.

2016

The authorisation has been duly renewed every four years and since 2016 has been included in the Single Environmental Authorisation.

In addition, an ultrafiltration line using a MBR membrane bioreactor and ozone decolourisation was built the same year. Purified water is therefore suitable for recycling in the rinsing finishing processes, significantly reducing the withdrawal of water from the environment.

2021

New works were carried out in November 2021 enabling the output of water recovered using MBR technology to double reaching about 250 m³/day. Thanks to installation of a new tank in the dyeing department, the upgrade was allocated to the department and increased the overall annual recovery rate from 17% to 21%.

Water discharge by destination (m ³)		2020	2021
Pratrivero mill	Ground waterways	217,874	221,746
	Water Authority collection basin	2,422	5,337
Pray mill	Public sewer	1,650	1,800
TOTAL		221,946	228,883



All parameters indicating water quality leaving the mill fall largely within the limits of Table 3/A of Annex 5 of Italian Legislative Decree 152/2006, as attested by self-monitoring conducted by the laboratories tasked by the Company and by the analysis reports issued by the competent Authorities.

As a precautionary measure, Vitale Barberis Canonico still maintains an emergency connection to the Cordar Valsesia water authority collection basin. A turbidity sensor device is positioned in the drainage well of the last tank and, whenever this signals an anomaly, wastewater is sent to the water authority collection basin.

Attention to chemicals and wastewater purification is as important to the Company as it is to its supply chain. The Company's suppliers that are primarily involved in the combing, dyeing and finishing processes, are also equipped with wastewater treatment plants and equipment in accordance with the required standard.

Parameters marking water discharges (mg/l) ¹⁴	2020		2021		Statutory limits
	Entry	Final Output	Entry	Final Output	
COD	621.8	39.1	784.2	51.8	160
Ammonia	13.2	n.r. ¹⁵	31.2	n.r. ¹⁵	15
Organic nitrogen	10.3	2.29	13.6	3.76	n.a.
Total phosphorus	1.72	0.92	2.08	0.80	10
Total surfactants	43.8	0.52	72.0	0.50	2

WASTEWATER ANALYSIS ACCORDING TO ZDHC WASTEWATER GUIDELINES

To promote transparency regarding chemicals used, Vitale Barberis Canonico conducts six-monthly analyses on wastewater according to the ZDHC Wastewater Guidelines Version 1.1.

The Company, as it has an in-company wastewater treatment plant, is a direct discharge company and therefore the analyses shown in the figure are those expected.

Detailed test results are available in the Vitale Barberis Canonico profile on the ZDHC Gateway.

Testifying to the use of advanced purification systems, the Company has achieved 100% compliance with the MRSL for both water to be treated and purified water.

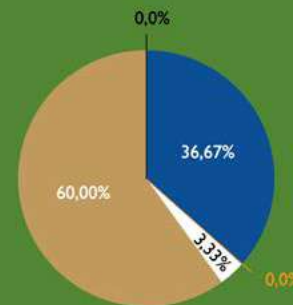
Regarding agreement parameters, normally monitored with respect to the thresholds laid down in Legislative Decree 152/2006, purified water is classified at 73.34%, at the most ambitious level – aspirational.



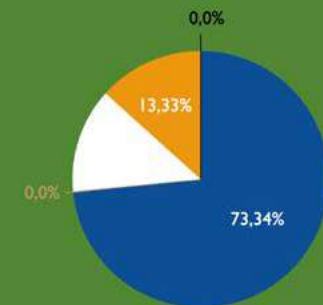
AGREED PARAMETERS

- Aspirational
- Progressive
- Foundational
- Alert
- Not Analysed

NON-TREATED WATER

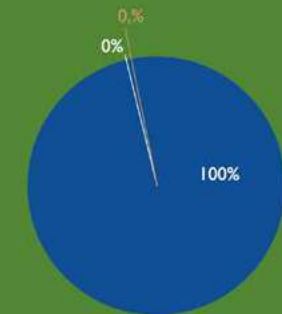
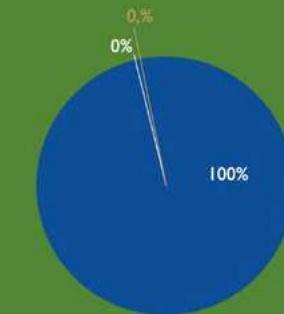


TREATED WATER



MRSL

- Meets Requirements
- Doesn't Meet Requirements
- Not Analysed



USE OF RESOURCES OVER THEIR LIFE CYCLE

MANAGEMENT OF BY-PRODUCTS AND WASTE



Vitale Barberis Canonico enhances textile by-products with a view to the circular economy and promotes waste recycling and recovery.

The two manufacturing sites physiologically generate textile by-products and industrial waste (mainly various types of packaging and machinery and system components).

Thanks to integrated cycle manufacturing, the Company has reduced textile waste to a minimum.

In 2021, 2,141 tonnes of wool were used, which guaranteed a yield of 90.5%. 8.5% was made up of by-products reintroduced into circular economy projects: laps and pneumafil (prime quality waste) are reused as raw materials in the woollen flannel manufacturing process. The remaining portion is sold and intended for other markets. Finally, 1% is the physiological portion of textile waste generated by the manufacturing cycle and intended for disposal.

Noteworthy in 2021 was reuse in the manufacturing process of woollen flannel of another type of valuable by-product: noils, i.e., prime quality waste resulting from the recombining process.

With strict adoption of procedures introduced by the Management System for the protection of the Environment, the Company has improved the process for classifying and sorting hazardous and non-hazardous special waste. This process, in which all workers actively participate, promotes recycling and recovery where possible.

Over the year, the two mills generated 249 tons of wastes, a higher figure compared to 2020 due to the increase in manufacturing volumes in 2021. Approximately 96% was recycled, or on subsequent selection, underwent partial recovery.

Disposal method (tonnes)	2020			2021		
	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Already sorted for recycling	0.0	35.2	35.2	0.0	38.7	38.7
Subsequently sorted for partial recovery	14.0	200.2	214.1	18.3	182.3	200.6
Disposal	6.7	0.0	6.7	1.5	8.2	9.7
TOTAL	20.7	235.4	256.1	19.8	229.2	249.0





Responsible Supply Chain

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PRODUCT RESPONSIBILITY



PRODUCT RESPONSIBILITY

Always product quality focussed, Vitale Barberis Canonico places high store on the virtuous interconnection of the entire manufacturing chain.

Our value chain starts far from home with the scrupulous selection of the best natural raw materials, obtained respecting animals and the environment, thanks to synergistic partnerships with local breeders.

A value that is consolidated in Italy, shown in the single-minded decision to maintain vertical integration of the manufacturing process and 100% Made in Italy, exploiting the formidable textile know-how rooted in the Biella area.

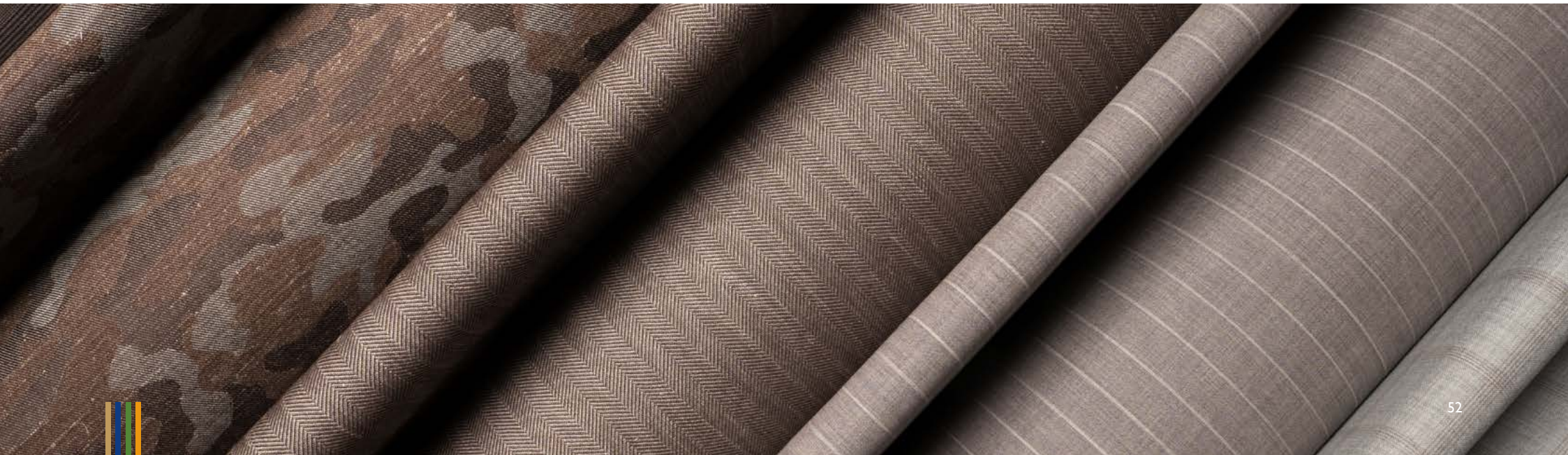
Continuous investments in technology and innovation at the two mills and a preference for local trades ensure a specialized, effective and repair call-out service.

Product focus is guaranteed, upstream, with space given to creativity and seeking for innovative solutions that meet the requirements of international markets and,

downstream, strict quality controls conducted at each step of the manufacturing cycle.

The last link in the value chain is customer service, whose manifestations include promotions and sales strategies and after-sales, based on direct and consolidated relationships built over time.

The company carefully tracks evolving consumer tastes and needs and, in 2020 and 2021, Vitale Barberis Canonico earmarked significant investments in product research and development, with the aim of consolidating its presence in the casual apparel market. Culmination of this focus was the launch of OFFLIMITS in July 2021, a new range of innovative fabrics that reinterpret wool in an unprecedented way, endowing it with new performance features thanks to combining wool with latest generation technical fibers.



FIBRE TRACEABILITY FROM SHEEP TO FABRIC



FULL-CYCLE BUSINESS

100% Made in Italy Manufacturing

FABRIC QUALITY AND SAFETY

- REACH •
- GB Chinese Standard •
- CNMI Guidelines •
- Associazione Tessile e Salute (Textile and Health Association) •
- Woolmark •
- ZDHC MRSL •



QUALITY CERTIFICATION

ISO 9001 since 2009

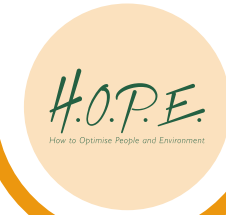


SUSTAINABLE FABRICS RANGE



DIGITAL COLLECTION

3,000 variants per season that can be consulted 24/7



PRODUCT CERTIFICATIONS

- SustainaWOOL •
- RWS •
- RMS •



WOOL EXCELLENCE CLUB

- Biodiversity protection and conservation of the Saxon Merino breed
- Social and environmental responsibility



RESPONSIBLE SUPPLY CHAIN

GOODS AND SERVICES



Vitale Barberis Canonico manages its suppliers in a responsible manner, with a view to ensuring an efficient and transparent supply chain.

Through the Integrated Quality-Safety-Environment Management System, Vitale Barberis Canonico has set up a precise in-company system to ensure traceability and transparency in supplier selection, purchasing and goods and services supply monitoring.

The choice of supplier and the purchase of goods and services is based on objective assessments regarding quality and cost and competitiveness, in compliance with the arm's length principle. Monitoring is conducted annually via a dynamic assessment and any audits commissioned by the Supplier Management Manager.

Relations with suppliers are governed by the Code of Ethics, with particular reference to principles of fairness, correctness and care, and they are constantly monitored. Any non-compliance will lead to termination of the supply agreement.

Vitale Barberis Canonico encourages and promotes local purchasing, favoring long-term partnerships. The objective is to maintain adequate supply in terms of continuity, quality and efficiency, promoting consolidating and developing the industrial sector in the wool textile district of Biella.

31 December 2021 year ends, the Company was working with approximately 300 suppliers and no significant changes were reported for the two-year period 2020-2021.

Total purchasing breaks down as follows: 97% is made from Italian sources of supply, of which approximately 33% are local suppliers, while the remaining 3% is mainly made from Germany and Switzerland at ISO 9001 certified chemical industries, which are ZDHC Manufacturing Restricted Substance List (MRSL) compliant.

In the reporting year, industrial supplies increased significantly thanks to the increase in production volumes reported in the second half of the year: in 2021, 6,657,828 mt were manufactured, compared to 5,618,262 mt in 2020.

To manage production peaks or special processes, Vitale Barberis Canonico works with outsourced contractors, all based in Italy and primarily located in the Biella district, which are selected and included in the Corporate Register of Qualified Suppliers. Compliance with the principles of the Code of Ethics, compliance with precise corporate requirements and continuous monitoring of quality, safety and environmental areas are key aspects for successful supplier qualification. In 2021, the Company conducted all scheduled audits at the production units of its contractors, directly monitoring 15% of the suppliers in the qualified supplier register.

Breakdown by purchasing by allocated expenditure (excluding wool)	2020	2021
Italy	96%	97%
of which in the Province of Biella	31%	33%
Abroad	4%	3%
TOTAL	100%	100%

Materials used in manufacturing (tonnes)	2020	2021
Wool	1,674	2,141
Chemicals	430.0	477.8
auxiliary products	357.6	386.8
pigments	72.4	91.0
Lubricating oils	4.4	2.7
Packaging	101.1	119.3
packing paper	0.5	0.5
cardboard (boxes, tubes)	69.3	78.3
plastic (strapping and polystyrene boards)	3.4	3.7
nylon (packaging film for rolls and boards)	27.4	36.4
packaging ribbon (board ribbon, adhesive tape)	0.5	0.4

RESPONSIBLE SUPPLY CHAIN

RAW MATERIALS



Wool is the fiber of excellence for classic apparel and Vitale Barberis Canonico's prime raw material.

Textile excellence comes to life starting from the best natural fibres sourced worldwide. The Company selects them carefully and buys them at the point of origin, according to product policies established at the beginning of the season and based on the physical and visual characteristics that determine their quality and style, with an eye to environmental impact.

Vitale Barberis Canonico is supplied through a network of about 3,000 farmsteads located across Australia, New Zealand, South Africa, China, Argentina and Uruguay. From the standpoint of volume, Australia, due to the characteristics of the wool offer, is the largest procurement source.

The supply chain consists primarily of the corporate Buying Company, New England Wool, Wool Trader and specialists, to a lesser extent, Top Makers.

All suppliers of raw materials, on an annual basis, undergo assessment by the Wool Purchasing Manager focusing on the following parameters:

- quality of the product supplied;
- compliance with Vitale Barberis Canonico standards;
- compliance with delivery times;
- service (promptness, response time, supporting documentation);
- competitiveness.

Data are recorded in the corporate management system and shared with suppliers to enable them to evaluate their performance.

With a raw material yield of 90.5%, and 8.5% reuse of textile by-products and only 1% of waste destined for disposal, Vitale Barberis Canonico confirmed adoption of a virtuous waste reduction process in 2021.

The Company reuses laps and pneumafil (prime quality waste) from manufacturing processing, as a raw material for the production of yarn that gives rise to woollen flannel. In 2021, the reuse of noils or waste from the first selection of the recombining stage, should also be noted. By-products that cannot be used in this cycle are instead sold, thus re-entering the raw materials market.

Also in 2021, given the prolonged pandemic emergency and travel restrictions, the Company maintained relations with suppliers through frequent contacts using digital platforms and a newsletter sent to Wool Excellence Club members.

Wool procurement	2020	2021
Purchasing (tonnes)	1,417	4,344
Number of Suppliers	18	16

MERINO WOOL



MOHAIR



CASHMERE



21 MICRON WOOL



WOOL EXCELLENCE CLUB & WOOL EXCELLENCE AWARD

The search for excellence in raw materials led Vitale Barberis Canonico to create the **Wool Excellence Club** in 2014, which is based on four pillars:

QUALITY



TRAINING



LOYALTY BUILDING



SUSTAINABILITY



Goal is to enhance fibres obtained through environmentally friendly practices aimed at protecting the Saxon sheep breed, which produces a fine wool and has been the progenitor of the Australian farming system since its development in the 19th century.

Another objective is to consolidate the relationship of trust and virtuous cooperation with Australian producers, through a

direct, individual and enduring relationship based on dialogue and mutual exchange. Sheep breeders are also economically supported through particularly favourable purchasing policies.

Since 2021, the Club has been made up exclusively of mulesing free members and today counts 27 farms.

The Company has also established the annual **Wool Excellence Award**, which rewards the farmstead that produces the highest quality wool, respecting animal welfare, with a monetary prize and a trip to Italy to visit Vitale Barberis Canonico.

Due to the Covid-19 emergency and restrictions on international travel, the Company decided not to nominate any winners for the 2021 edition, postponing the event to 2023.



RESPONSIBLE SUPPLY CHAIN

ANIMAL WELFARE



Vitale Barberis Canonico considers animal welfare an essential condition for the supply of raw materials.

In compliance with animal welfare, the Company is supplied by States where there are specific regulatory provisions governing this area in place. The international reference organisation sets out 5 fundamental animal freedoms, reported in the "OIE Terrestrial Animal Health Code"¹⁶ issued by the World Organisation for Animal Health and, specifically for the wool industry, in the "Specifications for Wool Sheep Welfare"¹⁷ issued by the IWTO – International Wool Textile Organisation.

In Australia, it is also represented by "Australian Animal Welfare Standards and Guidelines for Sheep"¹⁸ of Animal Health Australia.

In South Africa, Vitale Barberis Canonico has been purchasing only mohair certified according to the Responsible Mohair Standard since January 2021. The standard certifies the origin of mohair from farmsteads managed in a responsible manner in compliance with specific criteria for animal welfare and for mitigation of environmental impact.

The increased attention to animal welfare practices has led the Company to expand its borders of usual procurement to other countries. This has made it possible to enrich the responsible product range thanks to the introduction of the 21 Micron range, entirely mulesed free.

FREEDOM FROM THIRST, HUNGER AND MALNUTRITION

FREEDOM TO HAVE AN ADEQUATE PHYSICAL ENVIRONMENT

FREEDOM FROM PAIN, WOUNDS AND DISEASES

FREEDOM TO MANIFEST SPECIFIC BEHAVIORAL CHARACTERISTICS

FREEDOM FROM FEAR AND DISCOMFORT

RESPONSIBLE SUPPLY CHAIN

NEW ENGLAND WOOL



Vitale Barberis Canonico is a shareholder in New England Wool, based in Australia, which has always worked for sustainable production of superfine wool and promotion of best practices in animal welfare and environmental protection.

2005

In 2005, New England Wool (NEW) first established its No Mulesed/Ceased Mulesed declaration system, anticipating the Australian Wool Exchange (AWEX), which created and introduced its National Wool Declaration (NWD) in 2010.

2006

It then introduced an incentive policy, recognising a premium for each bale of No Mulesed wool to be added to the value determined at auction, with the aim of sharing the higher breeding costs.

2015

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

2019

On 25 July 2019, New England Wool transferred the intellectual property of the SustainaWOOL Integrity Scheme to the operator of the AWEX wool regulated market, with the aim of entrusting

it to an independent body with a view to increasing the authority, credibility and spread of the protocol.

2020

In 2020, SustainaWOOL achieved ISO 9001 certification, confirming its position as an internationally recognized certified organization.



CERTIFICATIONS



The **SustainaWOOL Integrity Scheme Protocol**¹⁹ sets the benchmark for Australia's wool production system sustainability standards and ensures consumer integrity and traceability throughout the production chain.

The certification prescribes livestock management with the highest standards in terms of animal welfare, ethics and product quality.



ANIMAL WELFARE

It defines the minimum acceptable criteria for the welfare of sheep, accepting only farmsteads adopting mulesing-free management (classified as **SustainaWOOL™ GOLD** or **SustainaWOOL™ GREEN**) or adopting mulesing exclusively with the practice of Pain Relief (classified as **SustainaWOOL™ BLUE**).

Only breeders who are not subject to contestation under the national Animal Welfare Acts are admitted to the protocol.



ETHICAL FARM MANAGEMENT

It requires precise standards for the working conditions and health and safety of personnel and for animal structures, paddocks and sheds.



WOOL PREPARATION

It establishes the necessary shearing requirements for guaranteeing the welfare of the animal, ensuring trained and attentive operators in the selection of fibres performed according to the AWEX Classing Code of Practice.

SustainaWOOL now boasts over 1,100 accredited farms, subject to periodic sampling audits conducted by AWEX appointed auditors.

CERTIFIED BY
CONTROL UNION CU 877344



In 2021, Vitale Barberis Canonico obtained **Responsible Wool Standard** and **Responsible Mohair Standard** certifications from Control Union.

RWS and RMS are voluntary standards certifying the origin of wool and mohair from farms managed in a responsible manner, in compliance with specific criteria for animal welfare and for mitigation of environmental impacts. Such certification also ensures traceability along the entire value chain through Transaction Certificates.



PRODUCT FOCUS AND CUSTOMER SERVICE

MADE IN ITALY



Made in Italy is one of the pillars that have supported Vitale Barberis Canonico and its pursuit for product and process excellence for more than 350 years.

Thanks to keeping all manufacturing completely in Italy, in the Biella textile district, Vitale Barberis Canonico is probably the oldest wool mill in the world and one of the most prestigious Made in Italy global brands.

The Company strongly believes in Italian values and continues to invest in Italy, equipping its Pratrivero and Pray sites with state-of-the-art machinery and technologies that require significant financial and research and development efforts.

The more than 200 operations for transforming fiber into fabric can be summarised in seven manufacturing steps – washing, gilling, spinning, dyeing, warping, weaving and finishing – and they are all strictly performed in Italy.

The fully integrated production cycle approach minimises the environmental footprint of semi-finished goods transport.

Milano Unica is the reference trade fair for high-end fabrics and accessories that offers the best international showcase for the textile world within a highly qualified context reflecting the quality product level.

It was launched in September 2005, resulting from merging five events that have contributed to making Italian and European textiles in the world great: IdeaBiella, IdeaComo, Moda In, Shirt Avenue and PratoTrade.

Alessandro Barberis Canonico, Managing Director of Vitale Barberis Canonico, has been chairman of Milano Unica since 2020, an office that he holds alongside the chair of the IdeaBiella Association, held since 2015.

Milano Unica organises two events a year, in line with textile collections seasonality. The February 2021 edition was held in digital form through the online platform e-Milano Unica Connect, while in July, Milano Unica was one of the first trade fairs in Italy to be held with operators and visitors in attendance. A strong signal indicating start-up after the worst of the pandemic was over that was made possible thanks to the commitment of the Presidential Committee and the exhibitors which, like Vitale Barberis Canonico, have chosen to invest in the event despite the unfavourable economic climate.

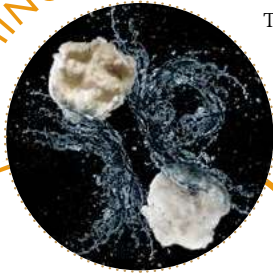


To make it easier and more flexible to view samples at a distance, from 2020, Vitale Barberis Canonico created its own **virtual showroom** with the entire collection available to customers 24/7.

For the Chinese market, also since 2020, the company has activated a digital showcase featuring the most significant seasonal products through a miniprogramme broadcast on the social media channel WeChat.



WASHING

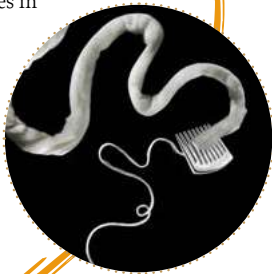


This represents the bridge between nature and manufacturing and, as such, requires great respect, sensitivity and attention to every detail.

Water is the protagonist here: after the freshly sheared wool has been washed, all impurities are then removed.

Wool passes several times through special combs which align the fibres in parallel lengthwise, discarding the shorter fibres.

The resulting semi-finished product is called top and its quality is important as it will guarantee the necessary strength of the final fabric.



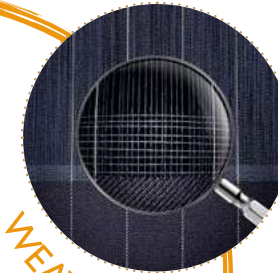
GILLING

It is a beautiful geometric spectacle, with the warp, the vertical fabric threads giving rise to an intricate interweave. Each single yarn and hundreds of spools are monitored simultaneously by sensors, until the warp is wound on a cylinder called a warp beam.



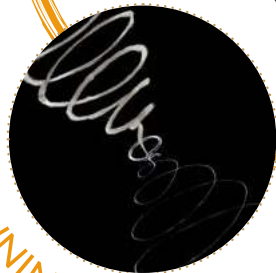
WARPING

WEAVING



The cross-threads that will make up the weft must pass over or under the vertical threads of the warp, according to a precise pattern. An incredibly precise and extraordinarily fast dance routine, which in a few seconds turns fibres into fabric.

As a result of a precise regilling procedure, the wool yarn is thinned to a roving. The yarn is produced by pulling and twisting the roving. It can be twisted together with other yarns to obtain a stronger yarn.



SPINNING

DYEING



Tops dyed or yarn dyed, via which a fabric will acquire a more three-dimensional colouration, and if piece-dyed, appearance will be cleaner and more uniform.

The dyeing process is stopped once the colour and intensity ordered by the designers have been reached.

FINISHING



After meticulous quality control and via washing and finishing processes, the finished fabric is obtained, which does not fear comparison with any other fabric. These final stages transform quality into personality.



FABRIC ACADEMY (PHYGITAL)

Established in 2013, with the aim of promoting and spreading the culture of quality fabrics and beautiful apparel, the **Fabric Academy** is an educational-experiential study course, which aims to deepen knowledge of many aspects related to fabrics and men's apparel: spanning basic weaving techniques to wool processing, the history of textiles to the latest trends, with a corollary on issues regarding marketing, communication and sustainability.

Planned at the historic Pratrivero mill and at the Vitale Barberis Canonico showroom, Via Solferino 23 Milan, over recent years, the study course has been offered worldwide to apparel professionals and to all fabric and men's style aficionados, involving not only customers, associations and journalists,

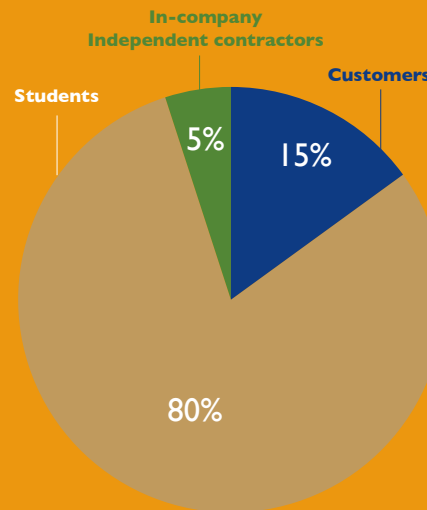
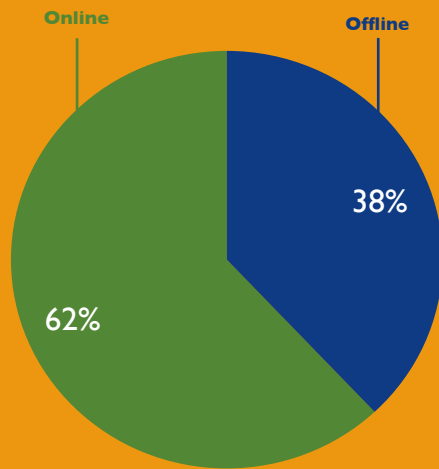
but also and, primarily, students from Italian and international Fashion Institutes and Business Schools.

In 2020, the project launched a digital version of the study course becoming Phygital Fabric Academy: a concept that merges the terms "physical", in which students receive a learning materials kit enabling them to keep the experiential aspects of the course and "digital", given the use of remote content.

During 2021, approximately 600 participants were involved, of which 62% benefited from the online Academy.



FABRIC Academy



PRODUCT FOCUS AND CUSTOMER SERVICE

PRODUCT QUALITY AND SAFETY



Product quality and safety are priorities for Vitale Barberis Canonico, which provides important human, capital and financial resources to guarantee these aspects.

The careful selection of raw materials, the choice to source chemicals supply only from leading European companies and meticulous chemical and physical-mechanical tests are key factors for guaranteeing safe customers, and excellent quality fabrics.

Adaptation of its production process to the requirements of the UNI EN ISO 9001:2015 standard has provided the Company with more effective control tools, essential for creating products that meet customer and industry requirements.

Each fabric, strictly Made in Italy, is designed and developed in-company. At the prototyping stage, it is tested to validate its features before being included in the collection. During the manufacturing process, the fabric undergoes three quality control steps: at each step it is thoroughly inspected by human specialists for defects or irregularities. Finally, it undergoes a thorough final inspection, which checks quality and appearance before shipping. Approximately 13% of the corporate workforce is engaged in these four important stages.

The data for the two-year period show the excellence of Vitale Barberis Canonico's fabrics: in 2021 the already excellent performance achieved in previous year was confirmed and improved thanks to product conformity of 99.92%, up compared to 99.88% reported in 2020²⁰.



The Company has always placed the highest store on the health and safety of final consumers. Regarding hazardous chemicals, it operates in compliance not only with legislation but also with voluntary industry requirements:

- the European REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation;



- the Chinese GB standard (National Standard of the People's Republic of China);



- guidelines on eco-toxicological requirements issued by the Italian National Chamber of Fashion;



- the Associazione Tessile e Salute (Textile and Health Association), of which Vitale Barberis Canonico has been a member since 2012, which provides guarantee for the consumer regarding the origin, traceability and safety of the textile product. It also works, among others, with the Ministry of Health and the Ministry of the Environment in Italy;



- the Woolmark program, of which the Company has been a licensee since 2015, certifying the product from the standpoint of performance, duration and quality;



- the MRSL (Manufacturing Restricted Substances List) released by the



ZDHC Foundation through the adoption of the Chemical Management 4sustainability Protocol, with the aim of eliminating toxic and harmful chemicals in a structured way, integrating activities and controls in the production cycles aimed at gradually eliminating their presence to protect human health and the environment.

Chemicals are carefully evaluated before being used in the manufacturing cycle by Area Managers, the Prevention and Protection Service and the Environmental Protection Service. At scheduled intervals, fabric sample analyses are conducted at third-party laboratories, with the aim of screening the entire manufacturing output. Other analyses may be performed directly by customers or customs. It should be noted that Vitale Barberis Canonico has never been fined or been given penalties or forced to recall goods for reasons regarding chemical non-compliance.



In line with the **Chemical Management Protocol 4sustainability**, the Company has appointed and trained an in-company Chemical Manager. With the support of the system management team, the Chemical Manager has created the Chemical Inventory, qualified according to the levels indicated in the Gateway and compliant with the ZDHC Conformance Guidance, and has defined an in-company Chemical Management procedure, to ensure that purchasing is compliant with standards, as well as implementing efficient process monitoring. For adopting the ZDHC MRSL and application of the PRSL 4sustainability, the supply chain was also involved, which was mapped and qualified by assigning chemical risk categories. The sharing of objectives, periodic training and constant reporting have finally made it possible to define an improvement plan. In June 2021, following the annual audit, the Company was awarded the Advanced implementation level.



PRODUCT FOCUS AND CUSTOMER SERVICE

CUSTOMER SATISFACTION



Vitale Barberis Canonico offers a range of differentiated and attractive products, responding to market needs with efficiency and maximum transparency.

The goal is to build and maintain strong and trust-based relationships with customers.

Right from initial contact with customers, the various needs - both explicit and implicit - are identified. Product and service requirements, including quality, compliance and delivery times, are then translated into technical and functional terms and conditions to ensure they can be guaranteed.

In the case of after-sales issues, the management process handling complaints received by the sales department is handed over to quality control for processing. The claim may result in the return and replacement or reconditioning of the product or, where this is not possible, in a monetary price adjustment.

In the two-year period 2020-2021, compared to total metres sold, the fabric percentage in metres that was returned for qualitative reasons was cut by half from 0.04% to 0.02%, confirming the Company's commitment to customer satisfaction, and offering to achieve increasingly higher performance levels.

The Code of Ethics requires attention and respect for all customers in equal measures regardless of scale, nationality and propensity to purchase and it disseminates these rules of conduct within the organization through appropriate training and information and communication tools.

Vitale Barberis Canonico guarantees that the data collected and managed in the conduct of its business activity are processed in compliance with EU and domestic data protection legislation. In accordance with the GDPR, unlawful data processing and committing cybercrimes are also forbidden. Vitale Barberis Canonico has never received any complaints regarding breach of customer privacy.



PRODUCT FOCUS AND CUSTOMER SERVICE

TRACEABILITY AND TRANSPARENCY



Transparency is at the forefront of Vitale Barberis Canonico's corporate values and translates into manufacturing operations and product traceability.

Transparency and traceability are key to underpinning the sustainable features of a fabric, whether it is manufactured from virgin or recycled raw material.

In its vertically integrated and very complex manufacturing system, Vitale Barberis Canonico has invested resources for commissioning an application that can trace the supply and manufacturing chain of single piece of cloth from the origin of the wool bales, the spun yarns to the finished fabric.

The information available through this system concerns:

- the individual farms producing wool;
- the geographical locations from which wool bales originated;
- the batches of unbleached wool making up the lots of combed wool;
- the lots of gilled wool forming the semi-finished dyed articles;
- the semi-finished dyed articles making up the yarn mixes;
- yarns.

The traceability project responds, on the one hand, to the need to control the supply chain by certain customers (wholesalers, retailers, garment-makers) and, on the other hand, it aims to contribute to a product and process culture that guides the final consumer towards informed and responsible usage habits.



N O T E S

1. Calculated as the ratio of the total number of employees returning to work after parental leave to those who have taken leave. (page 36)
2. Classification based on recovery times of the injured party regulated by the Italian Criminal Code. In line with the requirements of GRI 403-9 metric; it should be noted that none of the injuries reported in the table implied a recovery period for the injured individual greater than or equal to 6 months or fatal injury. (page 39)
3. Injury rates are calculated as the ratio of the number of injuries to hours worked during the reference year, multiplied by 200,000. (page 39)
4. Conversion to GJ was done using the PCI factor obtained from the sources: Ministry of the Environment and Protection of the Territory and the Sea, Table of national standard parameters, 2020 and Ministry of the Environment and Protection of the Territory and the Sea, Table of national standard parameters, 2021 for the respective reference years. (page 43)
5. Conversion to GJ was done using the conversion factor sourced from ABI-LAB GUIDELINES, version 13/12/2018. (page 43)
6. Conversion to GJ was done using the conversion factor sourced from ABI-LAB GUIDELINES, version 13/12/2018. (page 43)
7. Scope 1 emissions are expressed in tonnes of CO₂, as the source used does not include emission factors for gases other than CO₂. Scope 2 location based emissions are expressed in tonnes of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total GHG emissions (CO₂ equiv.) as shown in the ISPRA report, Air emission factors for CO₂ and other greenhouse gases in the electricity industry. (page 45)
8. The 2020 figure was calculated based on the emission factor obtained from the source Ministry of the Environment and Land and Sea Protection, National Standard Parameter Table, 2020. The 2021 figure was sourced from the climate-neutral natural gas supplier, Alperia, which certifies that the 4,738,360 kg of CO₂ emissions generated by the Company by gas combustion are offset by certified investments in climate protection projects, complying with the Gold Standard and/or the Voluntary Carbon Standard. (page 45)
9. Data calculated respectively, based on emission factors obtained from the sources Measuring Emissions: A Guide for Organisations. 2020 Summary of Emission Factors and Measuring Emissions: A Guide for Organisations. 2022 Summary of Emission Factors. (page 45)
10. Data calculated respectively based on emission factors obtained from the sources Terna International Comparisons, 2018 and Terna International Comparisons, 2019. (page 45)
11. Data were obtained from the electricity supplier, Alperia, which certified that the Company obtained an environmental saving of 10,140,163 kg of CO₂ for 2020 and 12,540,498 kg of CO₂ for 2021. (page 45)
12. Data calculated respectively, based on emission factors obtained from the sources Measuring Emissions: A Guide for Organisations. 2020 Summary of Emission Factors and Measuring Emissions: A Guide for Organisations. 2022 Summary of Emission Factors. (page 45)
13. Data calculated through the Niccolò Cusano University Green School. (page 45)
14. Annual average values. (page 48)
15. Not measured because below measurement threshold. (page 48)
16. <https://www.oie.int/en/what-we-do/standards/codes-and-manuals/terrestrial-code-online-access/> (page 57) **LINK**
17. <https://iwto.org/resources/wool-sheep-welfare-specifications/> (page 57) **LINK**
18. <https://www.animalwelfarestandards.net.au/files/2016/01/Sheep-Standards-and-Guidelines-for-Endorsed-Jan-2016-250116.pdf> (page 57) **LINK**
19. <http://sustainawool.com.au/> (page 59) **LINK**
20. Data on product quality conformity are the result of approximation aimed at harmonising business and quantitative data. (page 63)
21. Calculated as the ratio of the total number of employees still employed 12 months after returning to work following leave to the total number of employees returned from leave in previous reporting periods. (page 73)



NOTES ON REPORTING METHODS

The Vitale Barberis Canonico Lanificio Group prepares consolidated financial statements, under which, in addition to Vitale Barberis Canonico S.p.A., also Drapers S.r.l. and Pyramul Pastoral Ltd are fully consolidated.

This document is the fourth Sustainability Report prepared by Vitale Barberis Canonico S.p.A. which describes the projects, actions and main results in the business, social and environmental areas achieved by the Company in 2021.

The Sustainability Report aims to illustrate the sustainability strategies adopted by Vitale Barberis Canonico and relevant performance in relation to the manufacturing facilities at Pratrivero and Pray, both in the Biella area.

This document has been prepared on a voluntary basis and responds to the Company's need to share with its stakeholders the most significant data concerning Corporate Social Responsibility, with a view to perpetuating the climate of transparency. The Company was aided by external consultants in the drafting of this CSR report that checked that the basis for preparation had been correctly adopted.

It should be noted that the term "Company" is used in the document to indicate Vitale Barberis Canonico S.p.A. The 2021 Sustainability Report has been prepared in accordance with the "GRI Sustainability Reporting Standards" (2016) published by the Global Reporting Initiative (GRI), according to the "in accordance Core" option. The subject matter and indicators covered by reporting were defined starting from the findings of the materiality analysis conducted in 2021, which involved corporate Management and certain important figures for each of the stakeholder groups, mapped to identify, through a participatory process, the environmental, business and social aspects relevant for the Company

and for stakeholders, respectively. The appendix to this document may be consulted to read about the GRI Content Index where the GRI indicators associated with each material topic are reported.

The boundary used for business data is the same as that used for the CSR Report issued by Vitale Barberis Canonico S.p.A. on 31 December 2021 year ends. The boundary used for social and environmental data and disclosures includes the Company's two manufacturing mills (Pratrivero and Pray). The data and disclosures contained in this document, unless otherwise specified, regarding the 2021 reporting period (running from 1 January 2021 to 31 December 2021). However, to enable assessment of the dynamic development of assets, data and disclosures regarding the previous reporting period have been shown for comparative purposes where available. In addition, to enable a more comprehensive presentation, information regarding actions implemented in priority years and which are still adopted by the Company have been reported (baseline data).

For the purposes of correctly presenting performance-related data, and to ensure data reliability, the use of estimates was limited as far as possible. Any estimates were based on the best available approaches and they have been duly highlighted.

In accordance with the new adaptation of the GDPR regulation, the data protection principles adopted in the preparation of this Report refer to anonymous aggregations, so as to prevent any identification of the data subject.

REFERENCE PERIOD

Reporting period running from 1 January 2021 to 31 December 2021

FREQUENCY

Annual

LAST PUBLISHED DOCUMENT

Sustainability Report 2020

CONTACT DETAILS

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Annual Report

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IMPACTS BOUNDARY

The following table shows the GRI Standards corresponding to the materiality topics identified for Vitale Barberis Canonico by analyzing the materiality topics and the relevant boundary, showing the type of impact for each of such topics.

MATERIAL TOPIC	GRI STANDARDS TOPIC	BOUNDARY	TYPE OF IMPACT
Ethics and compliance	<ul style="list-style-type: none"> • Anti-Corruption • Anti-competitive practices • Socio-economic compliance 	The Company; State 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 linked to its business
Customer satisfaction	<ul style="list-style-type: none"> • Consumer health and safety • Consumer 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 linked to its business
Community support	<ul style="list-style-type: none"> • Local communities 	The Company; local community.	Generated by the Company and directly linked to its business
Value creation	<ul style="list-style-type: none"> • Economic performance 	The Company; State 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 linked to its business
Responsible use of chemicals	<ul style="list-style-type: none"> • Effluents and waste 	The Company; customers; end consumers; suppliers; media.	Generated by the Company and directly linked to its business
Corporate 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; State Administration and local authorities; local community.	Generated by the Company
Water resource management	<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 assessment based on social topics 	The Company; suppliers.	Generated by the Company and directly linked to its business
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 and emissions reduction	<ul style="list-style-type: none"> • Energy • Emissions 	The Company; local community.	Generated by the Company and directly linked to its business
Protection of diversity and equal opportunities	<ul style="list-style-type: none"> • Diversity and equal opportunities • 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 linked to its business



GRI CONTENT INDEX

General Disclosures

GRI 102: GENERAL DISCLOSURES (2016)		PAGES	NOTES/REASONS FOR OMISSION
Profile of Organisation			
102-1	Name of the Organisation	4	
102-2	Main brands, products and/or services	6, 7	
102-3	Location of headquarters	75	
102-4	Location of operations	4	
102-5	Ownership structure and legal form	11, 12, 68	
102-6	Markets served	6	
102-7	Scale of Organisation	4	
102-8	Information on employees and other workers	28-30	
102-9	Organisation of the supply chain	52-55	
102-10	Significant changes in the Organization and its supply chain	-	There were no significant changes in the Organisation, its Governance or its supply chain in 2021.
102-11	Precautionary Principle or approach adopted for risk management	11-13	
102-12	External initiatives	18, 49, 59, 64	
102-13	Membership of associations and partnerships	17, 64	
Strategy			
102-14	Statement from the most senior decision-maker	3	
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour of the Organisation	10	
Governance			
102-18	Governance Structure of the Organisation	11, 12	

GRI 102: GENERAL DISCLOSURES (2016)		PAGES	NOTES/REASONS FOR OMISSION
Stakeholder engagement			
102-40	List of stakeholder groups	16	
102-41	Collective bargaining agreements	-	100% of employees are covered by national collective bargaining agreements.
102-42	Identification and selection of stakeholders	16, 17	
102-43	Approach to stakeholder engagement	16, 17	
102-44	Key aspects emerging from stakeholder engagement	16, 17, 19, 20	
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GRI-103: Topic management (2016)			
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GRI-204: Procurement practices (2016)			
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103-3	Topic management approach assessment	13	
GRI-205: Anti-corruption (2016)			
205-3	Confirmed cases of corruption and actions taken	-	In 2021, no cases were reported in regard thereto.

GRI 200: ECONOMIC TOPICS DISCLOSURE		PAGES	NOTES/REASONS FOR OMISSION
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GRI-206: Anti-competitive behaviour (2016)			
206-1	Legal actions regarding unfair competition, antitrust and monopoly practices and their outcomes	-	In 2021, no cases were reported in relation to such matters.



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GRI 300: ENVIRONMENTAL TOPICS DISCLOSURE		PAGES	NOTES/REASONS FOR OMISSION
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Effluents and waste			
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103-2	Topic management approach	47-50	
103-3	Topic management approach assessment	47-50	
GRI-306: Effluents and waste			
306-1	Water discharges by quality and destination	47-48	
306-2	Waste by category and disposal method	50	
306-3	Significant spills	-	No spills were identified in 2021.
306-4	Transport of hazardous waste	-	100% of the hazardous waste generated by Vitale Barberis Canonico was transported by licensed operators.
Environmental compliance			
GRI-103: Topic management (2016)			
103-1	Materiality and boundary	13, 69	
103-2	Topic management approach	13, 41-50	
103-3	Topic management approach assessment	13, 41-50	
GRI-307: Environmental Compliance (2016)			
307-1	Regulatory and statutory non-compliance regarding environmental matters	-	In 2021, no cases were identified leading to significant financial penalties for Vitale Barberis Canonico.



GRI 400: SOCIAL TOPICS DISCLOSURE		PAGES	NOTES/REASONS FOR OMISSION
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GRI-103: Topic management (2016)			
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103-2	Topic management approach	28-32	
103-3	Topic management approach assessment	30	
GRI-401: Employment (2016)			
401-1	New hires and staff turnover	31	
401-2	Benefits offered to full-time employees that are not offered to fixed-term or part-time employees	35	
401-3	Parental leave	36	Under Italian law all employees are entitled to apply for parental leave. At 31/12/2021 the retention rate was 100%. ²¹
Occupational health and safety			
GRI-103: Topic management (2016)			
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GRI-103: Topic management (2016)			
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GRI-103: Topic management (2016)			
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103-2	Topic management approach	32-34	
103-3	Topic management approach assessment	32-34	
GRI-406: Non-discrimination			
406-1	Cases of discrimination and action taken	-	In 2021, no cases were reported.
Human Rights assessment			
GRI-103: Topic management (2016)			
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103-2	Topic management approach	34	
103-3	Topic management approach assessment	34	



GRI 400: SOCIAL TOPICS DISCLOSURE		PAGES	NOTES/REASONS FOR OMISSION
GRI-412: Human Rights compliance assessment (2016)			
412-3	Agreements and contracts that include provisions on human rights or that have been subject to a human rights assessment	54	
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GRI-103: Topic management (2016)			
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103-3	Topic management approach assessment	24, 25	
GRI-413: Local communities (2016)			
413-1	Activities involving the engagement of local communities, impact assessment and development programmes	24, 25	
Supplier assessment based on social topics			
GRI-103: Topic management (2016)			
103-1	Materiality and boundary	54, 59, 69	
103-2	Topic management approach	54, 59	
103-3	Topic management approach assessment	54, 59	
GRI-414: Supplier assessment based on social topics (2016)			
414-1	New suppliers screened using social criteria	-	All suppliers of the Company are required to read the Vitale Barberis Canonico Code of Ethics
Consumer health and safety			
GRI-103: Topic management (2016)			
103-1	Materiality and boundary	63, 64, 69	
103-2	Topic management approach	63, 64	
103-3	Topic management approach assessment	63, 64	
GRI-416: Consumer health and safety (2016)			
416-2	Cases of non-compliance with regard to the impacts on the health and safety of products and services	-	In 2021, no cases of non-compliance with consumer health and safety regulatory provisions were reported.

GRI 400: SOCIAL TOPICS DISCLOSURE		PAGES	NOTES/REASONS FOR OMISSION
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GRI-103: Topic management (2016)			
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103-3	Topic management approach assessment	65	
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Socio-economic compliance			
GRI-103: Topic management (2016)			
103-1	Materiality and boundary	13, 69	
103-2	Topic management approach	13	
103-3	Topic management approach assessment	13	
GRI-419: Socio-economic compliance (2016)			
419-1	Regulatory and statutory non-compliance regarding social and economic matters	-	In 2021, no non-compliance was reported leading to significant fines for Vitale Barberis Canonico.
Animal welfare			
GRI-103: Topic management (2016)			
103-1	Materiality and boundary	57-59, 69	
103-2	Topic management approach	57-59	
103-3	Topic management approach assessment	57-59	





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